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**PERFORMANCE ASSESSMENT REVIEW**

**WORLD BANK ECONOMIC REPORTS ON GROWTH DIAGNOSTICS**

**IN FOUR AFRICAN COUNTRIES:**

**GHANA, MAURITIUS, NIGERIA, AND UGANDA**

**June 30, 2010**

*Country Evaluation and Regional Relations (IEGCR)  
Independent Evaluation Group (World Bank)*

## Abbreviations and Acronyms

AAA	Analytic and advisory activities
ACS	Activity completion summary
AFT	Aid for Trade
CAE	Country assistance evaluation
CAS	Country assistance strategy
CD	Country director
CEM	Country economic memorandum
CGE	Computable general equilibrium
CM	Country manager
EMP	Employment and growth study
EPZ	Export processing zone
ESW	Economic and sector work
EU	European Union
FDI	Foreign direct investment
GDP	Gross domestic product
HRV	Hausmann/Rodrik/Velasco
IC	International competitiveness
ICA	Investment climate assessment
ICR	Implementation completion report
ICT	Information and communication technology
IEG	Independent Evaluation Group
IEGWB	Independent Evaluation Group (World Bank)
IMF	International Monetary Fund
MFN	Most favored nation
NEEDS	Nigeria economic empowerment and development strategy
NGO	Non-governmental organization
NIS	National innovation system
NTE	Non-traditional export
PAR	Performance assessment review
PER	Public expenditure review
PETS	Public expenditure and tracking surveys
PPAR	Project performance assessment report
PREM	Poverty Reduction and Economic Management
QAG	Quality Assurance Group
RMSM-X	Revised minimum standard model
SM	Sector manager
SME	Small and medium-sized enterprises
SOG	Sources of growth
TA	Technical assistance
TFP	Total factor productivity
TTL	Task team leader

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## Ratings

<i>Report/Topic</i>	<i>Results</i>	<i>Relevance</i>	<i>Quality</i>	<i>Dialogue and Dissemination</i>	<i>Overall</i>
Ghana 2001 IC	Moderately Unsatisfactory	Moderately Satisfactory	Satisfactory	Moderately Unsatisfactory	Moderately Satisfactory (3.75)
Ghana 2007 CEM	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory (5.00)
Mauritius 2006 AFT	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory (6.00)
Mauritius 2007 CEM	Moderately Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory (4.75)
Nigeria 2007 CEM	Moderately Unsatisfactory	Moderately Satisfactory	Satisfactory	Unsatisfactory	Moderately Satisfactory (3.50)
Nigeria 2009 EMP	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory (5.00)
Uganda 2007 PER	Highly Satisfactory	Highly Satisfactory	Satisfactory	Highly Satisfactory	Highly Satisfactory (5.75)
Uganda 2007 CEM	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory	Satisfactory	Highly Satisfactory (5.75)



## Preface

This is a Performance Assessment Review (PAR) of World Bank economic reports on growth diagnostics in four African countries (Ghana, Mauritius, Nigeria, and Uganda). The eight reports covered by the evaluation include one country economic memorandum and one more specialized report for each of the countries. All of the reports delved extensively into broad or more specific growth policy issues. The Bank completed six of the reports during 2006-07, one in 2001 and one in 2009.

The evaluation was based on several sources of information. First, the team reviewed each of the reports to establish their substantive content in terms of growth diagnostics and growth policy recommendations. Second, the team reviewed the documentary record to probe into process issues, including inception, client and stakeholder engagement, quality control, and dissemination. Third, the team interviewed country directors and task managers that were familiar with the reports under review as well as the Africa Poverty Reduction and Economic Management (PREM) network responsible for the reports. And fourth, the team visited each country for a period of three days during which it interviewed government officials and other stakeholders in the public and private sectors as well as staff in the resident offices in November 2009 and February 2010. Based on these sources of information, the team prepared a specific assessment of each report that covered results, relevance, technical quality, and dissemination using a uniform template that was developed for this evaluation. The Independent Evaluation Group (IEG) report summarizes the findings on each of these four dimensions, on the growth diagnostics practices used, and on selected process issues. It concludes with a number of recommendations for moving forward.

Following standard IEG procedures, copies of the draft report were sent to country directors and their government counterparts for their review and comments. No comments were received from the governments.

This report was prepared by Basil Kavalsky and Mauricio Carrizosa (consultants), with Ismail Arslan as task manager. Agnes Santos and Helen Joan Mongal provided administrative support.





## Summary

1. While the Independent Evaluation Group of the World Bank (IEG-WB) evaluates all lending products of the Bank on the basis of reviews of the self-evaluations carried out when projects are completed (implementation completion reports - ICRs), there is no similar product-level evaluation of country analytic work. Yet the amounts of staff time and financial resources the Bank spends on analytic work are comparable to those spent on preparing loans. This absence of systematic evaluation of analytic work is increasingly being viewed as a lacuna in the IEG's overall evaluation framework and work program. As an initial approach to filling this gap, IEG has therefore undertaken a pilot performance assessment review (PAR) to look at selected economic and sector work (ESW) products.

2. The theme selected for this initial study was that of Growth Diagnostics in Africa. This reflected a concern that had been expressed by the Poverty Reduction and Economic Management (PREM) Vice-Presidency whether the Bank was systematically looking at the constraints to growth in African countries and whether some of the new analytic tools which had been developed, particularly the Growth Diagnostics Framework, developed by Messrs. Hausmann, Rodrik and Velasco (HRV), were being used for this purpose. The PAR approach is based on identifying a particular topic in a small group of countries with a high degree of common characteristics in order to explore how effective the Bank's approach has been in these settings. The four countries chosen range from lower-middle (Ghana, Nigeria, and Uganda) to middle income status (Mauritius). They have all been relatively stable politically for an extended period and all experienced rapid growth for much of the decade.

3. Two macro-economic reports relating to growth were evaluated in each of the four countries. The reports selected were all prepared within the past decade and mostly within the period from 2005 to 2007, which meant that sufficient time had elapsed to evaluate their impact. Five of the eight reports reviewed, were Country Economic Memorandums (CEMs). Four of these (one in each country) provided a broad perspective of past economic trends and an identification of growth constraints. The other CEM (Ghana IC) was a special study on non-traditional exports. Three other reports also had a specific focus: the Mauritius Aid for Trade Review (AFT), the Nigeria Employment and Growth Study (EMP), and the Uganda Public Expenditure Review (PER). All these reports had as their primary objective, a focus on necessary conditions for sustained future growth.

4. The evaluation looked closely at the approach adopted in each report towards understanding growth trends and diagnosing the key constraints to growth. In conducting the analyses, the tasks reviewed employed a variety of techniques. The well-known Solow-type decomposition of sources of growth (SOG) was used most often. The SOG decomposition provided a basic organizing framework for examining constraints and policies through focus on human and capital accumulation and total factor productivity growth. It proved useful to show the link between policy improvements and higher total factor productivity growth, as in the Ghana CEM; to focus on the national innovation system, as in the Mauritius CEM; or to delve into the constraints on investment and/or skills building. To identify growth constraints, the tasks used either direct benchmarking of capital or skills (Ghana and Mauritius) or the systematic HRV approach (Nigeria and Uganda). Both approaches worked

well. It would appear that a diagnostic of binding constraints could benefit from combining both approaches, namely using an HRV-type decision tree to guide the search with cross-country comparisons to validate findings.

5. In addition to examining the treatment of growth diagnostics, the evaluation had a second objective, namely to pilot an evaluation methodology which was developed for the case studies and to see if the application of the methodology provided insights into the relevance and effectiveness of Bank analytic and advisory activities (AAA). For each of the eight reports a separate case study was prepared, covering the major criteria of the evaluation. Each of the eight reports was evaluated on the following four criteria:

- a. **Results:** Were the objectives of these reports defined up-front and were they measurable and measured? Did the government follow up on the Bank's recommendations? Was there follow up through Bank analytic work and lending operations? Did they impact the content and nature of donor support?
- b. **Relevance:** Were the reports part of a coherent program of analytic work, complemented by and complementing in turn, other Bank analytic work? Were they planned in the country assistance strategy (CAS) and agreed to by the government? Were the audience and demand for the report established up front? Were they carried out in a collaborative way so as to engender ownership by the counterparts?
- c. **Quality:** Were the reports of good technical quality? Did they make effective use of analytic frameworks such as computable general equilibrium (CGE) models or the Growth Diagnostic Frameworks? Were they based on good analysis of the data? Did they do an effective job of benchmarking the country against appropriate regional and international comparators? Did they define recommendations in a clear and actionable way?
- d. **Dialogue and Dissemination:** Were the reports the subject of a dialogue within the country? Were they disseminated widely to the government, civil society, and the donors? Were they disseminated to the 'right' audiences, i.e., those with the legal and technical capacity to implement the recommendations? Were they packaged so as to address multiple audiences effectively?

6. The overall rating of the cohort of eight reports on the basis of these criteria is *satisfactory*. In general they score very high on relevance and quality—none of the reports were rated less than satisfactory in these categories and the Uganda CEM and Mauritius AFT are strong candidates for best practice in both categories. There is a great deal more variance in the ratings of impact and dialogue and dissemination, however. It is not surprising that there is a high correlation between these categories. Where efforts to disseminate reports were limited and largely pro forma, neither the Bank nor the government concerned made a serious effort to follow up on the recommendations. The 2001 Ghana International Competitiveness (IC) and the 2007 Nigeria CEM were both rated less than satisfactory in these areas. By contrast the Uganda and Mauritius reports were well known to most interlocutors in the country and the main messages of these reports have been reflected both in government policies and the

formulation of the Bank program. An important caveat to be noted is that Uganda and Mauritius were proposed by the Africa region in view of the perception that the reports had been of very high quality and impact. This is in contrast to the Nigeria and Ghana cases, which were selected by IEG.

7. While the study covered a limited sub-set of reports, in a number of areas the observations and the feedback were so clear and consistent that generalizations can be drawn with some confidence. **First**, all the reports reviewed were of quality ranging from fully acceptable to best practice. They present a coherent description of recent economic trends, they provide a consistent analysis of the current situation and outlook, enhanced by effective use of analytic tools such as the growth diagnostic framework or CGE models, and they make sensible and realistic recommendations for future action. **Second**, the models and diagnostic tools proved useful for the reports. They helped to underpin the basic approach and convince governments and especially other donors, even if the results were largely in line with intuition. Their more important contribution lies in providing a consistency framework demonstrating the fiscal, balance of payments, and debt sustainability of particular growth strategies. **Third**, very little effort was made to use these reports as a capacity building mechanism in the country. Task team leaders (TTLs) had very ambitious quality and coverage objectives and saw participation as a potential headache. **Fourth**, the area of ‘process management’ emerged as a significant weakness in many of these reports. (The Mauritius AFT is perhaps the only exception to this among the reports examined.) Concept notes did not discuss the approach to be taken to engage the government and donors and disseminate the report. Peer reviewers were not selected with a view to maximizing their contribution to the quality and impact of the product. After the main mission it often took a year or more before the government or donors heard anything more about the report and the main thrust of its conclusions. The integration of the sector chapters into the main report was not thought through and there was little discussion of these with the government despite the substantial time and money spent on preparing them. Where TTLs or Country Managers changed prior to finalization of the report, there was little evidence of ownership and follow up on the part of the incoming team. And last but not least, little effort was put into the presentation of these reports, despite the substantial expenditure of time and money in preparing them. At relatively little additional cost their readership and impact could be enormously enhanced. **Fifth**, the reports provided a clear demonstration of the importance of a programmatic approach to the Bank’s AAA. Reports that were followed up through more targeted studies on particular issues (e.g., the Mauritius CEM/AFT and the Uganda CEM/PER) were able to achieve considerable impact. **Sixth**, although it is not included in the ratings table, important efficiency concerns emerged from the analysis. Most reports went way beyond the originally estimated time and budget, and there was little evidence of serious management of these variables. If an efficiency criterion was included in the analysis, the Uganda CEM would have been rated unsatisfactory on this criterion.

8. The evaluation puts forward a number of ideas that could be considered to allow for more effective management of the processing and follow up of Bank reports. These include:

- ***Substituting Approach Papers which focus more on process for the Concept Notes;***

- *More care in selection, and more effective use, of peer reviewers;*
- *Clear accountability of Sector Managers for managing timing and budgets;*
- *Unbundling mini-sector reports from the main document in the case of CEMs;*
- *PowerPoint presentations of key findings at an interim point in processing;*
- *Spending more on making reports attractive and readable;*
- *Preparing a range of summary outputs geared to different audiences;*
- *Prioritizing recommendations and making them actionable and time-bound;*
- *Ensuring accountability during transitions of managers and TTLs for consistent follow up both before and after changes take place;*
- *Introducing a follow-up plan and monitoring arrangements after report completion;*
- *Introducing a self-assessment for major ESW products the timing of which— 24 to 30 months after the report has been issued—allows for a full appreciation of impact.*

9. In addition there are some lessons from the analysis of the growth diagnostic frameworks.

- *While addressing current constraints to growth, there is also a need to identify opportunities for correcting policy failures with a longer term impact;*
- *Scope and depth of coverage need to be strategic, with focus on knowledge gaps, integration of relevant knowledge from other sources, and relevance to country conditions;*
- *TTLs should continue to have the freedom to identify the growth framework that provides the most analytic and pedagogical value in the country context. There should be no mandating of particular approaches.*

Vinod Thomas  
Director-General  
Evaluation

***“Where the value of these documents comes from is getting the ideas accepted through the Bank’s capital. We have too many inter-ministerial rivalries. The Bank is detached and unbiased. It does magic to us. Nothing is new or surprising but it becomes a key tool for implementation. We use it as an independent framework to initiate discussion, design reforms, and implement programs.”*** (A Government official in Mauritius)

## 1. Objectives and Approach

1.1 While the Independent Evaluation Group of the World Bank (IEG-WB) evaluates all lending products of the Bank on the basis of reviews of the self-evaluations carried out when projects are completed (implementation completion reports - ICRs), there is no similar product-level evaluation of country analytic work. Yet the amounts of staff time and financial resources the Bank spends on analytic work are comparable to those spent on preparing loans. IEG has undertaken a thematic assessment of economic and sector work (ESW) which included a number of country case studies on ESW.<sup>1</sup> Analytic work is also evaluated as part of country assistance evaluations (CAEs), but the amount of attention given to Bank ESW and technical assistance (TA) in the CAEs is far less than the intensive focus on lending products. Analytic work features more strongly in IEG’s thematic evaluations, but the approach, as in the country analysis is holistic, so that it is difficult to form judgments about the quality and impact of the analytic work in each thematic area.<sup>2</sup>

1.2 This absence of any systematic evaluation on analytic work is increasingly being viewed as a lacuna in the IEG’s overall evaluation framework and work program. IEG has therefore undertaken a pilot exercise to look at selected ESW products. It was decided to use the format of the project performance assessment report (PPAR) for the purpose of looking at these products. The PPARs generally assess three or four Bank-supported projects grouped together to shed light on the impact of the Bank in a particular sector within a country or a sub-sector across countries. They build on and deepen the analysis of individual projects carried out through the ICR review. The theme selected for this initial study was that of Growth Diagnostics in Africa. This reflected a concern that had been expressed by the Poverty Reduction and Economic Management (PREM) Vice-Presidency whether the Bank was systematically looking at the constraints to growth in African countries and whether some of the new analytic tools which had been developed, particularly the *Growth*

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<sup>1</sup> See “Using Knowledge to Improve Development Effectiveness: An Evaluation of World Bank Economic and Sector Work and Technical Assistance. 2000–2006.” IEG. 2008.

<sup>2</sup> Note that the Quality Assurance Group (QAG) has been reviewing Bank analytic and advisory activities (AAA) for a number of years, through country-wide studies which include visits to the country and product-specific assessments as part of the analysis. It does not however circulate these country level reports to the Board, nor make them publicly available, but instead prepares periodic Bankwide assessments which present a broad overview of the relevance, quality, impact, strategic coherence, and quality of internal management of Bank AAA. Note also that the activity completion summaries (ACSs) that are conducted following delivery of analytic tasks do not go into a depth and detail similar to that expected of an implementation completion report (ICR).

*Diagnostics Framework*, pioneered by Messrs. Hausmann, Rodrik and Velasco (HRV), were being used for this purpose.

1.3 In order to assess this, it was decided to identify two macro-economic reports relating to growth in each of four African countries. The reports selected were all prepared within the past decade and mostly within the period from 2005 to 2007, which meant that sufficient time had elapsed to evaluate their impact. The PAR approach is based on identifying a particular topic in a small group of countries with a high degree of common characteristics in order to explore how effective the Bank's approach has been in these settings. The four countries chosen range from lower-middle (Ghana, Nigeria, and Uganda) to middle income status (Mauritius). They have all been relatively stable politically for an extended period and all experienced rapid growth for much of the decade.

1.4 The reports selected were as follows:

**Table 1: The Country Report Studied**

<i>Acronym</i>	<i>Country</i>	<i>Title</i>	<i>Report Type</i>	<i>Date of Issue</i>	<i>Comments</i>
Ghana IC	Ghana	International Competitiveness – Opportunities and Challenges Facing Non-traditional exports	CEM	June 2001	Although classified as CEM, is a special study on exports.
Ghana CEM	Ghana	Meeting the Challenge of Accelerated and Shared Growth	CEM	November 2007	
Mauritius AFT	Mauritius	From Preferences to Global Competitiveness	Aid for Trade	April 2006	Classified as Non-lending Technical Assistance. A formal report was issued however.
Mauritius CEM	Mauritius	Managing Change in a Changing World	CEM	January 2007	
Nigeria CEM	Nigeria	Competitiveness and Growth	CEM	May 2007	
Nigeria EMP	Nigeria	Employment and Growth Study	Special Study	November 2009	
Uganda PER	Uganda	Fiscal Policy for Growth	PER	June 2007	
Uganda CEM	Uganda	Moving Beyond Recovery: Investment and Behavior Change for Growth	CEM	September 2007	

1.5 Five of the eight reports reviewed were country economic memorandums (CEMs). The CEM provides a comprehensive overview of the recent past trends and identifies the key steps needed to sustain growth and reduce poverty. The other three reports reviewed had more specific coverage. The Mauritius AFT for example had a fairly narrow objective of identifying the steps required for Mauritius to become a globally competitive exporter of higher value-added, more technology-intensive products. The Nigeria Employment and Growth (EMP) study looks at the investment strategy and policy framework required to promote increased formal sector employment. The Uganda PER looks at the efficiency of

public expenditure with a particular focus on the education sector. Furthermore, the coverage of the 2001 Ghana CEM/IC was also more specific, with a focus on performance and constraints on non-traditional export growth.

1.6 A team of two consultants (Basil Kavalsky and Mauricio Carrizosa) prepared the study under the guidance of Ismail Arslan, who developed the terms of reference and methodology for the study. The consultants visited Ghana and Nigeria from November 16-23, 2009, and Uganda and Mauritius from February 11-18, 2010. In each country three days of interviews were held with key government officials both past and present, representing the main audience for the study, civil society representatives who had been involved in the consultation and dissemination process, donor representatives, and Bank staff from the local Country Office including Country Directors (CDs) and Country Managers (CMs). In addition discussions were held in Washington with the Task Team Leaders (TTLs) and their Sector Managers (SMs). In all cases an effort was made to contact those who had been responsible at the time the report was prepared.

1.7 For each of the eight reports a separate case study was prepared. Each of the eight reports was evaluated on four criteria: results; relevance; quality; and dialogue and dissemination. In each of these categories a rating (using the IEG 1-6 scale) was given and an overall rating was derived from the category ratings. The criteria used for rating the reports were as follows (See Table 2):

- **Results:** Were the objectives of these reports defined up-front and were they measurable and measured? Did the government follow up on the Bank's recommendations? Was there follow up through Bank analytic work and lending operations? Did they impact the content and nature of donor support?
- **Relevance:** Were the reports part of a coherent program of analytic work, complemented by and complementing in turn, other Bank analytic work? Were they planned in the country assistance strategy (CAS) and agreed to by the government? Were the audience and demand for the report established up front? Were they carried out in a collaborative way so as to engender ownership by the counterparts?
- **Quality:** Were the reports of good technical quality? Did they make effective use of analytic frameworks such as computable general equilibrium (CGE) models or the Growth Diagnostic Frameworks? Were they based on good analysis of the data? Did they do an effective job of benchmarking the country against appropriate regional and international comparators? Did they define recommendations in a clear and actionable way?
- **Dialogue and Dissemination:** Were the reports the subject of a dialogue within the country? Were they disseminated widely to the government, civil society, and the donors? Were they disseminated to the 'right' audiences, that is, those with the legal and technical capacity to implement the recommendations? Were they packaged so as to address multiple audiences effectively?

**Table 2. Ratings Criteria**

<i>Rating</i>	<i>Results</i>	<i>Relevance</i>	<i>Quality</i>	<i>Dialogue and Dissemination</i>
HS	<ul style="list-style-type: none"> <li>• A major impact on government programs with attribution by both the government and observers.</li> <li>• A major impact on the design of the Bank's program and the subsequent CAS.</li> </ul>	<ul style="list-style-type: none"> <li>• The right coverage at the right time and coherent with the CAS.</li> <li>• Good delineation of the context, audience, and engagement of counterparts.</li> <li>• Accurate identification of the core issues to be analyzed.</li> <li>• A design that if followed through should result in appropriate recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>• State-of the art analytic techniques.</li> <li>• Effective use of cross-country comparisons and global experience.</li> <li>• Evidence of clear understanding of political economy issues.</li> <li>• Well-written/edited.</li> <li>• Clear and actionable recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant time and effort spent on dissemination.</li> <li>• Well-designed summary outputs.</li> <li>• Report makes effective use of graphics and is well-presented.</li> <li>• Report reaches a wide audience in the country with good media coverage.</li> <li>• Report reaches effectively the right audiences through appropriate targeted distribution and events.</li> <li>• Clear evidence of a follow up plan even if not explicit.</li> </ul>
S	<ul style="list-style-type: none"> <li>• Contributed to the policy dialogue and debate in the country in the view of the government and observers although the direct impact on the program was limited.</li> <li>• A major impact on the design of the Bank's program and the subsequent CAS.</li> </ul>	<ul style="list-style-type: none"> <li>• Broadly appropriate but excessive focus on some lower priority topics or inadequate focus on higher priority ones.</li> <li>• Approach lacks selectivity.</li> </ul>	<ul style="list-style-type: none"> <li>• Some shortcomings in one or two of the above areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Some shortcomings in one or two of the above areas.</li> </ul>
MS	<ul style="list-style-type: none"> <li>• Contributed to the policy dialogue and debate in the country in the view of the government and observers although the direct impact on the program was limited.</li> <li>• Some impact on the design of the Bank's program.</li> </ul>	<ul style="list-style-type: none"> <li>• At least one significant issue is neglected in the design despite urgings of peer reviewers.</li> </ul>	<ul style="list-style-type: none"> <li>• Major shortcomings in one or two of the above areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Major shortcomings in one or two of the above areas.</li> </ul>
MU	<ul style="list-style-type: none"> <li>• No discernable impact on the program or dialogue.</li> <li>• Some impact on the design of the Bank's program.</li> </ul>	<ul style="list-style-type: none"> <li>• Poorly timed (e.g., report to come out during the last six months of the term of the outgoing government).</li> </ul>	<ul style="list-style-type: none"> <li>• Major shortcomings in three or four of the above areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Major shortcomings in three or four of the above areas.</li> </ul>
U	<ul style="list-style-type: none"> <li>• No discernable impact on the program or dialogue.</li> <li>• No impact on the design of the Bank's program.</li> </ul>	<ul style="list-style-type: none"> <li>• Poorly designed i.e., focus is on peripheral supply-driven issues, while the government's priorities get short shrift.</li> </ul>	<ul style="list-style-type: none"> <li>• Falls short in all the above areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Falls short in all the above areas.</li> </ul>

Note: HS – Highly Satisfactory; S – Satisfactory; MS – Moderately Satisfactory; MU – Moderately Unsatisfactory; and U – Unsatisfactory.



1.8 An important input into the consideration of quality was the use made of the growth diagnostic frameworks. The case studies addressed whether these reports provided a thorough analysis of the constraints to growth and provided policy recommendations to address these constraints? Did they use formal analytical tools such as HRV frameworks for this purpose, and if so, did these tools make a positive contribution to the quality of the analysis.

1.9 There are two caveats to note on the ratings. First, some of the countries (Uganda and Mauritius) and the reports (Uganda PER and Mauritius AFT) were selected on the advice of the Africa Region as representing good or representative examples of growth-related products. While evaluation practice is to select country cases randomly or on the basis of explicit criteria, in this case the importance of having a critical mass of growth-related products to carry out the pilot was considered sufficient to argue for a departure from standard practice. The pilot did indeed find that the Uganda and Mauritius reports were close to best practice in this area and the ratings are accordingly very high. In view of this, the ratings cannot be interpreted as representing anything other than an assessment of the particular reports reviewed. They do not represent an average or a cross-section of work in the Africa region on Growth Diagnostics and no averages for all reports are presented in the tables. Second, the review was limited to published studies. In one of the countries a relevant report had been prepared that was not published because of concerns about technical quality on the Bank side and disagreement with the conclusions on the government side. Because IEG reports are public, it was thought inappropriate to include a report that would not be accessible to the reader of the overall review.



## 2. Growth Diagnostics

### Diagnosing Growth

2.1 The objective of growth analyses in the Bank's analytic and advisory activities (AAA) has generally been to address constraints to GDP growth, either by identifying what those constraints are and/or by devising policy strategies to relax the constraints that have been identified. The tasks reviewed in this report are no exception in pursuing this objective. It is quite obviously the appropriate objective given its relevance from both the Bank's strategy and client interest towards poverty reduction. In most if not all cases, poverty reduction through growth featured prominently in Bank CAS objectives. And CASs typically mirrored country objectives of seeking stronger growth. Since the Bank appears to have a comparative advantage as a knowledge provider in growth related-policies, it is only natural that countries will find in the Bank the right partner in understanding what must be done to grow faster. Indeed, the country interviews conducted for this report confirmed that governments, and other development partners, look to the Bank for this kind of work, possibly to a larger extent than to the International Monetary Fund (IMF) given the Bank's broader coverage of the likely fundamentals behind GDP growth.

2.2 As the discussion of the case studies below indicates, the general script of a growth task covers analyses explaining long-term past performance and recent growth developments, identifying current constraints to growth, devising strategies to address those constraints, and modeling future growth prospects on the basis of relaxing the constraints. Not all tasks do all of these and some focus on only one or two. The four CEMs (i.e., not including the mislabeled 2001 Ghana report) cover most, if not all, of these topics. The topics are relevant to the two fundamental questions of identifying constraints and sorting out what needs to be done about them, for looking at past performance really seeks to provide information on how constraints that are relevant today have also mattered in the past and accordingly provide added comfort that addressing them may help towards higher growth. Similarly, scenarios on what relaxation of the constraints means for future growth provide useful assessments for governments in the process of deciding what to do about the constraints.

2.3 In conducting the intended analyses, the tasks reviewed here employed a variety of techniques. Box 1 describes the main techniques available. The two techniques used most often in the eight tasks reviewed in this report were the sources of growth (SOG) decomposition and the benchmarking or HRV identification of gaps in variables related to factors of production and productivity. The SOG decomposition was used in the Ghana, Mauritius, Nigeria, and Uganda, CEMs with varying degrees of sophistication and usefulness. A benchmarking or HRV technique to identify constraints to growth was used in the Ghana (benchmarking), Nigeria (HRV), and Uganda (HRV) CEM reports. The Mauritius CEM also benchmarked constraints in selected areas.

2.4 The SOG decomposition provided a basic organizing framework for examining constraints and policies through focus on human and capital accumulation and total factor productivity growth. It proved useful to show the link between policy improvements and higher total factor productivity growth, as in the Ghana CEM; to focus on the national innovation

system, as in the Mauritius CEM; or to delve into the constraints on investment and/or skills building. Despite its limitations,<sup>3</sup> the SOG analysis is unlikely to find an alternative approach that challenges it as an overall framework to organize an inquiry into growth constraints.

### **Box 1. Growth Diagnostics**

Tools to diagnose growth and develop growth policies can be grouped under four headings:

***Decomposition of Growth.*** The most employed sources of growth technique to gauge and understand growth performance estimates the shares of growth attributable to changes in factors of production, including labor, physical capital, and human capital, and to changes in the productivity of those factors. It can be used to focus on those policies that may have a bearing on factor accumulation such as improvements in the investment climate and delivery of education, or on productivity such as market policies that encourage better resource allocation. Other decomposition techniques based on macroeconomic accounting may also be useful, including shares of growth originating in different sectors (e.g., agriculture, manufacturing) or in demand components (consumption and investment and net exports of goods and services).

***Cross-country Regressions.*** Cross-country regressions aim to identify both the variables that matter for growth as well as to measure their impact. The variables normally looked at include conditional convergence (the positive impact of catching-up on productivity with richer countries), cyclical reversion (the positive impact of recovering from a slump), changes in structural policies (e.g., the impact of strengthening financial intermediation or improving infrastructure), and changes in external variables (interest rates, terms of trade). Conducting regressions in a cross-country setting increases the number of observations for statistical significance purposes, but limits the inclusion of the more idiosyncratic variables that may be of particular importance to a given country.

***In-country Diagnostics.*** In-country diagnostics focus on measuring gaps in variables with an a priori presumption of affecting growth, based on theory, cross-country experience, or country perceptions. The more traditional approach will consider for example road infrastructure, compare its quantity and quality with those in similar countries and relate these to the implications that it has for, for example, the country's export performance and drive. A special case is the model developed by Hausmann, Rodrik, & Velasco, which determines whether something is a constraint or not based on (a) the size of the return to capital relative to the cost of finance and (b) a set of model parameters indicating how constraints lower the private return to capital (e.g., taxes) or raise the cost of finance (bank spreads).

***Growth Scenarios.*** Growth scenarios involve an estimation of the growth effects of relaxing one or more of the constraints that have been identified. One approach is to use coefficients produced by cross-country regressions to estimate the impact of relaxing a set of constraints. Another approach is to use an aggregative framework such as an input-output table or a computable general equilibrium (CGE) model that borrows information from a variety of sources to accommodate interactions across producers, consumers, government, and the external sector. The Maquette for Millennium Development Goals (MDG) Simulations (MAMS) is a dynamic model that the Bank developed to cover the generation of outcomes in terms of growth, MDGs, and the educational make-up of the labor force, as well as the interaction of these outcomes with other aspects of economic performance. It was used, for example, for simulating growth scenarios in the Uganda CEM covered in this report.

<sup>3</sup> SOG is one of the most popular techniques used by growth researchers in and outside the Bank. From the theoretical perspective, critics challenge the very idea of an aggregate production function, let alone that the production function is a Cobb-Douglas function. From the empirical perspective, the measurement of factor accumulation and the interpretation of the total factor productivity (TFP) residual presents some formidable challenges.

2.5 To identify growth constraints, the tasks used either direct benchmarking of capital or skills (Ghana and Mauritius) or the systematic HRV approach (Nigeria and Uganda). Both approaches worked well. It would appear that a diagnostic of binding constraints could benefit from combining both approaches, namely using an HRV-type decision tree to guide the search with cross-country comparisons to validate findings. For example, the Uganda CEM uses evidence on declining returns to education to downplay education as a constraint. One can then ask how education stocks compare relative to physical capital stocks with those in other countries and get a validated sense whether skills-building has really been excessive and factor proportions need to be redressed.

2.6 A related issue on the strategy of finding whether something is a constraint or not is practicality from the client's perspective. For any given country, the government constantly faces the challenge of improving policies in just about every area, whether the Bank or someone else finds a binding constraint in that area or not. Perhaps too much may have been invested in education in a given country, but the education ministry still needs to keep strategizing on education policy and accordingly the Bank's advice is likely to continue to be relevant.

2.7 It is interesting to note how the tasks, with one exception (Ghana), made no use of cross-country regressions. These went into some disrepute a few years ago as the view that growth was a country-specific affair gained currency in the Bank and academia began to uncover econometric pitfalls in cross-country parameter estimates. Still, a number of academicians and Bank practitioners continued to work with those regressions, suggesting that the Bank should not rule out application of this technique to growth diagnostics. Its objective is to get some sense of the possible impact of relaxing constraints from the estimated parameters. From this perspective, it is unlikely to be inferior to the Maquette for MDG Simulations (MAMS) or Leontieff models used in the reports. A constructive approach would be to refine Bank research in this area as the passage of time yields additional data points to feed this data-hungry technique.

2.8 Addressing the constraints is one area where perhaps more systematic approaches would be in order. Recommendations in the reports vary from the simple to the complex and from the obvious to the informative. What the client is likely to expect from the Bank is an indication of international best practice. In some cases, the reports do just that, but one can find many examples where the design of the recommendations in the reports receive less attention than they should in the light of international experience. Redressing this pitfall requires the combination of country-specific work with good documentation on policies in comparator countries that have achieved success in a given area.

2.9 What was then the value added of the Bank's diagnostics in the efforts reviewed in this report? It probably was not finding out that there was this or that constraint, for the Bank developed its hypotheses most often by looking at evidence available to others and locals probably observed and rationalized the constraints from direct experience. More likely, the main value added was to piece the information on the constraints together and assemble or review strategies to address the constraints in a professional fashion for the benefit of decision making. And some of the findings may actually have surprised or informed more

than a few readers. Some examples are the prominence of physical over human capital constraints in Uganda; the rising savings rate in Mauritius as the country faced external shocks; the significant role of labor reallocation in explaining factor productivity growth in Ghana; and the meager productivity of the non-oil economy in Nigeria.

## **Framing of the Questions, Analytical Tools, and Presentation of Findings**

2.10 The eight AAA tasks reviewed in this report differ in the extent to which they sought to identify constraints or to devise policy strategies. The following paragraphs summarize the way the reports responded to the country context in determining the questions to be addressed in the reports, and discuss the analytical tools used to address those questions.

### **GHANA**

2.11 The *Ghana IC* viewed export growth as a critical element of economic growth and hence sought to understand the factors contributing to Ghana's rapid expansion in non-traditional exports in the early 1990s as well as the obstacles to accelerating and sustaining Ghana's integration into global markets. Compared to the fairly elaborate methods used in the other reports, the methods used in the earlier Ghana IC report are significantly more limited and tailored to the specific issue of addressing constraints to non-traditional exports (NTEs). The main methods used include a discussion of macroeconomic policies and interviews of non-traditional exporters to identify constraints, somewhat akin to a business climate assessment. The report provides a self-contained chapter of recommendations, many of them detailed and that touch on many of the constraints identified later by the CEM, particularly on infrastructure.

2.12 The scope of the *Ghana CEM* was broader. It followed a decade of high economic growth that had built optimism on Ghana's future and encouraged the government to ask the Bank to analyze constraints to growth and poverty reduction and highlight critical policy options. Accordingly, the Bank sought to analyze what had gone wrong in Ghana's past long-term growth performance, the sources of the more recent growth spurt, constraints to even higher growth, strategies to address these constraints, and long-term growth expectations.

2.13 To address those aims, the Ghana CEM growth analysis uses a thorough set of techniques. In addition to SOG and benchmarking analyses, the report uses cross country regressions to identify factors behind past growth performance and general equilibrium to model prospective growth scenarios. The sources of growth analysis is used to document the recent increase in the contribution to total GDP growth of total factor productivity (TFP) growth, assesses the extent to which TFP growth is attributable to inter-sector and intra-sector labor reallocations, to technological changes, and to economies of scale. An analysis of sources of growth in agriculture complements the aggregate analysis to show that some of the recent increase in TFP growth comes from that sector. The CEM considers the issue of developing NTEs anew and uses the novel PRODY ("income level of a product") technique to identify emerging exports that are also exports of higher income countries and hence are exports than can be produced efficiently and make a contribution to development.

2.14 The report focuses on constraints to growth in four areas (infrastructure, productivity, especially in agriculture, investment climate, and macroeconomic stability and public sector policies). In identifying those constraints, it does not use the HRV approach. In a more traditional but quite thorough fashion, the report identifies infrastructure gaps through benchmarking of (a) access to infrastructure services against low income country averages; (b) infrastructure quality against a selected set of African countries; (c) infrastructure disparities across ten regions in Ghana; (d) infrastructure spending (public and private investment, operations, and maintenance) in an international context; and (e) infrastructure needs from the perspective of the growth impact of infrastructure. Productivity gaps are also identified through benchmarking with the more productive African countries. The report conducts an Investment Climate Assessment (ICA) that identifies access to finance and other business climate dimensions as additional constraints.

2.15 In outlining a strategy to address the constraints, the report costs infrastructure gaps and assesses the funding gaps, indicates areas of the investment climate that require attention, and points to fiscal pressures that need to be contained. The growth analysis exercise is completed by developing three growth scenarios with the use of a MAMS model. A detailed matrix organizes the policy recommendations in one place and with cross-references to details in the chapters of the report's three volumes.

## **NIGERIA**

2.16 The *2007 Nigeria CEM* also followed a period of growth acceleration as the country benefited from improved macro-economic management and rising oil revenues. The Bank viewed this growth acceleration as an opportunity to “to break with (Nigeria’s) past history of economic stagnation and leverage its considerable oil resources and the ongoing oil boom effectively to create the foundations of a competitive, diversified and rapidly growing economy.”<sup>4</sup> In a similar fashion to the Ghana CEM’s objectives, Nigeria sought to analyze the country’s growth history, examine the recent growth acceleration, identify critical constraints to competitiveness and growth, and devise how those constraints could be addressed. Given Nigeria’s restrictive trade practices, the task also aimed at advising how Nigeria could use domestic, international, and regional trade more effectively to sustain growth. The Bank hoped that its analytical findings would provide input into “Nigerian policy processes including the definition of a second generation of reforms and preparation of the second version of the Nigeria Economic Empowerment and Development Strategy (NEEDS II) - Nigeria’s PRSP.”<sup>5</sup>

2.17 The Nigeria CEM is moderately less thorough than the Ghana CEM in its use of analytical techniques. It conducts a SOG, as carefully as possible with the limited data, but does not delve as much into interpreting the meaning of the obtained TFP growth estimates as the Ghana report does. Sector and demand sources of growth decompositions are conducted to indicate the recent prominence of oil and the poor performance of the non-oil economy as well as the dominance of domestic consumption in generating demand.

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<sup>4</sup> World Bank. 2007. *Nigeria Competitiveness and Growth: Country Economic Memorandum*. Vol. II, p.vii.

<sup>5</sup> Ibid.

2.18 The identification of constraints to growth follows the HRV method and concludes that social returns to capital are low in all but a few sectors, and that access to credit is inadequate and with highly variable interest rates. Of the three HRV reasons for low social return (bad infrastructure, weak human capital, and poor geography), the report assigns pride of place to inadequate infrastructure and benchmarks to indicate where the gaps are, albeit not as systematically as in the Ghana report. It also notes weak “self discovery” or innovation as a factor behind the low returns. Macroeconomic instability, weak institutions, and corruption are indicated as the HRV culprits for low appropriability of returns. The report cites surveys that validate the findings outlined above. The policy recommendations are discussed at length and presented in short/medium/long term policy matrices for each policy area. A Medium-Term Macro-economic Framework provides a long term growth projection but no indication is given as to how the projections were arrived at, nor how they are related, if at all, to the recommended growth policies.

2.19 The *2009 Nigeria EMP* took as its starting point the perception that past growth had not raised the living standards of the population at large or reduced unemployment and poverty. Although it took a new look at growth, its main objectives were to understand how growth impacted employment and to develop a sustainable growth strategy that would enhance growth and its employment intensity. Accordingly, it established a close link between the structure of growth and the development of employment using the data from general household and living standards surveys to compensate for the lack of reliable labor market surveys. This close link attracted the attention of policy makers that were looking for an explanation of the weak employment response to growth.

2.20 The Nigeria EMP also conducts a growth analysis as it primarily recommends employment generation through growth. It borrows the SOG analysis from the 2007 CEM; conducts a sector decomposition of growth to conclude on the prominence of agriculture and wholesale/retail trade as well as the increasing role of services; suggests that growing foreign direct investment (FDI), remittances, and credit to the private sector triggered the growth of aggregate demand that underlies higher GDP growth, while rejecting the hypothesis that higher oil prices substantially drove the non-oil economy since excess oil revenues were accumulated, not spent; and instead attributes the dynamic private sector response to the improved predictability of the economic and political environment. In addition, the report makes extensive use of the Rodrik/Hausmann “discovery” framework of economic growth.

2.21 The report also borrows the constraints to growth from those identified by the 2007 CEM, including infrastructure, weak access to finance, and a weak investment climate, but adds more emphasis on relaxing import protection and improving skills building, particularly through vocational training. Its recommendation is that Nigeria adopt a domestic led growth strategy, with a focus on exports to regional and international markets at a later stage and with targeted interventions to remove constraints in value chains with high employment and growth potential, improving skills building, and liberalizing trade. The report identifies what those value chains are and accordingly recommends focusing policy on the removal of constraints that are most relevant to those sectors.



## UGANDA

2.22 The *2007 Uganda CEM* also followed a long period of prosperity but with some deceleration since the late 1990s. Unlike the Ghana and Nigeria CEMs, the Uganda task did not aim at providing advice on a grandiose transformation of the country's development strategy. Instead it aimed at fine tuning the country's existing orthodox approach. But like the other reports, it looks into what drove past growth, it identifies current constraints to growth and actions to address them and, as in the Ghana CEM, it aims at modeling alternative future growth paths.

2.23 The 2007 Uganda CEM cites SOG studies by third parties to show that most growth is attributable to TFP growth although the TFP contribution declined in recent years. The latter decline is linked to a declining share of equipment investment in total investment. Furthermore, the report cites evidence to suggest capital shallowing in view of the country's high population growth. It also notes that accumulation of human capital has exceeded accumulation of physical capital. The report uses previous studies and fresh research to probe into the determinants of the significant overall TFP growth and concludes that (a) structural transformation and openness have been important long-term factors, (b) terms of trade and policy factors have been significant short-term influences, and (c) the quality of growth, rising hi-tech products in both exports and imports, increasing number of firms that exports and rural urban migration, and diversification within and outside of agriculture may have been macro factors other than policies and prices. The Uganda CEM also looks in detail at sector labor productivity (not TFP) in agriculture (rising); in informal and household enterprises (lower than in formal enterprises); and formal firms (rising). Declining growth in agriculture is attributed to declining prices.

2.24 The study conducts very systematic HRV diagnostics to identify key constraints in infrastructure and access to credit, with more limited constraints on other areas. Like the Ghana CEM, the Uganda CEM provides MAMS scenarios of future growth, with one set examining the impact of more rapid TFP growth and the other examining the impact of alternative allocations of public expenditure, increased government efficiency, and scaled up program with and without foreign aid.

2.25 The *Uganda PER*, prepared at about the same time, complements the CEM. Its starting points are the growth diagnostics being developed by the CEM and, more specifically, the idea that fiscal sustainability, the allocation of public expenditure, the efficiency of government services, and tax policy matter for growth. Accordingly, the objective of the report is predominantly to devise strategies to address constraints to growth linked to these fiscal policy aspects.

2.26 The concurrent Uganda PER complements the CEM by relying on the latter's growth analysis. The CEM focuses strongly on developing a public expenditure growth strategy covering four areas, infrastructure spending, expenditure efficiency ("value for money") as illustrated by the education sector, fiscal sustainability, and taxes. On infrastructure, the report benefits from the use of CEM diagnostics and moves forward towards developing a fairly comprehensive strategy to address infrastructure constraints that covers access, quality, maintenance, use of donor funding, absorptive capacity, and planning and evaluation of the

private sector and parastatals. In education, the value added of the report is relatively more intensive on diagnostics than in devising a strategy. In its diagnostics of waste in education expenditures, it uses a well-crafted technique to measure teacher absenteeism; cites Public Expenditure and Tracking Surveys (PETS) results to document waste in capitation grants; indicates ghost teachers as a remaining, albeit declining, problem; and signals the need to look more closely into ghost schools and other sources of questionable expenditures. Allocative inefficiencies are also looked at in the context of teacher deployment and wage versus non-wage expenditures. Recommendations are aimed more at directing actors to resolve the documented problems than to specifying specific solutions. The fiscal sustainability chapter develops a revised minimum standard model (RMSM-X) template to incorporate the impact on growth through private investment and exports of a reallocation of public expenditure towards infrastructure. The link of the analysis of taxes in the report to growth is its recommendation that tax buoyancy be achieved through increases in the tax base, not tax rates (which would discourage growth), and that increases in the tax base be achieved through simplification, including the removal of tax expenditures.

## MAURITIUS

2.27 In contrast to the Ghana, Nigeria, and Uganda tasks, the *2007 Mauritius CEM* followed a period of relatively slower GDP growth. Mauritius's legendary economic performance based on labor intensity had run its course and the country was facing the prospect of reduced European Union (EU) trade preferences in sugar and textiles. In this context, the CEM conducted a review of growth that aimed at understanding past performance and the recent slowdown and assessing near and longer term prospects, while seeking to develop strategies for three policy areas with a bearing on growth, namely public sector management, labor markets and education, and science and technology policy.

2.28 The Mauritius CEM has as its starting point the strategy that the government published in 1997 (entitled, like Nigeria's current plan, Vision 2020). The CEM starts by broadly subscribing to that strategy, which sought to develop Mauritius by engaging the island in higher value-added, more innovative, knowledge and skill-intensive activities, although it noted that implementation of it had put too much effort into picking winners and supporting them through special incentives and targeted public investments. Accordingly, it endorses prior Bank proposals for regulatory reforms to simplify requirements for permits and licenses, eliminate restrictions on land usage, liberalize air access, rationalize taxes, reduce telecommunications prices, level the playing field for small and medium-sized enterprises (SMEs), revamp social safety nets and IMF proposals for costing tax and expenditure measures, and developing a medium term fiscal consolidation package.

2.29 The Mauritius CEM develops a SOG analysis to show how the TFP contribution increased from 1982-1990 to 1990-2003, documents the rise and demise of the Export Processing Zone (EPZ) sector, and looks at sources of growth by sector. Its basic storyline is that growth through labor intensity was exhausted and led to a non-competitive economy with high wages, skills shortage, and unemployment among the young and unskilled. The slowdown of the international economy at the turn of the century strongly affected the island, which also suffered a strong cyclone at the time as well as the prospect of eroding preferences. The report develops a model to explain how that prospect increased savings in

Mauritius despite the recession that it was experiencing from the combination of external shocks and declining competitiveness. The report discusses short term-growth prospects and uses an input-output model to develop three scenarios (low, medium, high) for long-term GDP and employment growth and outlines a number of growth policies (increased competition, liberalization of work permits and the land market, and skills building) derived from the rest of the report, the concurrent AFT report, and other Bank work.

2.30 The Mauritius CEM also uses a variety of techniques to diagnose policy areas with a bearing on growth, including fiscal performance, the labor market, and the innovation system. On fiscal performance, the report analyzes fiscal trends to caution on sustainability prospects along IMF lines, looks closely into the nascent medium term expenditure framework and develops fairly detailed recommendations to improve its lingering momentum, benchmarks health and education services against international comparators and uses available Bank Data Envelopment analysis to calculate the scope for efficiency gains in public expenditure; assesses the scope for significant savings by aligning public to private sector wages; and benchmarks governance against international comparators to recommend (a) more action on institutions, training, management, and information technology to improve service delivery and (b) a number of actions to target specially corrupt institutions, reduce opportunities for corruption, improve financial reporting of public officials, and raise sanctions against corruption.

2.31 A broad review of the labor market covers demographic trends; the evolving level and structure of labor demand and unemployment, including unemployment by skills; a comprehensive documentation of labor institutions, including identification of unduly restrictive and intrusive wage setting mechanisms; pitfalls in skill-building; and returns to education. The report develops recommendations covering wage setting and layoff procedures, education and training curricula and administration, immigration of skilled workers, unemployment insurance and training.

2.32 The chapter on the National Innovation System (NIS) notes the extremely limited knowledge creation and diffusion in Mauritius despite its very good structural indicators (e.g., per capita income, investment, and trade) and some good examples of technological transfer; benchmarks indicators against a varied set of countries and validates the general impression of low achievement by citing the findings of an innovation audit of 2000 and of an intellectual property assessment. The report provides some fairly standard policies to improve the NIS; for example to attract more FDI with a program to partner multinationals with local enterprises as in Singapore, and centralize public research institutions into one agency that would help in technological catch up by scouring the world for cutting edge technologies and using its own laboratory facilities to build pilot versions to demonstrate them to the private sector.

2.33 The *2006 Mauritius AFT* report that was being prepared at the same time complemented the CEM by devising policy strategies covering trade, taxes, industrial restructuring (sugar and textile), and development of the services industry. The Bank expected that implementation of the recommended trade policies would lead to the Bank helping mobilize support for investments that improved Mauritius' competitive standing.

2.34 The Mauritius AFT outlines standard proposals to reduce import tariffs and import exemptions in line with the government's aim to have Mauritius become a duty free island and calculates impacts on employment (using simple sector models), poverty (using household surveys), and tax revenues (method not indicated); discusses proposals to simplify the tax and cumbersome investment incentive system, including a useful analysis of the impact of generous depreciation provisions on effective corporate tax rates; outlines the impact of the EU removal of preferences on the sugar industry as well as proposals to restructure the industry, including reduction of surplus labor, liberalization of the land market and of sugar marketing, efficiency-enhancing investments, and reduction of the burden of consumer sugar price subsidies on the sugar industry. Similarly, the report outlines the impact of the removal of EU and Most Favored Nation (MFN) preferences on the textile industry and proposals to restructure the industry including upgrading of skills, retraining, and improved transport, port, and telecom services. The latter are part of a broader discussion of the services industry development, with proposals to introduce competition and quality regulation, as well as to undertake key public investments, particularly in education.

### 3. Results

3.1 While Bank ESW is supposed to make use of a results' tracking framework against which to compare the outcomes, in most cases this is either not used or not taken seriously. There is a tension between the kind of quantified results framework used by the Bank in lending operations and CAS documents, and ESW reports such as those reviewed for this study. First, there is an issue of timing. These reports are intended to contribute to a dialogue and promote follow up actions over a considerable period of time. From the perspective of task management however, the task is regarded as completed with the distribution of the grey cover report and an Activity Completion Report is required to be prepared within six months of that date. Second, there is the issue of pre-judging the outcomes of the analysis and consultation process. If the outcomes are already decided up front that reduces the analytic phase of the report to rationalizing those outcomes. It also limits the process of consultation with partners to debating the outcomes up-front without the benefit of the analysis. Arguably the definition of a results framework should follow the preparation of a report and not precede it.

3.2 As a consequence, when asked, TTLs usually define objectives that they regard as being under their control or those of their managers. The objectives can be categorized as first, *research*: to bring together the most recent and reliable data on the country and develop a clear presentation of the trends shown by the data. Second, *analysis*: to apply the best analytic tools available (both qualitative and quantitative) in forming a judgment on priorities for growth going forward and to utilize the Bank's comparative advantage through its access to relevant regional and global knowledge. Third, *recommendations*: developing a set of clear actionable recommendations that can be implemented by the government. Fourth, *knowledge sharing*: to promote a dialogue serving internal Bank audience—by integrating the Bank's views on a country as a basis for its strategy—and helping to develop a consensus view on the outlook and the measures needed between the Bank, government, civil society, and donors. In some cases there is also a fifth objective, *capacity building*. By and large however, there was little evidence of this as an explicit part of any of the reports that were studied.

3.3 The advantage of approaching these reports at a distance of three to four years is that one can indeed go beyond these objectives and judge whether they had a measurable impact. For this purpose successful impact can be defined as follows. First, that there is clear evidence that the report contributed to the pace and/or content of government policies and institutional development programs; second, that the Bank itself used the recommendations as a basis for designing its strategy and lending program; and third, that other donors coalesced around the recommendations and steered their programs in the general directions proposed. The knowledge sharing objective is also relevant for the medium-term assessment, though it may be difficult to attribute to a particular Bank report, the medium and longer term changes in the dialogue and in government, civil society, and donor understanding of the key constraints and the measures needed.

3.4 There is a very wide variance in the ratings in this category.

3.5 The two Uganda reports were rated *highly satisfactory* on results. The Uganda CEM and Uganda PER both contributed to shifts in budget allocations and greater emphasis on

**Table 3: Ratings in the Results Category**

<i>Reports</i>	<i>Results Rating</i>
Ghana 2001 IC	Moderately Unsatisfactory
Ghana 2007 CEM	Satisfactory
Mauritius 2006 AFT	Highly Satisfactory
Mauritius 2007 CEM	Moderately Satisfactory
Nigeria 2007 CEM	Moderately Unsatisfactory
Nigeria 2009 EMP	Satisfactory
Uganda 2007 PER	Highly Satisfactory
Uganda 2007 CEM	Highly Satisfactory

reform program and inform those options with experience from other countries. ‘The report made detailed recommendations for implementing reform through a very influential power point presentation to key officials, and seems to have encouraged the government to follow through more decisively and quickly on the program they were proposing to implement (see Box 3).

3.7 Three other reports are rated *satisfactory* (Ghana CEM and Nigeria EMP) or moderately satisfactory (Mauritius CEM). These reports appear to have had a limited impact on government policy, though in the case of the Nigeria EMP it is still early to assess this. In the latter case, the proposals for supporting growth poles, skills development, and value chains that have high growth and employment potential (e.g., through support for SMEs) may well have considerable traction. Furthermore, the report assisted the government in the recent difficult decision to replace import bans with tariffs. All three reports have had an important impact on the Bank’s own program however. They have led re-shaping of the strategy and follow up through other Bank instruments—both lending and AAA.

operational efficiency in the government. They influenced the Bank CAS and led the donors to re-think the allocation of their funding (see Box 2 below).

3.6 In addition the Mauritius AFT was rated *highly satisfactory* for its results in terms of country follow up on recommendations. The Mauritius AFT is perhaps the clearest on objectives since it responds to a very specific and targeted request—support in making Mauritius a duty-free island. The objective is stated as helping the government to ‘analyze some of the implementation options of its

### **Box 2. A Shift in Uganda’s Strategy**

From the late 1990s to 2005, Uganda made significant strides in human resource indicators. Donors provided large amounts of budget support geared mainly to supporting health and education targets. Uganda achieved Universal Basic Education and made significant progress towards Universal Secondary Education. By 2005 however, there seemed to be a slowing in growth and analysis suggested that the returns to education were relatively low at the primary and secondary levels. The Bank CEM analyzed growth constraints using inter alia the Hausmann/Rodrik/Velasco growth diagnostics framework, and demonstrated convincingly that public infrastructure had emerged as a binding constraint and that therefore more resources needed to be allocated to this area. At the same time there was limited fiscal space to support additional spending on infrastructure. In response to the question of where should expenditures be reduced to allow for the new infrastructure investment to take place, the Bank decided to put its money where its mouth was by mounting a series of Public Expenditure Reviews geared to identifying areas of waste in the government budget. The first PER (the one reviewed for this study) looked at the Education Sector and among other things documented very high rates of teacher absenteeism. Uganda promptly took action in both these areas with an increase in allocations for infrastructure supported by increased donor funding in this area, and a program to reduce teacher absenteeism.

3.8 The remaining two reports Ghana IC and Nigeria CEM are rated *moderately unsatisfactory*. There was no discernable impact in either case—neither in the government’s program nor in the Bank program. One donor defended the Nigeria CEM on the grounds that it contributed to the steady drip which might eventually erode the resistance to policy change. This seems to hold these reports to an excessively modest standard. Both these reports lacked the kind of headlines that get fixed in the minds of government counterparts and become the basis of a consensus for policy change, as what happened with the Uganda reports.

**Box 3. Analyzing the Impact of Trade Policy Reform in Mauritius**

Mauritius has grown rapidly, in part due to rapid growth in sugar and textile exports on the basis of preferential access to Organisation for Economic Co-operation and Development (OECD) markets. Faced with the prospect of the lowering and eventual elimination of these preferences over time, the authorities sought to promote the development of higher value added, technology-intensive exports. Until 2005 however, there was little progress on this score due to concerns on the impact of reducing protection on enterprises and employment. In 2005 a new government decided to pursue trade reform more actively and the following year asked the Bank to mount an Aid for Trade (AFT) mission to look at the implications of lowering tariff rates. The mission was put together in a matter of weeks and went to Mauritius, where after two weeks of work, the mission leader took senior government ministers and officials through the costs and benefits of different trade reform strategies—identifying alternative sequencing options and evaluating the short and long term employment implications. The presentation is recalled to this day as one of the ‘defining moments’ in the government’s decision to move ahead with trade reform. It also created a new dynamic in the Bank’s relationship with Mauritius.

3.9 Very broadly these results reflect first, the extent to which the country itself was actively pursuing reforms; second, the quality of the dialogue in the sense of a relationship of trust between the Bank management and the government; third, the presence of champions within the government willing to take ownership of Bank recommendations and move ahead with them; and fourth, the extent to which the Bank itself follows up on the report through re-orienting its lending program and analytic work. By and large the results do not reflect the degree of country participation in preparation of the report, or of viewing this as a joint product. On the contrary in those cases where the recommendations had the greatest impact, the government placed value on being at arm’s length from the Bank’s analysis which was seen as objective and not influenced by internal politics and inter-ministerial rivalries. On the other hand a clear impact on outcomes was visible when the report responded to an explicit request by the government. In this sense the results from ‘just in time’ work carried out by the Bank are likely to be more apparent in the short term than is the case for large complex reports such as CEMs.

3.10 The impact on donors appears to depend mostly on the presence of a well-structured donor support mechanism as in Ghana and Uganda. In these countries, there was intense donor involvement in reviewing the report and an adaptation of programs, albeit at the margin, to reflect the identification by the CEMs, in both countries, of infrastructure as the binding constraint to growth.





## 4. Strategic Relevance and Ownership

4.1 Ratings on strategic relevance reflect the extent to which (a) the report was produced at a time appropriate to affect development partner decisions and (b) the topic of the report had been identified as a development constraint. A consideration in the latter dimension is the extent to which the topic addressed effectively issues of difficult dialogue. Ownership refers primarily to client engagement with the report, including engagement by the government, a government agency, a local institute, academy, or a consulting firm. It does not require that these bodies participate in the actual preparation of the report, but rather that it focuses on issues which they regard as important and that they feel that they have had a significant input into determining the coverage and approach. Strategic relevance and ownership will clearly be critical for the report achieving results. In their absence, any results are unlikely to be attributable to the report.

4.2 Of the three criteria—timeliness, the topic as a development constraint, and ownership—the second is the easiest to meet. By and large, all of the reports deal with issues that the CAS, previous analytical work or some other credible source regarded as a development constraint. The growth constraints the reports address are also likely to have received prior attention. Pitfalls in access and quality of education or infrastructure are just too widespread, noticeable, and deserving of public attention to miss them. It is more difficult to be selective as to which of the constraints deserve the most attention at any given point and to sort out what needs to be done about them. Meeting the timeliness criteria, while not as easy, is also fairly likely. The main risk here is for a piece of AAA to “miss the boat” as it were and end up as a discussion or rationalization of things past.

4.3 The greatest difficulty lies in achieving client ownership. It is often argued that there is a need to distinguish here between demand-driven ESW requested by the client and supply-driven ESW. In the case of demand-driven ESW the request itself is usually interpreted as evidence of client ownership. In the case of supply-driven ESW, the Bank identifies an issue that is strategic and significant, and uses its ESW as a way of generating interest. From an evaluation standpoint however, the two approaches raise very similar questions. It is often the case for example, that a demand-driven study reflects the interests of a particular minister or official and is not of great interest to his or her colleagues. When the ‘champion’ moves or leaves office, the study may be left without ownership. It is therefore important to ensure that even demand-driven studies meet criteria for strategic relevance. For supply-driven ESW there is a need to agree with the client on the topic and scope, and bring the client into the discussion. Sometimes the Bank fails in this endeavor because it simply goes its own way to research an important issue in the conviction that the report will speak for itself.

4.4 Relevance and ownership in most reports is rated satisfactory or highly satisfactory.

4.5 Again, the two Uganda reports were rated *highly satisfactory*. The timeliness, topics, and client engagement dimensions of the two reports were highly favorable towards results. The two reports were prepared at about the same time, a time at which the government was strongly receptive in regard to knowledge and policies related to growth and public expenditure and in a strong position to implement policies. The selected topics—constraints to growth, addressing infrastructure gaps, and getting value for money in public expenditure—had been clearly referred to in prior work and were certainly on the government’s radar screen. For the Bank, the focus of

**Table 4: Ratings in the Relevance Category**

<i>Reports</i>	<i>Relevance Rating</i>
Ghana 2001 IC	Moderately Satisfactory
Ghana 2007 CEM	Satisfactory
Mauritius 2006 AFT	Highly Satisfactory
Mauritius 2007 CEM	Satisfactory
Nigeria 2007 CEM	Moderately Satisfactory
Nigeria 2009 EMP	Satisfactory
Uganda 2007 PER	Highly Satisfactory
Uganda 2007 CEM	Highly Satisfactory

the two tasks signaled a shift of emphasis from social to infrastructure expenditures and a new exploration of the links of public expenditure to growth and fiscal space that the Bank at large and the IMF were debating at the time. It was a shift that strengthened the alignment of the report with the government's own views of growth, public expenditure, and fiscal sustainability and which helped achieve client ownership.

4.6 The Mauritius reports also did well on this criterion. The timeliness of

the AFT is really best practice—an on-time and quick response to a government request on how to address the external shocks that the country was facing and that was forcing it to develop and implement appropriate policies. The topics of the report had been clearly identified as constraints by the government, by other Bank work (the CEM), and by the IMF. As in the case of the Uganda reports, the Bank was working with a client that knew what it wanted and that was prepared to take action. Having requested the Bank's work and with a good awareness of the independent knowledge that the Bank could deliver, the client was very likely to be a strong owner of the effort as indeed it proved to be. The rating of the CEM was a notch below the AFT report primarily because the final publication was at a point in time when the actions that the government was willing to take in order to follow up the Bank's economic work had already been taken.

4.7 The Nigeria CEM is rated *moderately satisfactory*. There was considerable interest and involvement on the part of the reform team that was in place in Nigeria during the inception of the report and at early stages of preparation. The report was specifically designed to complement reform efforts which had been strong on fiscal policy, but had not yet addressed some of the structural policy issues relating to promoting higher rates of sustainable non-oil growth in Nigeria. The growth focus of the CEM was therefore particularly welcomed by the reform team. However, key members of the reform team left their positions during the preparation process and their appears to have been limited interest and ownership on the part of other members of the government, despite the pertinence of the subject matter and analysis to some of the key issues of policy in Nigeria.

4.8 The Nigeria EMP is likely to do better, given strong efforts at timeliness, topic selection, and engagement. The timing of the report was planned to feed into the government's new long-term development plan (entitled Vision 2020), the topics were long recognized as important constraints (including in the previous CEM), and client involvement in planning and commenting on the findings was eagerly sought and to some extent achieved.

4.9 The Ghana IC was timely and topically relevant but bereft of real government engagement. The Ghana CEM was strong in all three dimensions. Its topic—moving to a higher growth trajectory, and identifying and addressing infrastructure bottlenecks as the key constraints—was clearly relevant. The process of preparation of the report emphasized broad government ownership and participation by government, donors, and NGOs. The interest of the

government in growth and the role of public investment in infrastructure undoubtedly shaped the coverage of the report.

4.10 In sum, and as suggested before, the variance in ownership is the main factor explaining differences in rating, followed by some variation in timeliness. The lesson seems straightforward. The Bank can improve the impact of its AAA by ensuring client engagement from the beginning, including efforts to keep it engaged through preparation, dissemination, and follow up.



## 5. Quality of the Document

5.1 This evaluation rates quality based on criteria covering (a) appropriate use of existing knowledge and data; (b) generation of new evidence; (c) generation of recommendations; (d) staffing and managerial attention; and (e) review and feedback. These combine key input and output variables. The main inputs are the use of knowledge and data, staffing and managerial attention, budget, and review and feedback. The main output variables are generation of new evidence and of recommendations.

5.2 All in all, craftsmanship was good or excellent in the eight reports, with the ratings indicated below.

5.3 The Uganda CEM and the Mauritius AFT received the highest ratings. Their most noteworthy strengths vary from task to task. The Uganda CEM, for example, benefited from an excellent application of the HRV diagnostics approach discussed in chapter 2. The Mauritius AFT excels in its development of recommendations for and integral to the competitiveness strategy. In all cases, the tasks were quite well staffed; one might even say too well, given the extraordinary budgets that were deployed in at least two cases (the Uganda tasks). A limited review process in one case (Mauritius ATF) did not seem to undermine quality, as the limited review input was probably offset by deployment of a very senior TTL. Managerial attention appears to have been adequate, but does not seem to be exceptional in any of the cases.

**Table 5: Ratings in the Quality Category**

<i>Reports</i>	<i>Quality Rating</i>
Ghana 2001 IC	Satisfactory
Ghana 2007 CEM	Satisfactory
Mauritius 2006 AFT	Highly Satisfactory
Mauritius 2007 CEM	Satisfactory
Nigeria 2007 CEM	Satisfactory
Nigeria 2009 EMP	Satisfactory
Uganda 2007 PER	Satisfactory
Uganda 2007 CEM	Highly Satisfactory

5.4 Quality was rated satisfactory in all the other cases, again for varying reasons. The following stand out among their strengths. The Uganda PER provided very useful new evidence on teacher absenteeism in its effort to address “value for money issues” in public expenditure. The Ghana IC benefited from a very strong “on the ground” assessment of constraints to exports, by focusing on selected specific sectors and sub-sectors. The Ghana CEM deployed just about every analytical growth technique available. The Nigeria CEM has a good application of the HRV growth diagnostics (as did the Uganda CEM). The Nigeria EMP includes a brave attempt to map binding constraints into sectors and develop an “employment intensive” growth strategy. And the Mauritius CEM includes useful assessments of growth-related policies covering fiscal performance, the labor market, and the national innovation system.

5.5 The reports add varying value in terms of recommendations, probably the more operational of the two outputs of a report. Recommendations vary in their attention to detail and the tasks show how detail may be extremely important as well as the limited extent to which Bank tasks can drill down to the more minute details. The Mauritius ATF, for example, outlines the components of an Information and Communication Technology (ICT)

strategy but does not really go into any length as to the “how” of each of those components. The Nigeria EMP report outlines constraints that may apply in different sectors but again is limited in the extent to which it can sort out implementation of policies. However, in some cases, as in the Uganda CEM, the reports go at considerable length in discussing implementation issues in connection with addressing the constraints (e.g., in infrastructure).

5.6 The other critical output, new knowledge, can be quite useful, with more than merely academic or intellectual interest. The Uganda PER seems to have triggered considerable action merely by putting effort into measuring teacher absenteeism, even if it does not delve at any length into recommendations to address it. This effort suggests that the Bank can generate results simply by strengthening monitoring of relevant variables.

5.7 An important lacuna is presentation. First, most reports are longer than they need to be. Second, in addition to being long, they tend to be heavy on the reader. In the eight reports that were reviewed, the quality of presentation varied significantly, with variations within reports as well. Presentation is of course a long-standing issue in Bank reports. Presentation is poor in part because no resources are put into editing the reports.

5.8 Part of the problem of length, particularly in the CEMs, derives from the bundling together with the macro-analysis of the report, a series of chapters on sectors or special topics (generally of 20 to 40 pages each) which are largely descriptive and do not factor into the core analysis of the CEM. In general these sector studies disappear without trace once the report is in grey cover and there is no attempt to distil messages from them. In one of two cases these chapters were of very high quality (see Box 4 below), but in most cases they show evidence of much less quality control by the TTL than do the core chapters of the report.

#### **Box 4. The Chapter on Political Economy in the Ghana CEM**

The Ghana CEM is the only one of the reports evaluated to include a serious study on the political economy of policy reform. This comprehensive 28 page chapter (unfortunately buried at the end of the 200 page volume 3 of the CEM) is a comprehensive and insightful analysis which should be regarded as good practice and has relevance for many other African countries. The section headings give a good indication of the breadth of coverage:

- The resilience of clientelism and the political economy of growth policies
- The effect of elections on policies in Ghana
- Political market imperfections and policy making
- The absence of programmatic parties and the inability of political competitors in Ghana to make broadly credible policy promises
- Uninformed voters and the difficulties of building programmatic parties in Ghana
- Democratic preferences, social polarization and the absence of programmatic parties.

Unfortunately little of the political economy analysis makes its way into the rest of the CEM. This is an important piece of analysis which merits being widely read and discussed.

## 6. Dialogue and Dissemination

6.1 The inter-actions that should take place during the report cycle, can be divided into four phases (not necessarily sequential).

6.2 First, there is *consultation*. The report is discussed with government, civil society, and the donors. This should be done at the concept stage to ascertain the demand and ensure that there is demand for the product and also to influence the design and approach so as to ensure that it meets the interests and concerns of the external market.

6.3 Second, there is *participation*. This involves bringing country nationals directly into the process of preparation of the report. A steering group of senior officials may be set up to oversee the preparation, and either government agencies or officials can be asked to contribute (the statistical agency is often approached for this purpose) or an outside think-tank or university can be commissioned to prepare papers on special topics that can be used as an input to the report. The objective here is both to benefit from the country knowledge that ‘insiders’ can bring to the preparation process, but also to build capacity for analytic work in the country, and to try to get across the idea that this is a joint product rather than being owned solely by the Bank. Similarly donors or the private sector can be invited to participate in report preparation.

6.4 Third, there is *dissemination*. Once the report is brought to a green cover draft, i.e., incorporates the comments from the internal Bank review, it is discussed with the government as the final element in the consultation process. Dissemination is usually based on the completed grey cover report and usually involves an event varying in length from a two-hour meeting to (in the case of the Ghana CEM) four days. The invitees of the event usually include key government officials, civil society representatives such as the Chairmen of the Chambers of Commerce and Industry, leading academics, local think-tanks, etc., and of course donor representatives. Usually a separate discussion is held with donors through the donor coordination mechanism. There is generally some press and TV coverage of these events and the media are invited. Occasionally separate briefings for the media are held.

6.5 Fourth, there is *follow-up*. This is not currently seen as a formal stage in the report cycle. In most cases dissemination is seen as the final stage. By and large follow up is confined to activities within the Bank’s own program. Thus for example it may be that an important gap is identified in the report and the Bank proposes to fill this gap through further analysis. A good example of this was the interest of the Mauritian authorities following the Mauritius CEM and the Mauritius AFT in having the Bank look more closely at research and innovation in Mauritius which were raised as issues in these reports. The Bank has now scheduled a follow up study to look at these. Similarly the Uganda PER was seen as a follow up to the issue raised in the Uganda CEM, of the need to make some fiscal space for increased public infrastructure expenditures.

6.6 The ratings in this category are summarized in Table 6. The ratings are based on a number of variables and are thus an aggregation of sub-ratings, as exemplified in the following paragraphs.

**Table 6: Ratings in the Dialogue and Dissemination Category**

<i>Reports</i>	<i>Dialogue and Dissemination Rating</i>
Ghana 2001 IC	Moderately Unsatisfactory
Ghana 2007 CEM	Satisfactory
Mauritius 2006 AFT	Highly Satisfactory
Mauritius 2007 CEM	Satisfactory
Nigeria 2007 CEM	Unsatisfactory
Nigeria 2009 EMP	Satisfactory
Uganda 2007 PER	Highly Satisfactory
Uganda 2007 CEM	Satisfactory

partners and the country team to a four day retreat to review the report, with individual sessions chaired by government officials and with presentations on the relevant sections made by these officials. The Nigeria EMP deserves a similar rating given the extensive dissemination with civil society through media coverage (the report was serialized in a leading Nigerian daily newspaper), discussions at a town hall meeting that included students and several Nigerian ministers, and a presentation to all Commissioners for Finance and to the Economic Management Team, including seven ministers. The Nigeria CEM, however, is an unfortunate example of the ease with which the momentum of dissemination and follow-up can peter out during transitions, absent specific arrangements to avoid this (see Box 5).

6.8 Second, there is the impression made on counterparts and partners. On this score the Uganda reports and the Mauritius AFT score very highly with clear recollection on the part of everyone interviewed of the report and the headline recommendations. This was not the case with the Ghana IC despite the extensive efforts made to disseminate it. PowerPoint presentations both during and after the preparation of the Uganda and Mauritius reports seem to have contributed positively in all three cases.

6.9 Third, there is the impact of the report on the dialogue that the Bank carried out over a sustained period of time after the initial dissemination of the report. This might be called the follow up to the report. It would be difficult to rate any of the reports as fully satisfactory on these grounds. The Bank almost never re-visits the reports to try to assess the response and whether there are important issues that need taking up.

6.10 Although issues of presentation are dealt with elsewhere, they are obviously key to the dissemination process. One interlocutor after another complained about the length of the reports, the lack of a user friendly format, and the complex presentation which often seems addressed to other economists rather than an audience of policy-makers. Only in a few cases was there an effort to prepare a readable short summary for a general audience. There were numerous comments on the drab appearance of Bank documents. In the words of one donor representative “If you want people to read a report you don’t put a grey cover on it.” As each Bank report comes into government offices, indistinguishable in appearance from any other Bank report, it is put into a stack of documents. Time and again officials denied they had

6.7 First, there are the efforts made to disseminate the report i.e., to ensure that key counterparts and partners are aware of what is in the report and sit down to discuss it and consider the recommendations. The Ghana CEM merits a satisfactory rating on this score. The CD brought a group of key government officials together with



ever seen the report and asked for new copies. On checking the original distribution list, it was clear that they had received a copy when the report was produced.

**Box 5. The Dissemination of the Nigeria CEM**

The Nigeria CEM is a good quality report with a set of 40 recommendations contained in both the Summary document and the main report. It was disseminated at events held in Lagos and Ibadan in December 2006 and January 2007 and in discussions with the government held in Abuja. However, further dissemination was interrupted as the 2007 election was followed by the protracted formation of a new government and as the Bank team changed concurrently. Almost no-one in the government recalled the report and very few of the recommendations have been acted on. Fortunately a former Bank staff member was appointed to a senior advisory position in the Ministry of Finance and sought out the report and made use of it in some of the internal discussions of the government—otherwise it would be difficult to identify any tangible result of the substantial effort and resources put into this report. The new Bank team built on some of the findings of the CEM to prepare the Employment and Growth report that is also covered in this IEG assessment.



## 7. Some Process Issues

7.1 There are a number of process issues that merit some separate discussion.

7.2 *The concept note.* The concept note tends to focus heavily on substance as a kind of preliminary shortened version of the report. There is very little discussion of such issues as the objectives for the task, the process of consultation that will be followed, whether there will be participation from donors and counterparts, the dissemination and follow up process, and the basis for selection and the expectations from the peer reviewers. The attention to these is thin relative to questions of the coverage of the report which tends to be the key focus of presentation and discussion.

7.3 *Cost of the report.* One of the most striking features of the reports reviewed was the cost overruns. On average costs for the reports were double the original budget and sometimes a substantial multiple of the original amount. The Nigeria EMP was the only report delivered at near the original budget. In some cases the original estimate was unrealistic. The Ghana CEM for example had ambitious coverage of a range of sectors and special topics, and it should have been obvious from the outset that the budget would be exceeded. There are serious questions for some other reports however, whether they would have been approved or at least carried out in the way they were had the true cost been known at the outset. The Uganda CEM for example is an outstanding achievement, but would there have been a serious loss of quality and impact if it had been carried out for half of the cost? The huge cost of the Uganda CEM was driven in part by the decision to cover a wide range of sectors tends to push up the cost, but the benefits from including these mini-sector studies in the report is limited. They are not the focus of the discussion, since they are not on the critical path of the core analysis.<sup>6</sup> In addition a number of technical assistance activities that were linked to the Uganda report, but funded through donor trust funds, were accounted for under the overall report expenditure code. This makes it difficult to get a genuine accounting of what was spent on each of these reports.

7.4 It is evident that these reports are not managed with the objective of staying within a budget. The key management focus for the Sector Manager is quality and for the Country Director/Manager is impact. If budget is available from other tasks which are not going ahead, this can be shifted to the ESW. In addition trust funds are treated as outside the budgeting framework. If additional trust funds can be found this is regarded as a credit to the entrepreneurship of the TTL and the budget is generally not reduced to compensate for the additional funding.

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<sup>6</sup> The Uganda CEM main report for example has a recommendation on the need to take urgent steps to deal with the problems of banana wilt and coffee wilt disease. If the reader then turns to the very comprehensive 50 page agriculture chapter in the second volume to discover more about this problem and what can be done about it, he or she will find only one passing reference in a box indicating that this problem exists, but with no supporting information on how serious it is, nor any discussion of what the options are for dealing with it.

**Table 7: Original Budgets and Final Costs of the Reports**

<i>Country</i>	<i>Delivery Fiscal Year</i>	<i>Project ID (AAA)</i>	<i>Name of Report</i>	<i>Product Line</i>	<i>Original Budget (US\$ T)</i>	<i>Final Cost (US\$ T)</i>
Ghana	FY01	P066557	International Competitiveness – Opportunities and Challenges Facing Non-traditional exports	ESW	165.0	531.2
Ghana	FY08	P096354	Meeting the Challenge of Accelerated and Shared Growth	ESW	225.0	719.1
Mauritius	FY06	P100496	From Preferences to Global Competitiveness	ESW	300.0	451.4
Mauritius	FY07	P090055	Managing Change in a Changing World	TA Non-Lending	50.0	178.9
Nigeria	FY07	P083658	Competitiveness and Growth	ESW	80.0	681.8
Nigeria	FY10	P106472	Employment and Growth Study	ESW	550.0	560.0
Uganda	FY07	P078025	Fiscal Policy for Growth	ESW	440.0	647.4
Uganda	FY08	P090218	Moving Beyond Recovery: Investment and Behavior Change for Growth	ESW	650.0	1,377.5

7.5 **Timing.** As with the cost, there is little emphasis on timely production. Only three of the reports reviewed took less than a year to prepare. For the Mauritius AFT which was designed as non-lending technical assistance the report was essentially prepared in the field as an extensive power point which was written up on return. This was in large part possible because of the time already spent on the ongoing CEM. The Uganda PER was essentially a follow up of the work on the CEM, while the Ghana CEM was an impressive achievement in the time-frame, which was dictated by the fact that the TTL was leaving for a resident mission assignment. The Uganda CEM took over two years from concept note to client delivery. The other four reports took 14 to 20 months each. Note that in many cases there were lengthy delays between the issue of the report in green cover (delivery to the client) and the final grey cover publication. While the two Ghana reports moved forward very quickly from green to grey, the others took 6-8 months on average. In the case of the Mauritius CEM the lengthy delays in the timing seem to have blunted some of the impact the report would have had, had it been more timely. The interviews with TTLs did not yield a clear explanation of the causes of these delays. In one or two cases, TTLs were moved onto other assignments such as work on CAS documents or development policy loans, and the finalization of the report received lower priority.

7.6 **The peer review process.** The reports demonstrated some of the well known inadequacies of the use of the peer review mechanism in the Bank. First, none of the studies used country nationals as peer reviewers. Second, in some cases the outside peer reviewers added a great deal of value to the discussion and provided helpful insights in the country situation, but this depended very much on the choice of the peer reviewer and above all their familiarity with the country. (Paul Collier for obvious reasons made very insightful comments on the Uganda CEM.) Third, on no occasion was use made of TTLs who had prepared or were preparing reports on similar countries to peer review documents. The

Ghana and Uganda CEMs make a very interesting comparison and the inputs of the very able TTLs into the other document would have yielded benefits in both directions.

**Table 8: Time for Completion of the Reports**

<i>Country</i>	<i>Delivery Fiscal Year</i>	<i>Project ID (AAA)</i>	<i>Name of Report</i>	<i>Elapsed Time: Concept Note to Delivery to Client</i>	<i>Elapsed Time: Delivery to Client to Final Publication</i>
Ghana	FY01	P066557	International Competitiveness – Opportunities and Challenges Facing non-traditional exports	14.2	2.2
Ghana	FY08	P096354	Meeting the Challenge of Accelerated and Shared Growth	11.7	0.7
Mauritius	FY06	P100496	From Preferences to Global Competitiveness	2.2	0.0
Mauritius	FY07	P090055	Managing Change in a Changing World	20.8	8.6
Nigeria	FY07	P083658	Competitiveness and Growth	16.6	6.7
Nigeria	FY10	P106472	Employment and Growth Study	18.3	5.7
Uganda	FY07	P090218	Fiscal Policy for Growth	26.1	7.2
Uganda	FY08	P078025	Moving Beyond Recovery: Investment and Behavior Change for Growth	9.1	10.5

**7.7 Coverage.** As explained above, the attempt to make the CEM into an omnibus, rather than focusing on the macro story and covering only sectors of direct relevance to that story is a major part of the problem of cost and time overruns. The sector chapters are rarely well integrated into the overall story and they make the report bulky and difficult to read. Instead of being focused on identifying and providing the analytical underpinnings of two or three recommendations that support the growth perspective of the macro-analysis, they tend to be comprehensive pieces, often heavy on description. This said, many are of high quality and worth unbundling and releasing as separate studies. Instead they are lost in the context of these large reports, usually buried in a second or third volume along with the technical annexes. They could well be unbundled and re-packaged as separate studies targeted to and discussed with the specific sectoral audience.



## 8. Overall Assessment

8.1 While it is difficult to generalize from such a small sample of reports and countries a number of points emerge clearly from the analysis.

- First, all the reports reviewed were of quality ranging from fully acceptable to best practice. They present a coherent description of recent economic trends, they provide a consistent analysis of the current situation and outlook, enhanced by effective use of analytic tools such as the growth diagnostic framework or CGE models, and they make sensible and realistic recommendations for future action.
- Second, the models and diagnostic tools proved useful for the reports. They helped to underpin the basic approach and convince governments and especially other donors. This said, they yielded few results that were surprising or pushed beyond the intuition of the TTL. Their more important contribution lies in providing a consistency framework demonstrating the fiscal, balance of payments and debt sustainability of particular growth strategies.
- Third, very little effort was made to use these reports as a capacity building mechanism in the country. This is discussed further in Box 6 below.
- Fourth, not enough effort was put into presentation of these reports despite the substantial expenditure of time and money in preparing them. At relatively little additional cost their readership and impact could be enormously enhanced.
- Fifth, the reports provided a clear demonstration of the importance of a programmatic approach to the Bank's AAA. Reports that were followed up through more targeted studies on particular issues (e.g., the Mauritius CEM/AFT and the Uganda CEM/PER) were able to achieve considerable impact.

8.2 The overall rating of the cohort of eight reports is *satisfactory*. In general they score very high on relevance and quality, but show a great deal of variance in the ratings of impact and dialogue and dissemination. The message we draw from this is that while it remains important to maintain the quality and relevance of Bank reports, the main effort going forward relates to using reports more effectively to generate dialogue and debate and providing for more effective follow-up.

### **Box 6. Should the Bank use ESW for Capacity Building?**

In the countries studied there were very few cases of explicitly building participation by local consultants or institutions into the task. In general TTLs saw the involvement of local consultants as a potential headache, unlikely to contribute to the ambitious quality objectives they had for the study. In the one case where local consultants were used the section is one of the weaker parts of the report. On balance the TTLs would seem to be right. In countries with limited capacity, adding one or two local consultants to the team is unlikely to contribute much in the way of either acceptance of the recommendations or building local analytic capacity. At the same time it greatly increases the transaction costs of the study. It would probably make more sense to designate one or two pieces of ESW where there is a high premium on local knowledge to be carried out by a local institution with Bank staff providing mentoring, advice and assistance as requested.

**Table 9: Overall Ratings**

<i>Report/Topic</i>	<i>Results</i>	<i>Relevance</i>	<i>Quality</i>	<i>Dialogue</i>	<i>Overall</i>
Ghana 2001 IC	Moderately Unsatisfactory	Moderately Satisfactory	Satisfactory	Moderately Unsatisfactory	Moderately Satisfactory (3.75)
Ghana 2007 CEM	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory (5.0)
Mauritius 2006 AFT	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory (6.00)
Mauritius 2007 CEM	Moderately Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory (4.75)
Nigeria 2007 CEM	Moderately Unsatisfactory	Moderately Satisfactory	Satisfactory	Unsatisfactory	Moderately Satisfactory (3.5)
Nigeria 2009 EMP	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory (5.0)
Uganda 2007 PER	Highly Satisfactory	Highly Satisfactory	Satisfactory	Highly Satisfactory	Highly Satisfactory (5.75)
Uganda 2007 CEM	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory	Satisfactory	Highly Satisfactory (5.75)



## 9. Possible Approaches Going Forward

9.1 The following suggestions were derived from the reports studied and the feedback received from Bank colleagues and country and donor counterparts who were involved in these exercises. They relate mainly to the ESW process cycle and although derived from experience in Africa, their similarity to the recommendations of the earlier ESW report produced by IEG, suggest that they have equal applicability to other regions. As explained, the recommendations reflect a set of reports produced mainly in the middle years of the past decade. Since that time practice has been evolving and a number of these ideas are already well on the way to being mainstreamed.

➤ *Reorient the Concept Note towards an Approach Paper focused on process.*

9.2 One of the common elements that emerge from this review is the inadequate focus on the process. There is a lack of systematic thought about how best to engage with counterparts, civil society, and donors before, during, and after the preparation of these reports, in order to maximize their impact. The focus of the current concept note, as the name implies is on coverage and methodology. There is cursory treatment of other issues, but the focus of the notes and, to judge by the minutes, also of the meetings held to discuss the notes, is the substance of the approach. The concept note should cover issues of the objectives of the report, the planned process of consultation, the extent of participation of country nationals and donors in the preparation, the selection of peer reviewers, and what they are expected to bring to the review process, data issues, and special surveys that may need to be undertaken, timing and budget, dissemination, and preliminary thinking about possible follow-up.

➤ *A more careful identification of peer reviewers should be adopted with an effort made to identify reviewers who will bring a different perspective and approach to the task and peer reviewers comments should be included as part of the final document.*

9.3 If the peer review process is to be taken seriously and add genuine value to the process as was the case with the Uganda CEM for example, then it is important to put together an effective group. At least one peer reviewer should provide a global perspective. Whether drawn from inside or outside the Bank, he or she should be selected from rosters prepared by the anchor unit. Another should be a TTL, perhaps from another region, who has led a similar type of mission in the recent past. For the third peer reviewer, managers and TTLs should strive to include a country national to provide the special perspective of the country. As an incentive to both peer reviewers and to TTLs to take this part of the process more seriously, the comments of the peer reviewers should be annexed to the report document. An adequate budget (e.g., 2 percent of the total cost) should be allocated for peer reviews.

➤ *Sector Managers should be clearly accountable for budget and time overruns and decisions to increase the budget or delay the outcome should be explicitly recorded and explained.*

9.4 The extent of cost overruns and delays in report production is one of the most striking findings of this review. In some cases there is room for doubt as to whether the activity would have been approved initially had the true cost been known. That high costs and lengthy processing times are not necessary conditions for outstanding products is demonstrated by the Mauritius AFT and Uganda PER which were both produced quickly and at lower cost than other reports. Admittedly in both cases the preparation of a CEM reduced some of the background work needed and contributed to the positive outcomes. It is difficult to argue that good CEMs cannot be prepared for less than \$500,000 and indeed in other regions the average cost and preparation time is much lower than in Africa.

➤ ***Unbundle sector reports from CEMs.***

9.5 All four large CEMs and the Nigeria EMP have major sector studies bundled together with the main report that are not integral to the theme of the report. These sector studies are a useful summary of the area covered (e.g. the agricultural sector in Ghana and Uganda), but are rarely integral to the main report. Often these sections are prepared by teams that work quite independently of the TTL and have limited inter-action on the core themes of the report. These sector studies are invariably relegated to the second volume of the report where they are not the subject of discussion with the authorities nor do they contribute to the main analysis and findings. If the object of a report is to give an integrated view of the economy, then these sector chapters should be replaced by brief overviews which are indeed integral to the analysis. If these studies are intended to do sector work ‘on the cheap’ then they are not succeeding in that objective. At the same time their useful descriptive and analytical material tends to get lost. It would be an incentive to the authors and give an important signal if these were packaged separately from the main report and subject to a separate process of dialogue and dissemination with a targeted audience.

➤ ***PowerPoint presentations should be made to key stakeholders at the end of the main mission and at an intermediate point in report preparation.***

9.6 In a number of cases the point was made that after the mission, the counterparts or donors heard nothing about the progress of the report and the main findings until the draft was delivered to the government in many cases a year later. In those cases (for example, the Uganda CEM) where intermediate presentations were made the counterparts remembered these and were appreciative of having heard them (though there were complaints about the length of some of these presentations). This should be standard operating procedure.

➤ ***The presentation and packaging of Bank reports should be revisited, with attractive covers, color printing, shorter reports, and a greater focus on readability.***

9.7 If there was one theme that was a constant in the review it was complaints from counterparts and donors about the poor presentation of these reports. For every report other than the Mauritius AFT there were complaints about length, readability, and the drab appearance of these documents. In many cases counterparts could not recall receiving or reading the reports, and could not track them down in the stack of documents behind their desks. This is not trivial. The Bank report is probably the major piece of economic reporting on these countries at any

given point of time. The cost of greatly enhancing the presentation and readability of these reports is a small fraction of the \$600,000 plus being spent on preparing them.

- ***The content and wording of recommendations should be carefully scrutinized to ensure that they are clear and actionable.***

9.8 In one report after another, recommendations are framed as ‘strengthening’ or ‘improving’ or ‘maintaining’. There is rarely an indication of orders of magnitude. When recommendations are more specific they tend to be technical and quite narrowly based. A set of 40 recommendations (the Nigeria CEM for example) will veer from a very broad exhortation about economic policy, to a very specific bureaucratic measure without any indication of relative priorities. Authors should be asked to identify three priority recommendations (the headlines) that constitute the main take-away of the report. The Ghana CEM, and the Uganda CEM and PER do this very well if not explicitly. Beyond that the remainder should be listed as technical recommendations and grouped under the responsible ministries or agencies. They should be framed in terms of a specific action—not “improve budget monitoring” (Uganda CEM), but “over the next six months develop an action plan for improved budget monitoring for possible donor support.”

- ***Move away from the concept of a single report to a range of products targeted at different audiences.***

9.9 Unfortunately the executive summary of most of the reports under review was rarely much more readable than the main document. The Uganda CEM has a 40 page executive summary and others tend to be 20 pages or more. A series of outputs should include a genuine executive summary no longer than four pages; a ‘cabinet paper’ with a set of bullet points drawn from the report; a brochure directed at the general public etc. The main report should be structured so that it can be read easily with bolded first sentences that summarize what is in the paragraph so that the reader can decide whether to read the whole paragraph or proceed to the next one. The IMF article IV consultations are a model of clear presentation and readability that the Bank would do well to emulate, with excellent graphs and figures designed to tell a story. If sector chapters are directed at specific sectoral audiences then they should be produced separately. A number of counterparts at the sectoral level had not even been aware that a chapter covering their sector had been part of the CEM.

- ***When changes take place in the Country Team, managers need to ensure that the outgoing staff maintains their focus on dissemination and that the incoming staff understands that the follow up to the report constitutes an important part of their accountability.***

9.10 In two cases the loss of focus of the outgoing staff and the limited efforts of incoming staff in dissemination contributed to the overall lack of impact of the reports concerned. It is inevitable that there will be changes of this kind and it is important that the dissemination and follow up of recently prepared reports be factored into the transition process and arrangements made to ensure continuity.

➤ *Introduce report follow up as a new and critical stage of report processing.*

9.11 The reporting cycle should not end with the dissemination of the report. The report's recommendations should become the basis for a follow up plan. A new document of two or three pages should be introduced and a meeting held to discuss the follow up proposals. These should specify for example how the Bank itself proposes to follow up on these proposals through scheduling analytic work which complements the reports analysis and deepens the recommendations in particular areas, or how the recommendations will be factored into projects under preparation or new project designs. In addition consideration should be given to putting in place a monitoring mechanism e.g., through a local think-tank which can report annually on progress in the key areas identified by the report and whether these continue to be relevant and important recommendations.

➤ *Introducing a self-assessment for major ESW products the timing of which—24 to 30 months after the report has been issued—allows for a full appreciation of impact.*

9.12 The Activity Completion Report could be simplified and review the processing of the document rather than attempting to gauge results. The results are much better assessed when there has been time to evaluate the impact of the report on the policy dialogue within the country and the degree to which there has been follow up by the government, the Bank and the donor community. The preparation of a brief report at the end of a 24 to 30 month cycle would also help to identify the importance of new incoming managers taking responsibility for follow up.

9.13 In addition the analysis of growth diagnostics leads to some further suggestions:

➤ *Growth diagnostics are likely to be more useful if they aim at addressing policy failures, whether the underlying area is or is not identified as a current constraint to growth.*

9.14 The HRV approach brought into focus the need to be more selective of the policy areas that need attention from a growth perspective. While this is clearly a key consideration, the challenges faced by a government are broader. Even if the Uganda or other report shows that education is not presently a constraint to growth, the Education Ministry will still have to deal with education policy and possible improvements to it. Perhaps this consideration calls on the need to make a distinction between short-term and longer term constraints and deserves attention when deciding on the scope of a report or crafting its policy recommendations.

➤ *A report needs to strike a judicious balance between comprehensiveness and depth or detail.*

9.15 The four country cases show how this balance may need to vary. It allows the targeting of major constraints or policy issues as well as the depth in treatment required to command attention and credibility. Few reports, lest they be of even much higher costs, can hope to be fully comprehensive and deep in all those areas with a bearing on the sources of growth. At the other end, depth and detail can be excessive and divert attention from the intended thrust. The Mauritius ATF report is an example of an effective report covering a

broad span of issues by integrating knowledge from other sources, without delving into too much technical detail. The Uganda PER is an example where focus on teacher absenteeism commanded considerable attention to detail. The balance between the two will depend on audience, objectives and knowledge available from other sources and should be a stronger consideration in the design at the approach paper stage.

- ***In diagnosing growth, the focus should obviously be on good analytics and empirics, whether employing an HRV, benchmarking or other framework. TTLs should continue to have the freedom to identify the growth framework that provides the most analytic and pedagogical value in the country context. There should be no mandating of particular approaches.***

9.16 The quality of the analyses of growth constraints in the four country cases is driven more critically by the use of a sensible framework to integrate findings in different areas (e.g., education, infrastructure) and of appropriate tools in each area than on whether the framework used is HRV or some other broad approach. All the reports use SOG analysis to gauge and understand past growth performance. SOG analysis also provided a framework to examine constraints on productivity growth and develop policies to improve it (Ghana and Mauritius) along with other complementary policy areas. The HRV approach provided an appealing way to navigate through the gamut of policy areas (Nigeria and Uganda). On balance TTLs made sensible choices based on data availability and the suitability of particular approaches given the nature of the issues to be analyzed. The evidence does not support any need to mandate particular approaches to be used in preference to others.



## **Annexes**

- Annex 1: Ghana – Meeting the Challenge of Accelerated and Shared Growth
- Annex 2: Ghana International Competitiveness – Opportunities and Challenges facing Non-traditional Exports
- Annex 3: Mauritius – Managing Change in a Changing World
- Annex 4: Mauritius – From Preferences to Global Competitiveness
- Annex 5: Nigeria – Employment and Growth Study
- Annex 6: Nigeria – Competitiveness and Growth
- Annex 7: Uganda – Fiscal Policy for Growth – Public Expenditure Review
- Annex 8: Uganda – Moving Beyond Recovery: Investment and Behavior Change for Growth
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- Annex Table 1: Ghana – Selected Growth-Related Variables and Indicators
- Annex Table 2: Mauritius – Selected Growth-Related Variables and Indicators
- Annex Table 3: Nigeria – Selected Growth-Related Variables and Indicators
- Annex Table 4: Uganda – Selected Growth-Related Variables and Indicators





## Annex 1: Ghana – Meeting the Challenge of Accelerated and Shared Growth

IEG PAR on Growth Diagnostics in Four African Countries									
Ghana – Meeting the Challenge of Accelerated and Shared Growth									
Product Data									
Vice President	Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
Obiageli K. Ezekwesili	Mats Karlsson	Antonella Bassani	Zeljko Bogetic	P096354 / ESW 40934-GH / \$719,100	3 Volumes/ 496 pages	English	Country Economic Memorandum	Growth	Macroeconomics 4 Africa Region (AFTP4)
<b>Background</b>									
<p>The Bank has produced 21 CEMs on Ghana, but only two since 1992 (in 2001 – the report on non-traditional exports, which is classified as a CEM; and in 2007). A draft CEM was prepared in 2004, but was not finalized because of questions about its technical quality and concerns expressed by the Government during discussions on the draft. A great deal of importance was therefore attached to the 2007 CEM and the decision was made to cover a wide range of sectors and topics and fill a series of gaps that had emerged over time in the Bank’s knowledge base on Ghana. The TTL was brought in especially for this exercise, but the team itself included numerous staff with substantial experience of working on the country. To avoid the problems of 2004 a decision was made to put major emphasis on Government, donor and NGO participation, with studies commissioned from local think-tanks and close work with the Ministry of Finance and the Ghanaian Statistical Service. The report was completed in timely fashion, work began in September 2006 and the Grey cover appeared in September 2007. The report consists of three volumes. Unlike many reports, the first volume is not a synthesis (despite being titled as such). Instead the first volume is a free-standing macro-economic analysis which looks at Ghana’s growth and poverty reduction experience and uses a CGE model to analyze the achievement of the MDGs under different scenarios. It identifies infrastructure bottlenecks as the single major constraint to both growth and poverty reduction over time. The report was produced at the end of Ghana’s three-year anni mirabilis – years of the most rapid growth and macro-stability the country had experienced in decades. It thus tended to take macro-stability as an underlying assumption, while including admonitions on the importance of sustaining it. Instead the focus was on how Ghana could join the ranks of middle-income countries. The second volume consists of a set of sectoral analyses on infrastructure, agriculture, the investment climate, export diversification, and the challenge of avoiding Dutch disease. Each of these is a rather major study of 40 to 60 pages in length, generally produced by three or four person teams. The third volume is a continuation with detailed sector notes though they are somewhat more technical in character. The first is a detailed analysis of the poverty data, the second a study on labor outcomes and skills, the third a note on poverty and gender issues of Northern Ghana; and the fourth a political economy analysis. The report needs to be seen against a context where much of the Bank and donor focus had been on issues linked to health and education, and public expenditure management. There was increasing interest and pressure from the Government to increase the emphasis on growth and the need for infrastructure investment and the report was an outcome of that dialogue.</p>									
<b>Overall Assessment</b>									
<p>The 2007 Ghana CEM is rated Satisfactory. Perhaps unusually for CEMs of the recent past, it was not seen primarily as an effort to generate a set of recommended policies and institutional interventions, but as a longer-term effort to position Ghana vis-à-vis its aspirations for middle income country status and to assess the role which external assistance had played and could play in the future. The focus was on building the Bank’s knowledge base on the Ghanaian economy and sharing this knowledge widely among the authorities, civil society and donors. As such it is a compilation of studies, each substantially free-standing, though with careful editing to ensure consistency in the approach. In part this was driven by a Country Director who saw the Bank’s role very much as a facilitator of an internal dialogue in Ghana, rather than conducting a dialogue between the Bank and the Ghanaian authorities. Overall the Ghana CEM succeeds in achieving its objective of creating a solid knowledge base. The Bank program builds on it and the most recent CPS shows its influence. There is little evidence however that it has been internalized by the Ghanaian authorities and that it continues to be a living document, regularly consulted on substance, as its quality merits. Despite one of the more impressive efforts at dissemination undertaken for any Bank CEM, few outside the Bank in Ghana could recall it.</p>									
<b>Lessons</b>									
<ol style="list-style-type: none"> <li>1. The Ghana CEM exemplifies the need for follow up that goes beyond the dissemination of Bank documents. This is a report with analysis of a quality that should have a long shelf life – ten years at the very least. With the sectoral treatments separated out and updated regularly as required, through more actionable short papers and notes that include specific recommendations building on the descriptions and analysis of the various chapters.</li> <li>2. The elements of such follow up should also include an unbundling of the report on the web so that individual sections are visible and can be downloaded separately. The production of the executive summary as an attractive leaflet that can be distributed on various occasions and alerts people to the reports existence and the web-site where it is available. And perhaps most importantly the commissioning of follow up studies from local institutes and think-tanks that build on the analysis of the report.</li> </ol>									

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3. The first volume of the report chose to use a CGE model instead of the Hausmann-Rodrik-Velasco framework currently in vogue. The CGE model was well adapted to a number of outcomes that the principal author wanted to see, such as demonstrating the positive overall impact of external assistance on the Ghanaian economy and the importance of dealing with infrastructure constraints not simply from a growth perspective, but in order to reduce poverty as well. The Africa region should continue to be catholic in its approach to the overall organizing frameworks for its CEMs, allowing TTLs to exercise choice in the matter depending on their own predilections and comfort zones.
4. The concern of the Bank to retain control over the quality and timing of its reports, tend to militate against a genuine collaboration which goes beyond commissioned pieces that can be used or discarded depending on how the TTL sees the overall report and production process. Ghana is at a point where the Bank needs to consider whether a joint report, where Ghanaian consultants are a genuine part of the Bank team and contribute to the report writing and internal discussion process, is now feasible.
5. The situation in Ghana took a major turn shortly after the report was completed with the expectation of sizeable oil revenues on the one hand, and the discovery that the outgoing Government had undertaken a major and non-transparent increase in public spending and the deficit in the run up to the election. While there is a logic to the increasingly fashionable 'growth' CEM, especially given the prevalence of public expenditure reviews as a standard Bank product, the Ghana experience suggests the importance of internalizing the PER in the CEM framework and of devoting sufficient space to a discussion of the medium term implications of long term growth with stability.

## Ratings Summary

Criterion	Rating	Comments
<b>Results</b>	Satisfactory	Major internal impact steering Bank to expand work on infrastructure and agriculture – less impact on donors and government but the report appears to have made some contribution to expanded public investment in infrastructure, power tariff reforms, and greater emphasis on regional poverty in northern Ghana.
<b>Strategic relevance and ownership</b>	Satisfactory	Report tackled what seemed at that point the key issue i.e. moving to a higher growth trajectory, and identified infrastructure bottlenecks as the key constraints. The report did not attempt to integrate the Bank's work on public expenditure management which was proceeding along a parallel track. The macro-imbalances resulting from the Government's increased and non-transparent expenditures in the run up to the election, subsequently emerged as a major issue. Although this was mentioned as a risk factor in the report, it was not analyzed. The process emphasized broad government ownership and participation by government, donors and NGOs. The interest of the Government in growth and the role of public investment in infrastructure undoubtedly shaped the coverage of the report.
<b>Technical quality</b>	Satisfactory	Report has an enormous breadth of coverage, yet manages to tackle a wide variety of topics with real depth and insight. In essence it encompasses a series of sector reports and fills a number of major gaps in the Bank's coverage of the Ghanaian economy. The overview volume provides a sound analysis of the growth dynamics, but does not attempt to integrate the detailed sectoral analyses – it is a parallel study on the impact of Ghana's growth on poverty and the implications of future growth, with the identification of key constraints. A conscious decision was made not to use formal analysis of growth diagnostics (Rodrik, Hausmann, Velasco), but a CGE model was used to simulate achievement of the MDGs under different scenarios. With so many sector papers, inevitably some fall short of the overall high standard. A particularly interesting part of the study is a good quality piece on the political economy of economic reform in Ghana, unfortunately buried at the end of the third volume. Weaker sections include a section on poverty and gender in Northern Ghana which fails to draw clear messages from the descriptive material and a note on exports which attempts to pick some winners among non-traditional exports.
<b>Dissemination and sustained dialogue</b>	Satisfactory	Very thorough and detailed dissemination during and immediately after preparation, but not as much use has been made of the report subsequently as might have been done given the overall quality of the components. Though large numbers of the report have been given out, it remains in a standard Bank grey cover version with a heavy technical emphasis in many of the sections. This has probably contributed to the fact that very few interlocutors could actually recall receiving the document and most asked for a new copy.
<b>Criterion</b>	<b>Evidence of Results</b>	
RESULTS INDICATORS: Did product have: ..results objectives defined at inception? CAS 2003.	The 2003 CAS was produced at a point where the focus was on the restoration of macro-stability after an election, and the achievement of the MDGs. By the time the preparation of the CEM began in 2006 Ghana had achieved macro-stability, growth was steady and 5-6 percent and with a few exceptions the country was well on track to meet the MDGs. As a consequence the objective became that of moving to a higher and sustained growth path and identifying the key constraints to growth. The objective of the CEM was to analyze in depth the constraints to	

	Ghana's economic growth and poverty reduction, to highlight critical policy options and to inform public choice. In addition the CEM was to provide analytical background and support to the high level Ghana 2007 international donor consultative group meeting and assess medium-term development financing needs.
..indicators defined at inception? Report	Goals were defined in broad terms. Many of the areas covered by the CEM had not been carefully studied in recent years. An important objective of the CEM was to create new, multi-sector knowledge on key development sectors. No specific indicators were provided.
..strategy to achieve results? Report	Key elements of the strategy for product execution were a). intensive upstream client engagement and discussion, b). front-loaded research effort in order to produce early results that could be discussed with the client and stakeholders, and c). finalization of the research outputs on a tight timetable to be presented at the consultative group meeting.
<b>RESULTS ACHIEVED: Did country use findings:</b>	
..in policy law, regulation, or implementation?	The report's emphasis on the need for improved pricing and tariff policy in the energy sector contributed to subsequent decisions to reduce subsidies in this area, though subsidies re-emerged with the rapid climb of oil prices in 2008.
..in design of public expenditure?	The report created a useful consensus on the need to increase capital investment in infrastructure. It had the unintended effect of making it very difficult for the Bank and donors to criticize Ghana's subsequent ill-judged decision to borrow \$750 million from the capital markets ostensibly for public investment in infrastructure.
..to raise stakeholder awareness?	While was widely disseminated at the time with substantial coverage, there could have been more follow up and a more concerted attempt to bring the analysis to the attention of policy makers in the new Government that was elected shortly after the report was completed.
..to build a coalition for change?	The report coalesced opinions around the need for infrastructure improvement, but two major developments – huge government overspending in the run-up to the election, and the discovery of substantial oil reserves – over-shadowed the more modest messages contained in the report.
..to build in-country capacity?	There was some contribution to capacity building. First, the overall policy dialogue, the commissioned papers, and the intensive downstream discussion of the CEM outputs with the government and think tanks and other stakeholders has contributed to understanding of issues and analytical approaches used. Second, the household survey was specifically supported and delivered on time by the Ghanaian Statistical Service with Bank training and consultant assistance under the CEM umbrella. And third, a unit in the Ministry of Finance benefited from the installation of the Ghana CGE model and several training events for its staff that were organized under the CEM with the support of DANIDA. The evidence suggests, however that the model has had little impact on policy-making or planning.
..to influence the donor community?	The CEM was used by the country as an independent analysis to inform a key international donor meeting on Ghana's growth, poverty reduction and MDG record and to influence their decision making on additional financing. Against considerable skepticism by donors, the CEM provided evidence that Ghana's development results had been solid, that donor assistance had contributed to these results and that additional financing could help strengthen the achievement of some of the MDGs. This probably contributed to donors maintaining or even expanding slightly their assistance to Ghana in spite of serious questions about the wisdom of the \$750 million of borrowing from the capital market.
..to change institutions	While the report is quite rich on analysis of institutions, this required intensive discussion and follow up with each sector covered. In some sectors (agriculture, water, power) planned follow up work or projects is providing this, but in others the report has had less traction.
<b>Did the Bank use the findings in:</b>	
..the design of development policy lending?	Ghana was the recipient of a series of PRSCs. These had begun well before the CEM and focused on public financial management which was not a central issue of the CEM. The PRSCs continue after the CEM basically on a parallel track without any direct impact.
..the design of Bank lending products	The report has helped steer the Bank into an expanded dialogue and lending support for Urban Water, Rural Feeder Roads and Agricultural Development.
..Bank strategy formulation?	The events described above – the pre-election expenditures and the oil discoveries have taken the Bank strategy and dialogue in somewhat different directions, but the Bank continues to build on the excellent basis of poverty analysis in the report, and its focus on infrastructure and agriculture.
..future knowledge products?	As stated above, the Poverty Assessment builds on the report, but in other areas more use could have been made of the analysis through issuing separate sector pieces under separate covers with some updating material and planning analytical work as a follow up to the report.
..informing the country's strategy?	The report certainly helped to cement the increased emphasis being placed on infrastructure, but priorities rapidly shifted after the elections and the oil discovery.
Is there evidence that results are sustainable?	It is unclear how sustainable the results are. In the medium term there are obviously more pressing issues and the Bank's work has been re-oriented to address these, but the longer-term issues remain and particularly the emphasis on poverty in rural Ghana is likely to be a core part of the Bank's future involvement.

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MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product's impact on results?	No.
Discussion of results: Based on the evidence above, and taking into account any self evaluation of the product's results, assess how and to what extent the AAA product affected Bank or client actions.	
<p>This is rated Satisfactory. The report did not seek to come up with a specific set of recommendations for implementation. Instead the focus was on knowledge creation and an indication of where priorities lay in the future, with particular emphasis on the need to address infrastructure bottlenecks. The report provided a powerful demonstration that these were not merely a growth issue, but a poverty reduction issue as well. The report also sent a message of the importance of focusing efforts on rural poverty in Northern Ghana where much of the poverty problem was concentrated, and the role of agriculture in redressing this poverty. These emphases certainly entered strongly into the awareness of Bank staff working on Ghana, and to some degree also this was the case for those government counterparts, civil society and donors who participated in the substantial dissemination effort that was undertaken. An immediate impact of the report was an increase in Government funding for infrastructure, financed partly from \$750 million of market borrowing that was subsequently undertaken. That the Bank and donors did not react more negatively to this borrowing relates in part to the case made in the report of the need for additional public investment in infrastructure, though the intent was not that this should be financed by borrowing of this kind. The report may also have contributed to subsequent government action to reform energy tariffs and reduce subsidies. Another possible impact was a new commitment on the part of the Government to reduce poverty in the northern region, with an emphasis on raising agricultural productivity there. Unfortunately the report does not seem to have had the kind of shelf life that such broad and detailed coverage would have merited. This is in part due to a major shift in priorities as a consequence of the re-emergence of macro-economic distortions in the run-up to the 2008 elections and the oil discoveries. This said many of the individual sections merit unbundling and re-issuing with suitable updating of the materials. If a more user-friendly version could be produced, it could well become a standard text for universities in Ghana.</p>	
<b>Criterion</b>	<b>Evidence of Strategic Relevance</b>
<b>STRATEGIC RELEVANCE</b>	
Did delivery of product come in time to affect relevant government policy or Bank decisions?	The CEM was consistent with the Government view that greater emphasis needed to be placed on growth and that expanded infrastructure investment was key. The CEM made an important contribution by identifying the potential positive impact on poverty reduction of more spending on infrastructure. The product affected budget formulation as well as international donor deliberations and external financing pledged at the CG meeting. It may also have contributed to the reform of energy tariffs. A particularly impressive feature was the timeliness of such a comprehensive report. One year from concept to final report is unusual with this kind of scope. The trade-off was that the main volume had to be prepared in parallel, rather than providing a synthesis of the analysis of the various sector studies contained in the second and third volumes.
Was topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CSP?	The report deals with some of the issues identified in the CAS, particularly the infrastructure constraints and the prospects for achievement of the MDGs. The CAS however, was dominated by the public expenditure/PRSC/donor coordination nexus reflecting the much greater emphasis on public financial management at the time it was produced.
..previous AAA?	Although the report makes reference to the 2004 CEM and purports to follow up on some of the analysis, the superior technical quality and the comprehensiveness of the analysis, tend to establish it as a significant departure from the approach of the earlier CEM.
..particular projects (specify)?	The report links well to both the ongoing and prospective lending program. It builds on a number of operations in agriculture, water, power and vocational education, and provided the impetus for a new approach by the Bank embodied in the upcoming 2009 CAS which reduces the Bank's involvement in health and education, where other donors are very heavily engaged, and increases its involvement in water, agriculture and the Northern region.
..particular evaluations?	The Ghana case study in the PRSC evaluation subsequent to this report, identified as a major issue the large volume of resources that do not go through the budget in Ghana and, as a consequence, the lack of transparency related to public expenditures in health and education in particular. The report did not take up this area, perhaps given the existence of a very detailed Bank public expenditure review that had just come out.
..policy dialogue with clients?	The report served as the basis for a set of one-off consultations with clients, both at the macro and the sectoral levels. It was not however, used as the basis for developing a results framework in the sectors that could have been the basis for an ongoing dialogue. Such a framework exists through donor coordination in health and education, but is not present in other sectors.
..donor coordination fora?	A full day at the Consultative Group Meeting was devoted to a discussion of the CEM. It contributed to an appreciation of the potential role of increased aid to Ghana particularly for infrastructure investment. The CEM was helpful in persuading both the Ghanaian government and the donors of the positive role that aid had played in Ghana's success in maintaining stable growth and poverty reduction over a long period.

Under conditions of difficult dialogue, did the product?	
..focus on long-term issues for better receptivity to Bank input	The report was effective in this regard, providing longer-term analysis of the achievement of the MDGs using the CGE model and demonstrating the critical importance of increased public investment in infrastructure to achieve those objectives.
.. address sector issues in areas where there is more receptivity to Bank input	The CEM has extraordinarily broad coverage of sector issues. The second and third volumes consist of self-contained sector reports, each of about 40-60 pages in length.
..address country issues in a regional or global context?	The report includes substantial benchmarking of Ghana to both African comparators (where it tends to rank well) and international comparators (where it tends to fall into the average to weak categories. Sometimes the report is too opportunistic in its use of comparisons, for example criticizing Ghana for having much higher telephone rates than India, in a situation where Indian rates are by far the lowest among the comparators, and Ghana's rates are second only to India's.
	<b>Evidence of Ownership</b>
Is product part of overall AAA program to which the authorities have contributed or agreed?	The 2003 CAS was produced at the time that a CEM was under preparation. In the event the 2004 CEM was not finalized by the Bank, partly because of concerns about its quality and partly because of dissatisfaction on the part of the Government with the approach and the lack of participation. As a consequence there was no CEM between the 2001 report, which focused solely on non-traditional exports, and 2007. The previous comprehensive study was undertaken in the early 1990s.
Did the client request or commission the specific product?	In February 2006. The President of Ghana invited a World Bank team led by Gobind Nankani (the VP for Africa) to a two day session with the full cabinet to discuss public policy choices to accelerate economic growth. The outcome was an invitation to the World Bank to provide comprehensive analytic work. In September 2006, the CEM was launched. The preparation of the CEM was put on the Government's own policy and budget calendar.
Did the client cover some or all of the costs?	No.
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	The key counterpart, the Deputy Minister of Finance was involved closely in all stages of the CEM.
Did a local institute, academy, consulting firm or government agency help to:	
..define the scope of the work?	The concept note was discussed extensively and agreed with the Ministry of Finance.
..plan and design the work?	The Ghana Statistical Service provided access to the Living standards survey as a basis for the poverty and distributional work. At the same time Bank specialists provided the GSS with consultant support to ensure timely completion of the survey and tabulation of the final results.
..carry out the work?	Various local academics and institutes were involved in the report preparation, most notably the ISSER which authored the study on poverty in northern Nigeria. Other contributions were commissioned though in the event were not judged to be of suitable quality for inclusion in the report, though they provided background analysis that was used in some of the sections.
.. analyze the results and write the report?	Although local consultants were engaged, the analysis was managed by Bank specialists. An early technical workshop to review preliminary findings was held in May 2007 to get feedback from Ghanaian experts, think tanks and the broader development community.
.. formulate conclusions and recommendations?	The conclusions and recommendations were discussed at the preliminary stage with various Ghanaian stakeholders and these discussions influenced the presentation.
..provide peer review or comments on the draft report?	There were a number of peer reviews by Ghanaian economists.
..organize workshops or discussions about the findings?	The four day workshop that was organized provided for senior Ghanaian officials or academics to Chair almost every session and in many cases to be the presenters or major discussants on the individual sections of the report. It should be noted however that this was a dissemination event, held after the completion of the analysis. Some interlocutors felt that they were not given sufficient opportunity to shape the content of the report.
Discussion of Strategic relevance and ownership: Based on the evidence above, summarize and rate the extent to which each AAA product was anchored [in a Bank assistance or partnership strategy in the country, had a well-defined rationale and to which the client was engaged in each exercise. Place the rating in the ratings chart. Discuss reasons for any differences or common features among the products along this dimension. Analyze the reasons for differences and similarities across the products in this country.]	
On balance this is rated Satisfactory. Overall the various strategic activities on Ghana during this period do not emerge as a seamless fabric. There were two clear and separate strands, one of which was the public financial management emphasis of the CAS, poverty reduction, PRSCs, and Public Expenditure Management work. This was probably the most important strategic thrust of	

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the Bank during the period. The 2007 CEM provided a valuable complement to this analysis, by putting back some emphasis on growth and showing the importance of accelerated growth to achieving the MDGs and addressing some of the regional poverty issues in northern Ghana. As such the report has made an important contribution to the Bank's work and orientation going forward, even as the recent fiscal problems have shown the inadequacies of Bank and Fund efforts to support the creation of sound and transparent fiscal management. Going forward the Bank needs to try to achieve better integration of these two elements in its analytic and lending activities and move away from the approach of two parallel tracks.	
<b>Criterion</b>	<b>Evidence of Technical Quality</b>
<b>QUALITY OF CONTENT</b>	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	The team made a conscious decision not to use the growth diagnostic approach, which in their view would not have yielded the results given the objective. Instead they made use of a CGE model (later transferred to Ghana) to evaluate the potential constraints to growth. The report is of very high technical quality, though inevitably with so many sectors covered in considerable depth, there is uneven quality in a number of areas.
...cite relevant examples of practice or research from other countries in the region?	The report makes use of African examples, but also points out that markets are global and that it is not enough for Ghana to be among the best in Africa in order to attract capital. It makes extensive use of comparisons with successful East Asian exporters.
...cite relevant examples of practice or research from other regions?	The report benchmarks Ghanaian achievements in many areas, with that of international comparators. It also draws on the experience of these comparators to provide anecdotal evidence of good practice.
...discuss the specific institutional and policy context for the issue in this country?	This is a strength. Many of the sections provide a very comprehensive treatment of the sectoral policy and institutional frameworks, providing a valuable addition to knowledge of the Ghanaian economy in these areas. The CEM provided a comprehensive explanation of the pattern of Ghana's growth in the recent period. It produced new analytical insights into major sectors of the Ghanaian economy. It also provided a useful analysis of the political economy factors that constrain economic and social outcomes in the Ghanaian political context.
...collect and analyze existing local data?	The report initiated a household survey and incorporates the results. It makes extensive use of available data and involved close collaboration with the Ghanaian statistical agency.
...generate new evidence?	The analysis of the household survey is important new evidence, as well as the application of the CGE model to Ghanaian data. The institutional analysis of some of the key sectors also falls into this category.
...include recommendations?	While the report includes recommendations these are often couched at a rather general level, and except for the recommendations to increase capital outlays on infrastructure by \$350-400 million and reform power tariffs, are often not actionable. Overall the report plays a more important role in outlining priority areas for attention and focus in future, than in prescribing appropriate actions to be taken.
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	There is a trade-off between the substantial breadth of coverage of the report, and the specificity of its recommendations in specific areas. Many of the recommendations are couched in very broad terms and are not actionable (e.g. the need to maintain an under-valued exchange rate).
Was the product team staffed with the appropriate expertise (incl. consultants)?	The personal interest of the Africa VP (a former Ghanaian Central Bank Governor) meant that the report had high visibility and attracted substantial inputs of high quality staff from anchor units and the Regional sector units.
Did the product receive appropriate managerial attention?	Both the VP and the CD followed the reports preparation closely.
Did the product receive sufficient budget?	Initial budget of \$200,000 but the total cost of the CEM was \$719,000. This is extremely high for a CEM, but reflects the fact that the document actually includes a CEM and four or five major sector studies, some produced by largely independent teams of five or six staff and consultants.
<b>REVIEW OF CONTENT</b>	
Was the draft peer-reviewed by appropriate experts?	Ghana's most noted economists were involved in peer reviewing the document.
Were the peer-review comments taken into account as appropriate?	The peer reviews helped shape the document, but since given the non-prescriptive nature of the exercise there was little push-back on any of the core themes covered by the report.

Was the feedback from the client about the product incorporated into the final version?	As indicated above, much of the feedback was supportive of the message which was essentially what the Ghanaians in particular wanted to hear. This is not to imply that the messages were shaped to achieve this result, but that in effect many of the constraints and controversial issues were known. Thus for example on the potentially controversial issue of reducing power subsidies, the report is careful to emphasize the role of lifeline tariffs in mitigating impacts on the poor. The broad message on infrastructure bottlenecks was a theme the private sector had been stressing in their dialogue, and the Government also appreciated, the politically popular message that more needed to be invested in power, roads and drinking water. Perhaps the most serious pushback came from the donor community where there was skepticism about the poverty reduction record and a substantial commitment on direct support for more transparent public expenditure management and direct expenditures to support the achievement of the MDGs.
Discussion of Technical quality: [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had the characteristics of a high quality knowledge exercise. Place the ratings in the ratings summary.]	
Overall technical quality is rated satisfactory. The individual pieces are also mostly rated Satisfactory with a Highly Satisfactory rating of the Political Economy and Poverty sections, and Moderately Unsatisfactory ratings of the pieces on Poverty and Gender in Northern Nigeria, which is largely descriptive with a failure to draw out clear messages, and the section on Non-traditional exports, which goes too far in using the Hausmann-type analysis which explains why countries export particular products, as a basis for prescribing what products Ghana should support and export. The relationship between the main volume of the report and the sector and technical studies is also unusual in that no attempt is made in the main volume to integrate the messages of these studies. Each part of the report proceeds on its own separate tracks and the only advantage of packaging them together is ease of access. This said, there are no obvious inconsistencies between the approach in various parts of the document. The advantage of this approach is that the different sections are viable and useful as independent sector or technical studies and could in principle play a useful role and have a long shelf life on their own.	
<b>Criterion</b>	<b>Evidence of Dissemination and Sustained Dialogue</b>
<b>INITIAL DISSEMINATION</b>	
Was the product...	
...made available in the local language?	Yes. The national language is English. It might have been useful however, to provide a short summary of the report in Ashanti, the most widely spoken of the various local languages, so that the findings could have been more useful to local vernacular radio stations.
...made available on a website?	Report is available in Bank external website and Ghana country office website and easily retrievable.
...discussed with senior policy-makers?	The report was discussed at a number of points during the concept, preparation and finalization stage with key Government officials.
...presented at a workshop, conference, seminar or on-line discussion?	A four day comprehensive dissemination event was held in September 2007 with sessions held with sector ministries on the various sector reports. Most sessions were chaired by leading Ghanaians, Deputy Ministers or Academics, and Ghanaian discussants figured largely among the presenters.
...covered in the general or specialized media?	There was substantial media coverage of the report. A very large number of copies were distributed in an effort to ensure that all opinion-makers had access to the report. This said however, the complexity of the report does not lend itself well to this kind of exposure, and the sound-bites largely related to the need for increased public investment and the success of Ghana in reducing poverty over the years.
<b>SUSTAINED DIALOGUE</b>	
Did the product serve as an input to a sustained engagement with the client through	
...policy dialogue?	In some areas the Country Team was able to build on the analysis of the report to forge a strong continuing dialogue. This was particularly the case in the Energy, Water and Agriculture sectors and in the follow up Poverty Assessment.
...sustained workshops/discussions with stakeholders beyond initial dissemination?	A highly innovative approach was adopted through presenting the preliminary results of the report at a workshop four months after the initial mission rather than waiting for the final report to be produced. The final report was discussed at a four day dissemination workshop. The "post-workshop dissemination however consisted mainly of making thousands of copies of the report available in its grey cover version. There was no organized follow up discussion or attempts to revisit the analysis.
...lending products (Bank and non-Bank)?	The continuing Bank presence in the Energy, Water and Agriculture sectors contributed to a strengthening a building on the dialogue that was conducted in the context of the CEM – it should be pointed out however that this was not the start of the Bank's dialogue in these areas, but did constitute a ratcheting up, especially in water and agriculture. The design of new projects in these sectors is in part a reflection of the CEM analysis and dialogue.

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...technical assistance (formal or informal)?	Technical assistance was provided to the Ghana statistics service in preparation of the living standards survey. Staffs of the statistics service were not clear however on whether this had assisted them to do anything they would not have been able to do without the assistance, which mainly related to ensuring that the outputs of the survey were available in time for the Bank report. The CEM also provided modeling specialists to help build a full-fledged Ghana MAMS, computable dynamic general equilibrium model. A series of workshops were held to train the Ministry of Finance staff in the use of the model and individual staff were brought to Washington for further training. It appears however that two years later the model is still not fully operational.
...programmatic instruments?	There were few direct links established between the CEM and the programmatic instruments. The main point of intersection was the issue of energy pricing and power tariffs which was taken up intermittently in the PRCS and is of course a key issue in the CEM. Given that the same people were involved presumably there was some synchronization in this area. Upcoming sector programmatic work in agriculture and water may be influenced by the CEM analysis, but again this probably depends on continuity of staffing.
...other means (please discuss below)?	
<p>Discussion of Dissemination and sustained dialogue [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had dissemination, sustained dialogue and follow-up. Place the ratings in the ratings summary.]</p> <p>Dissemination and Dialogue is rated Satisfactory given the extraordinary efforts that were made. A four day dissemination event, with high level and sustained participation by senior government officials and deputy ministers, a full day discussion at the CG meeting – these go beyond the normal rather perfunctory workshops that take place on most Bank reports. However, there is a cautionary tale in that this extensive dissemination seems to have contributed little to a lasting awareness of the report and its analysis. Thousands of hard copies were distributed, yet in almost every office that the evaluators visited, no-one could recall seeing the document after two years and in most cases requests were received for new copies. The Ghana office needs to re-think its approach. A colorful and brief summary overview could indicate the more detailed reports and where to access them. Those reports are in any case more useful in unbundled form so that making them available as individual reports on the web-site (not the case at present where each of the three volumes is only available as a complete document) so that those with serious interest can download them, would probably be a more useful approach. Beyond that however, reports need to be factored into follow-up activities – project launch workshops for example should use the relevant chapters as part of their background materials. Similarly the concept discussions on new analytic work should pay more careful attention to these completed studies.</p>	



## Annex 2: Ghana International Competitiveness – Opportunities and Challenges facing Non-traditional Exports

IEG PAR on Growth Diagnostics in Four African Countries									
Ghana International Competitiveness – Opportunities and Challenges facing Non-traditional Exports									
Product Data									
Vice President	Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
Callisto Madavo	Peter C. Harrold	Charles P. Humphreys	Rocio Castro	P066557/ ESW 22421-GH/ \$531,200	1 Volume/ 77 pages	English	Country Economic Memorandum	Competitiveness; Exports	Macroeconomics 4 Africa Region (AFTP4)
<b>Background</b>									
<p>This report was completed nine years after the previous CEM (1992). While the former report focused broadly on economic growth, this new 2001 report focused more specifically on developing non-traditional exports, a long-standing theme in Ghana's public policy concerns and one on which the country's progress remains limited to this day. The focus on exports was part of a similar emphasis designed into the 2000 CAS, which envisaged the preparation of analytical work on obstacles to exports. The objective the report set forth to accomplish was to understand the factors contributing to Ghana's recent rapid expansion in non-traditional exports as well as the obstacles to accelerating and sustaining Ghana's integration into global markets. The new report combines macroeconomic with microeconomic analysis, with a first chapter that looks at competitiveness and the structure of exports; a second chapter with microeconomic analyses of four sub-sectors; and a third chapter that uses the findings of the first two to draw policy recommendations. These recommendations are fairly specific and cover the import-export regime (duty drawbacks, tax credits, import inspection valuation and clearance standards), policies on factors of production (access to land, labor regulations, pricing of wood and fisheries); trade infrastructure (ports, airports and feeder roads), public utilities (telecom, energy and water), financial services (access to and cost of credit), and technical capability technology (technical and vocational training) and technological transfer.</p>									
<b>Overall Assessment</b>									
<p>While this report benefited from good technical quality, its effectiveness was undermined by weaknesses in the other dimensions. Results on the issues addressed by the report were weak. Progress on reforms with a bearing on exports was muted. The mission did not uncover a strong trend of improvements in relaxing constraints to exports in the aftermath of the report, except in a few specific areas (e.g., Ghana now has a refrigeration facility in the TEMA port, which it did not have at the time of the report) that can only be weakly linked to the report. Not surprisingly, Ghana made little headway in diversifying exports. Nevertheless, the strategic relevance of the issues raised by the report was and remains clearly high, for the need to diversify exports in Ghana has been widely acknowledged for decades. Recommended reforms did not advance enough because ownership, while not fully absent, was not strong. The report also suffered from weak dissemination and an absent follow-up.</p>									
<b>Lessons</b>									
<p>Perhaps the clearest lesson from this report is the need for follow up in AAA reports. The report is an example of an effort that decayed soon after the task manager finished the report and moved to other responsibilities. The lesson implies that follow up needs to be budgeted to cover the work needed to advocate and provide support in reform implementation. This would have lengthened the very short shelf life of the report.</p> <p>From the technical standpoint, the report is good example of the usefulness "on-the-ground" knowledge that can be acquired with field work. This field work helps understand, for example, how pineapple exports are constrained by inadequate access to land, and incomplete "cold chain", and other factors.</p> <p>The task also offers a lesson concerning implementation. It makes the point, as many other reports do, that poor implementation undermines the success of established policies. In some cases, however, poor implementation is tantamount to poor ownership. A case at hand is implementation of zero import duties on imports for exports, which has in poor possibly not so much due inadequate capacity but more so to poor ownership of a policy that entails tax expenditures.</p>									
<b>Ratings Summary</b>									
Criterion	Rating	Comments							
Results	Moderately Unsatisfactory	Results are rated moderately unsatisfactory because (a) the report succeeds in identifying macroeconomic and microeconomic obstacles to exports, but is less successful in explaining the past performance of exports; and (b) the report may have had some impact on raising awareness of those obstacles and on the implementation or design of certain Bank operations. Government policies in the aftermath of the report made improvements primarily in the export-import regime and in trade infrastructure, with limited or no changes in the other areas addressed by the report. Other than some possible effect on raising awareness of the issues, changes in the policies can hardly be traced to the report. Some impact on Bank operations may have occurred including, for example, a refocusing of the Gateway project on making the import export regime more agile.							

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<b>Strategic relevance and ownership</b>	Moderately Satisfactory	Relevance and ownership are rated moderately satisfactory because the report addressed an issue of long standing relevance (development of non-traditional exports) and its related policies but where evidence of government ownership is weak, with little contribution and/or feedback into the report.
<b>Technical quality</b>	Satisfactory	Technical quality was satisfactory in that it used an appropriate combination of aggregate and sector analyses to articulate constraints to exports and related policies. More could have been done to understand the past performance of exports.
<b>Dissemination and sustained dialogue</b>	Moderately Unsatisfactory	Dissemination and dialogue was carried out upon release of the report and focused on the incoming government, which initially paid some attention to the report. However, follow-up activities were weak and, in the event, the shelf life of the report was quite short.
<b>Criterion</b>	<b>Evidence of Results</b>	
<b>RESULTS INDICATORS: Did product have:</b>		
..results objectives defined at inception?	The 2000 CAS defined objectives as follows: “Analytical basis of the program needs to be recapitalized, and economic work would focus more on the potential for non-traditional exports” (par. 13). And “Analyze performance constraints and potential growth in non-traditional exports, many of which are agriculture-based products.” (para. 20).	
..indicators defined at inception?	The report stated that its main goal was to understand the factors contributing to Ghana's recent rapid expansion in non-traditional exports as well as the obstacles to accelerating and sustaining Ghana's integration into global markets (para. 5).	
..strategy to achieve results?	The report envisaged the following strategy: review overall country competitiveness, using indicators of macroeconomic cost competitiveness, and relate these variables with export performance in recent years; present case studies based on extensive interviews with exporting firms that provide information on the microeconomic factors; discuss cross-cutting impediments and specific recommendations on how to address them; and outline the main elements of a medium-term strategy to accelerate non-traditional export growth in Ghana.	
<b>RESULTS ACHIEVED: Did country use findings:</b>		
..in policy law, regulation, or implementation?	There were improvements in the import export regime (lower times to go through customs); a more reliable return of duty drawbacks (but bonded warehouse arrangements were abolished and government often delays reimbursements due to fiscal constraints); establishment of a cold storage facility at the TEMA port; increased wireless telecom (although quality remains low) and an increased road network. Nevertheless, the evidence from the interviews suggests that the Bank report did not play a significant role in triggering these changes.	
..in design of public expenditure?	While there were Increased expenditures in infrastructure after 2002, these are unlikely to have resulted from the report.	
..to raise stakeholder awareness?	The report may have raised awareness when discussed and disseminated, particularly as the report came out when a new government came into office and was read with interest by some members of the new cabinet (e.g., the Forestry Minister, who had an interest in leases of land).	
..to build a coalition for change?	There are no indications of coalition building for the changes that were prescribed, certainly none emerging from the report.	
..to build in-country capacity?	Capacity building in the areas addressed by the report is unlikely to have resulted from the report. Some of the improvements in trade processes may be attributed instead to the Bank's Gateway project that was initiated previously, but on which the recommendations of the report may have had an impact at a later stage.	
..to influence the donor community?	The report did not play a role in influence donors. Other donors have little or no memory of it.	
..to change institutions	There were no institutional changes other than those linked to the changes cited in policy law, regulation, or implementation.	
<b>Did the Bank use the findings in:</b>		
..the design of development policy lending?	There were no DPLs. The PRSCs did not the cover the export related components addressed by the report.	
..the design of Bank lending products	Related lending (the Gateway project) came earlier. Its implementation may have been influenced by the report. Similarly, the focus of the SME project on customs may also have received the influence of the report.	
..Bank strategy formulation?	The report was the result of changes in the Bank's strategy, not a cause of those changes. The 2000 CAS proposed the report as an analytic effort to understand non-traditional export performance and the obstacles to it.	
..future knowledge products?	The 2007 CEM report took an approach to analyzing exports (the Hausmann/Huang/Rodrik benchmarking of Ghana's exports by the average income level of the exporting countries of those exports, described in para. 4.63 of Vol. II of that report) that was different from the approach adopted in this task (a selection of four case studies to identify constraints). There are no other Bank knowledge products that address exports. In 2006, MIGA produced an assessment of Ghana competitiveness assessment, a part of its “Snapshot Africa Series,” that looks at sectoral exports but bears no relation to the 2001 report.	

..informing country strategy?	The next (2004) CAS makes reference to non-traditional exports as a potential source of growth but not to the findings of the report. That CAS refers to an intended MIGA study that would benchmark sector-specific competitiveness (see comment on future knowledge products above).
Is there evidence that results are sustainable?	Although results in import/export processes were not attributable to the report, they have been partly sustained. Sustainability of road network has been somehow compromised by lack of paving and current fiscal constraints that have reduced investments in infrastructure.
MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product's impact on results?	The Bank did not follow up on the impact on results. The product was forgotten soon after the task team left the country team.
Discussion of results: The report provided a well-documented analysis of constraints to non-traditional exports and delivered fairly concrete policy recommendations. Government policies in the aftermath of the report acted on some of the policy areas that the report delved into, including import/export processes and trade infrastructure, but progress on those policies was generally weak. Given that the report was reviewed with some interest by the new Government in 2001, it may be argued that the report contributed to awareness of issues, although surely these must have been considered in other sources. Furthermore, the report may have contributed to refocus the Gateway project on improving the import-export regime and influenced the policy content of the SME project.	
<b>Criterion</b>	<b>Evidence of Strategic Relevance</b>
<b>STRATEGIC RELEVANCE</b>	
Did delivery of product come in time to affect relevant government policy or Bank decisions?	The report was timely. It came at the time of the change in government in 2001.
Was topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CSP?	The 2000 CAS proposed the report as an analytic effort to understand non-traditional export performance and the obstacles to it. It was part of a shift in Bank strategy towards exports.
..previous AAA?	Export development constraints had been identified in several reports, both Bank and non-bank
..particular projects (specify)?	The Gateway project (lending), approved in 1998, was designed to finance export related infrastructure and address constraints in import-export processes.
..particular evaluations?	There are no IEG evaluations that cover constraints to exports in Ghana
..policy dialogue with clients?	The 2000 CAS emphasized obstacles to exports and was discussed with the Government.
..donor coordination fora?	Constraints on exports have been discussed at DCG fora.
Under conditions of difficult dialogue, did the product?	Conditions of dialogue do not appear to have been difficult.
..focus on long-term issues for better receptivity to Bank input	The report focused on long-term issues but not as a means for better receptivity. Receptivity on policies relating to export development has generally been strong.
.. address sector issues in areas where there is more receptivity to Bank input	Ghana has been normally receptive to discussion of export policies.
..address country issues in a regional or global context?	The issues addressed by the report were country specific. This country specificity did not prevent dialogue on those issues.
<b>Evidence of Ownership</b>	
Is product part of overall AAA program to which the authorities have contributed or agreed?	Report was part of the CAS, which was consulted with the authorities.
Did the client request or commission the specific product?	The Government agreed to it in CAS discussions. Decision to prepare the report was based on Bank's shared view of the important role of developing non-traditional exports.
Did the client cover some or all of the costs?	Although the government did not cover any costs, it provided some logistical support (joined the mission in a field trip outside of Accra that assessed internal conditions for exports).
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	The new authorities reviewed the report but provided only limited feedback.
Did a local institute, academy, consulting firm or government agency help to:	
..define the scope of the work?	The scope of the work (combination of macro a micro approaches) was defined by the Bank team.
..plan and design the work?	The work was planned and designed by the Bank team.
..carry out the work?	Except for logistical support, there were not any local members in the team.

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.. analyze the results and write the report?	The analysis of the results and the writing were conducted by the three Bank authors.
.. formulate conclusions and recommendations?	The authors formulated the recommendations. There was substantial consultation with local stakeholders, including the Ministry of Trade and Industry, the Ghana Export Promotion Council, and the Federation of Associations of Ghanaian Exporters.
..provide peer review or comments on the draft report?	The peer reviewer was a Bank staff. There is no record of government comments.
..organize workshops or discussions about the findings?	There was one meeting with the new cabinet where the result of the report was presented.
Discussion of Strategic relevance and ownership: The AAA was agreed to in the 2000 CAS as a means to understand the potential for non-traditional exports. Client engagement included meetings with certain Government stakeholders relating to exports and with the new Government's cabinet, but client ownership of the reforms and engagement appears to have been weak. Nevertheless, the relevance of the topic is strong. The objective of diversifying exports has been widely acknowledged in Ghana for decades.	
<b>Criterion</b>	<b>Evidence of Technical Quality</b>
QUALITY OF CONTENT	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	Main appropriate knowledge used was the idea that export growth and diversification are important ingredients for economic growth.
...cite relevant examples of practice or research from other countries in the region?	There is one citation relating to empirical evidence that real exchange rate volatility in developing countries is negatively correlated with growth in manufactured exports.
...cite relevant examples of practice or research from other regions?	There is only a brief reference to the use of the real exchange rate as measurement of competitiveness (para. 6).
...discuss the specific institutional and policy context for the issue in this country?	Chapter 3 discusses institutions relating to export/import processes, factors of production, trade infrastructure, public utilities and financial services.
...collect and analyze existing local data?	The report relies extensively on information collected from interviews of a sample of firms in four export areas covered in Chapter 2.
...generate new evidence?	A Survey of firms provided new information, primarily of a qualitative nature.
...include recommendations?	The report provides fairly specific recommendations on export/import processes, factors of production, trade infrastructure, public utilities and financial services.
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	
Was the product team staffed with the appropriate expertise (incl. consultants)?	The team was staffed with skills that were more than adequate in covering the macroeconomic and microeconomic dimensions of the topic.. <b>Report writing:</b> Rocio Castro (Team Leader and Sr. Country Economist for Ghana), Tyler Biggs (Sr. Economist), and Camille Nuamah (Economist). <b>Firm survey and the case studies:</b> Tyler Biggs/Gerald Tyler (Consultant); <b>background notes on : interviews with firms and government agencies:</b> John Nellis (Adviser); <b>on wood sector and handicrafts::</b> Gerald Tyler; <b>on export finance:</b> Ahmet Soylemezoglu (Sr. Financial Sector Specialist); <b>on trade infrastructure and services:</b> Ron Kopicki (Lead Private Sector Development Specialist); <b>on investment and export promotion:</b> Chad Leechor (Sr. Economist); <b>export data and export diversification index:</b> Afef Haddad (Research Analyst).
Did the product receive appropriate managerial attention?	Limited. Managers have little recollection of the product.
Did the product receive sufficient budget?	Yes. There was a budget overrun on about 50%.
REVIEW OF CONTENT	
Was the draft peer-reviewed by appropriate experts?	The peer reviewer was Daniela Gressani, a seasoned economist.

Were the peer-review comments taken into account as appropriate?	Daniela Gressani, the only peer reviewer for the task, provided written comments on concept paper and decision draft. Comments at the CP stage appear to have been taken into account in that (a) the scope of the report was narrowed; and (b) questions on the methods were partially addressed. Comments at the decision draft stage were particularly extensive and were partially taken into account. The peer reviewer comments indicated that the decision draft read well and presented a coherent story. Her recommendations were partly taken into account as follows: a) shorten the report by moving the long chapter two of the decision draft to an annex ( <i>done, the number of chapters declined from four to two, but the final draft does not have a long annex that might have replaced that chapter</i> ); b) expand cross-cutting material on trade, institutional capacity and corruption, and the challenges of and need for better policy implementation ( <i>done to a limited extent, there are short sections on implementation and governance the executive summary (para 31) and in the epilogue (paras. 216-18)</i> ); b) indicate what the government should do to reduce public sector borrowing to reduce pressure on borrowing costs (not done, except to refer to fiscal adjustment); c) substantiate better the conclusions on the competitiveness of exchange rate (done, the final report has extensive material on competitiveness and the exchange rate); d) discuss spreads between deposit and lending rates in executive summary ( <i>not done</i> ); e) develop policy implications of low access to finance and high credit costs for local producers ( <i>not done, except to refer to macroeconomic stability</i> ); f) develop countercyclical exchange rate policy proposal (using the good times of positive terms of trade developments to build up reserves to cushion the economy in the bad times of negative terms of trade developments, <i>not done</i> ); g) expand discussion of growth cum stabilization outcomes ( <i>not done</i> ) h) clarify statement on Ghana's visa system ( <i>not done, statement remains unclear</i> ).
Was the feedback from the client about the product incorporated into the final version?	The report was presented as a finished product to the Government.
Discussion of Technical quality: In terms of its own objectives, the report is better at identifying obstacles to exports than in explaining the past growth of non-traditional exports. The overall approach used – to combine macroeconomic and microeconomic analyses – appears to be well considered, and the methodology of interviewing firms was useful to provide an “on-the-ground” substance to the findings. The explanation of past performance of non-traditional exports is limited to stating the role of FDI in those exports.	
<b>Criterion</b>	<b>Evidence of Dissemination and Sustained Dialogue</b>
<b>INITIAL DISSEMINATION</b>	
Was the product...	
...made available in the local language?	The report was made available in English, the local language.
...made available on a website?	Report is available in Bank external website and easily retrievable. Report has been cited by other agencies, including the Global Policy Network, the UN Economic Commission for Africa, Africa , FASID (Japanese)Economic Research
...discussed with senior policy-makers?	One meeting with the incoming cabinet
...presented at a workshop, conference, seminar or on-line discussion?	Same as above.
...covered in the general or specialized media?	External relations in the Ghana office recalls that there was media coverage at the time the report was presented.
<b>SUSTAINED DIALOGUE</b>	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	There was only and initial discussion with the Government.
...sustained workshops/discussions with stakeholders beyond initial dissemination?	There were no workshops or discussions beyond initial dissemination.
...lending products (Bank and non-Bank)?	No links can be identified to lending products other than possibly to the SME project mentioned above.
...technical assistance (formal or informal)?	Technical assistance on the issues raised by the project continued through the Gateway project.
...programmatic instruments?	The Bank has not extended programmatic loans to Ghana.
...other means (please discuss below)?	No other means of sustained engagement with input from this product have been identified.
Discussion of Dissemination and sustained dialogue Initial dissemination was initially strong, with a discussion at the cabinet level. But follow-up and monitoring of results remained weak if not absent altogether. Few stakeholders seem to remember the report.	

### Annex 3: Mauritius - Managing Change in a Changing World

IEG PAR on Growth Diagnostics in Four African Countries									
Mauritius Country Economic Memorandum: Managing Change in a Changing World, January 29, 2007									
Product Data									
Vice President	Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
Gobind Nankani	James Bond	Emmanuel Akpa	Robert Keyfitz	P090055 / ESW 36196- MU / \$451,400	1 Volume/ 111 pages	English	Country Economic Memorandum	Growth	Country Department PREM Africa Region
Background									
<p>For once it is accurate to describe a report as being prepared at a time when a country was at the crossroads. Mauritius sustained high growth rates through the 1980s and 1990s on the basis of preferential access to the European market for sugar, and preferences for its textile exports under the MFA. In a short period, it lost protection for its textiles and the European price for its sugar was reduced by one-third. In the meantime there had been a strong expansion of tourism and some diversification of the economy, but sugar and textiles still represented a dominant share of the economy. Since Mauritius had little obvious long-term comparative advantage in sugar cane and low value-added textiles, given its relatively high labor and transport costs, a major restructuring was likely to be required. In addition in the period after 2000 Mauritius also suffered from the steady rise in petroleum prices, contributing to what the Bank termed the 'triple trade shock'. A new Government elected in 2005 with a former Bank staff (Mr. Ali Mansoor) as the Secretary for Finance, decided on a major restructuring of the tax and incentive system in order to promote the needed adjustment to an economy led by higher value-added, technology intensive exports.</p> <p>The Bank CEM opens with an analysis of the overall growth trends and then zeroes in on some specific areas seen as critical for the adjustment: first, the public sector and the need to cut through the bureaucracy and red tape, which was associated with highly complex tax and regulatory systems, combining high general rates of tax with numerous exemptions for different categories of tax-payers and products. The Report then turns to issues of the functioning of the labor market and the mobility and quality of the labor force, including most importantly, issues of education and training. Over the years the Mauritians had evolved an approach to the labor market of defining different minimum wage levels for different product and market segments, and to impose requirements on firms that made it difficult to dismiss workers. The education system was not geared to producing the skills required for the emerging knowledge economy. Most of the analytic content of the report, which included the development of a CGE model, is concentrated in these two sections. The final section of the report is devoted to developing the innovation system in Mauritius. The Report includes an 11 page Executive Summary at the end of which is a table of the key recommendations – there are 42 recommendations organized in 10 categories. Although the recommendations are stated in general terms in the summary each one is cross-referenced to a page in the text where specific supporting details are provided. An unusual feature of the report is the inclusion of a lengthy bibliography with about 120 references listed alphabetically.</p>									
Overall Assessment									
<p>The Mauritius CEM is rated a satisfactory overall. It is a solid and useful summary of where the economy stood in 2005. Evaluating the CEM as a stand-alone document is particularly difficult in the Mauritius case. It needs to be seen in the context of a flurry of Bank analytic work in a three or four year period in the middle of the decade including a Labor Market Study, the Investment Climate Assessment, the Doing Business Review, the Country Assistance Strategy, a major analysis of revenues by the Fiscal Affairs Department of the Fund, and especially the Aid for Trade study. In addition, along with these studies it contributed to the series of Development Policy Loans initiated by the Bank in 2007. With a small country, there were multiple demands on the time of the Senior Economist who was TTL for the CEM, to contribute to many of these other studies. This led to delays in the preparation and finalization of the CEM. By the time it was published in January 2007, the situation had evolved, and many of the findings of the report had been incorporated in the Aid for Trade study undertaken in mid-2006. The analysis and conclusions of the CEM made an important contribution to the Aid for Trade study which is viewed by the Mauritian authorities as an outstanding piece of work and the most important Bank contribution to the domestic policy debate. Because of the time taken to produce the CEM, it is regarded as having been much less useful. The fact that there was a CEM is recalled by authorities in Mauritius and also the donors, but there is not much recollection of the content and by the time the draft was available many of the ideas that were discussed such as the problems of the education system, and the skills mismatch in the labor force were already well understood so that the general feeling was that the CEM contributed nothing new even though it did provide a useful pulling together of some of the strands of the macro-analysis. The CEM lacks a clear story line which could have provided some of the clarity that made the Aid for Trade study so convincing. It also does not quantify the consequences of taking the measures proposed – again a strength of the Aid for Trade study. The CEM played a useful role however, in developing some of the triggers for the series of four Development Policy Loans provided by the Bank to Mauritius between 2006 and 2009. The rating is therefore based on the contribution of the CEM as providing an integrating framework for the large group of studies undertaken by the Ban, and more specifically for its contribution to the Aid for Trade work and the DPL series, rather than its direct impact.</p>									

### Lessons

1. Relevance is not just a matter of the appropriateness of the analysis to the problems facing the economy, but also of the timing of the report. A small dynamic economy such as Mauritius is not going to sit around for a year or so waiting for the Bank to fashion its views into a noble piece of prose. The staffing and timing of ESW on small countries with limited staff needs to be planned, so that it takes no longer than six months between the concept stage and the decision meeting on the green cover, and more than a month or two after that to finalize (in the Mauritius case, it took a year to prepare the report and six months to finalize it).
2. Further to this, the Mauritius experience underlines the need to design an intermediate product in the form of a three to six monthly power point presentation of preliminary findings. In the case of Mauritius the serendipitous preparation of the Aid for Trade study in effect provided such a presentation and this proved extremely powerful.
3. The Bank often justifies proposed reforms on first principles – e.g. the unification of minimum wage rates will promote a more efficient labor market and greater mobility between sectors. From the political economy standpoint however, the Government’s concern is what this will do in the interim to individual wage rates in those areas where effective minimum rate is above the unified minimum that might be established, and assuming that a national minimum wage is above the current one in some sectors, whether those sectors can afford to pay a higher minimum rate. Concrete recommendations are useful but they need to be complemented by quantification, discussion of sequencing and political economy of the proposed changes. The discussion on tariff reform in the Aid for Trade study is a good practice example of this.
4. The presentation of the recommendations – as general directions in the Summary, but with cross-referencing to paragraphs in the text which then develop the specifics of the recommendations is a good practice which could well be replicated by other Bank ESW.

### Ratings Summary

Criterion	Rating	Comments
<b>Results</b>	Moderately Satisfactory	Key Government officials felt that the CEM added little value to what they already knew. There was no systematic follow up either by the Bank or the Government of the recommendations. Some of the ideas of the report were picked up in the follow up to the Aid for Trade work. The CEM also contributed to the design of the Bank’s Development Policy Loans.
<b>Strategic relevance and ownership</b>	Satisfactory	The Mauritians do not want the Bank to produce reports that ‘they’ own. They want an independent and objective Bank report which is free of the potential biases associated with individual ministries. The report is there to contribute to and validate their own thinking about what to do. Insofar as the report contributed to the Aid for Trade report which performed this service it was of real strategy relevance. The final publication however, was at a point in time when the actions that they were willing to take in order to follow up the Bank’s economic work had already been taken.
<b>Technical quality</b>	Satisfactory	The report has a very good analysis of the labor market and some of the constraints Mauritius faces in moving to a high value added knowledge economy. It uses the excellent data available very effectively and even though the conclusions were largely intuitive to most Mauritian officials, it provides useful benchmarking to establish some of the parameters and areas where improvement is needed. It was a wise step to focus on this area and provide a macro-context for the analysis.
<b>Dissemination and sustained dialogue</b>	Satisfactory	The dissemination effort was fairly perfunctory, being essentially limited to one large session with the CD, CPC, TTL and 40 to 50 civil servants. In such a small country, however, a great deal of effective dissemination can be accomplished by one-on-one meetings between the TTL and the key officials and others. This has led to the CEM beings widely known in the Government and donor community, but it is clearly not much used nor has it contributed much directly to the dialogue. This said the issues raised by the CEM are still very central to the overall policy dialogue in Mauritius and while attribution to the CEM is impossible and probably unlikely, it remains a relevant document which it will be appropriate to update.
<b>Evidence of Results</b>		
<b>RESULTS INDICATORS: Did product have:</b>		
..results objectives defined at inception? CAS 2005.	The objectives were very clear – the issue was what would it take for Mauritius to move to its vision of an island of high value-added and technology-intensive exports as a basis for continued strong growth? The report presents a matrix of recommendations, but these are not linked to the objectives and there is no attempt to quantify the impact of carrying out the recommendations.	
..indicators defined at inception? Report	See above	
..strategy to achieve results? Report	Without the Government’s request for the Aid for Trade study, the CEM would probably have had very little impact. Fortunately this request forced the Bank’s hand and some of the analysis was made available for the Aid for Trade work. This underlines the importance of conceiving a mid-term presentation of preliminary findings as a core step in the work.	

## ANNEX 3

<b>RESULTS ACHIEVED: Did country use findings:</b>	
..in policy law, regulation, or implementation?	The Mauritians are moving in their own way and at their own pace on many of the recommendations, but attribution to the CEM is doubtful though perhaps not completely absent. In some cases the CEM may well have given them the confidence to move further or faster in areas that they had already decided to take action on. The general directions are often recognizable, but the specifics of the CEM are rarely the same as those selected by the Mauritians which demonstrates a difference in the political economy with the Mauritians giving far more weight than the Bank to issues of continuity, gradual evolution and potential reactions from the labor force, as opposed to well functioning markets.
..in design of public expenditure?	The Mauritians have carried out an extraordinarily far reaching revamping of the revenue system (uniform flat tax of 15 percent for corporate, personal income and VAT) with substantial tariff reduction and removal of much of the complex system of special rates and exemptions. At the same time they have been conservative on the public expenditure side which created fiscal space for a stimulus package in the recent recession. These are general directions that the Bank argued for, but the specifics are different.
..to raise stakeholder awareness?	Some contribution on the margin especially for the Bank and donors.
..to build a coalition for change?	In Mauritius the government has done a good job of getting the population to buy into the general directions of change. The debate is really about the pace of change and the Bank could have done a better job in the CEM of looking at sequencing issues – this is quite well done in the Aid for Trade study.
..to build in-country capacity?	Not an objective. The Bank could and should have given some thought to whether it could use the CEM to promote some economic excellence at the University of Mauritius (Mauritius' premier university which rates somewhere between 4000 and 5000 in the world rankings!).
..to influence the donor community?	Donor presence is limited. The Bank's collaboration with the EU and AFD has been an important feature of its work and the CEM contributed to this collaboration, particularly insofar as it formed a basis for the content of the DPL series. As indicated the CEM did not change any minds in the donor community, but probably concretized some of the donor thinking about the key problems.
..to change institutions	The Bank focus on labor market and educational institutions had limited direct impact though it contributed to the general direction of change in these areas. With hindsight there is an interesting question whether more efforts should have been devoted first to increasing the efficiency of public enterprises and second to governance issues and the institutions surrounding governance. These still seem to be areas of marginal weakness in Mauritius.
Did the Bank use the findings in:	
..the design of development policy lending?	This was an important use of the CEM. The TTL for the CEM was also the TTL for the first two Development Policy Loans and the triggers though driven by what the Government was interested in and willing to do were in the broad areas covered by the CEM and Aid for Trade study.
..the design of Bank lending products	As above
..Bank strategy formulation?	The CEM fed into the CAS which was issued in October 2006.
..future knowledge products?	A study on innovation and technology absorption, which is currently being developed, builds on some of the findings and analysis of the CEM.
..informing country strategy?	The indirect use through other Bank studies with more focused recommendations (Aid for Trade, ICA, Doing Business) has been substantial.
Is there evidence that results are sustainable?	Given a Government that is committed to a vision of Mauritius' future that encompasses the areas covered by the CEM, there is little doubt that the basic directions of change will be sustained.
MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product's impact on results?	There was no attempt at systematically following up on or monitoring the impact on results. It would be useful if the upcoming update of the CEM included an annex which takes the matrix of the CEM as a starting point and assesses what has happened against each of the recommendations and particularly tries to understand why there has been no action in some of the areas identified.
Discussion of results: Based on the evidence above, and taking into account any self evaluation of the product's results, assess how and to what extent the AAA product affected Bank or client actions. In the words of one of the mission's interlocutors: "Nothing is new or surprising in these reports (the CEM, Aid for Trade, ICA, Doing Business) . Their value comes from getting these ideas accepted through the Bank's intellectual capital. The Bank is outside the inter-ministerial rivalries; it is detached and unbiased. This does magic for us. The reports become a key tool. We use them as an independent framework to initiate discussion, design reforms and implement programs."	



Criterion	Evidence of Strategic Relevance
STRATEGIC RELEVANCE	
Did delivery of product come in time to affect relevant government policy or Bank decisions?	As explained above while the CEM itself was too late in the Government's view to contribute to decisions, the analysis of the CEM contributed to a number of other Bank documents that were able to do so.
Was topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CSP?	The topic of the skills mismatch and the failure of the education system to deliver was a part of the strategy analysis.
..previous AAA?	Previous AAA had included some labor market work done by the TTL of the CEM and also an Investment Climate Analysis.
..particular projects (specify)?	There was very little Bank lending in the 2000 – 2005 period.
..particular evaluations?	
..policy dialogue with clients?	This was very high on the agenda of the Mauritian authorities
..donor coordination fora?	Limited donor focus – more on the macro-issues covered by Fund Article 4 consultations than on this set of issues.
Under conditions of difficult dialogue, did the product?	
..focus on long-term issues for better receptivity to Bank input	The Mauritians themselves are increasingly setting the agenda, and in the case of Bank ESW there are serious questions whether there is a need to do ESW that is not motivated by their specific requests.
.. address sector issues in areas where there is more receptivity to Bank input	Mauritians want the access to the best global knowledge the Bank can provide regardless of sector. While the sectors chosen for focus are by and large appropriate there were some significant omissions; the relative inefficiency of Mauritius' parastatals would have been an appropriate topic for closer examination in the CEM.
..address country issues in a regional or global context?	This is an important role for the Bank – some of the benchmarking in the report plays a useful role in this regard.
<b>Evidence of Ownership</b>	
Is product part of overall AAA program to which the authorities have contributed or agreed?	Senior Mauritian officials viewed the CEM as being largely internal work for the Bank itself. They did not specifically request that it be prepared.
Did the client request or commission the specific product?	No
Did the client cover some or all of the costs?	No.
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	The TTL met with all key decision makers and the Minister of Finance in particular was closely involved with discussions.
Did a local institute, academy, consulting firm or government agency help to:	No, but perhaps more active engagement with the University of Mauritius is desirable in future. Another option is some of the excellent research capacity in the private commercial banks. The ministry of Finance of course did have a key role in many aspects of the report, but this is in its role as a consumer of the document not as a participant. The questions below therefore are judged not to apply in this case.
..define the scope of the work?	
..plan and design the work?	
..carry out the work?	
.. analyze the results and write the report?	
.. formulate conclusions and recommendations?	
..provide peer review or comments on the draft report?	
..organize workshops or discussions about the findings?	
Discussion of Strategic relevance and ownership: Based on the evidence above, summarize and rate the extent to which each AAA product was anchored [in a Bank assistance or partnership strategy in the country, had a well-defined rationale and to which the client was engaged in each exercise. Place the rating in the ratings chart. Discuss reasons for any differences or common features among the products along this dimension. Analyze the reasons for differences and similarities across the products in this country.] There is no question that the CEM tackled issues of vital relevance to the Mauritian authorities. Indeed so relevant were these issues that in most areas the authorities had ongoing programs which went in the general direction of the Bank's recommendations. Perhaps for this reason there seems to have been a sense of déjà vu by the time the CEM finally emerged. As explained this does not negate the value of the CEM as providing a general integrating framework for the Bank's various analytic studies and the DPL series.	

## ANNEX 3

Criterion	Evidence of Technical Quality
<b>QUALITY OF CONTENT</b>	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	The report shows evidence of absorption of a very considerable literature on labor market issues
...cite relevant examples of practice or research from other countries in the region?	The report benchmarks Mauritius against appropriate comparators both inside and outside the region. The latter were especially important given the Mauritian objective of promoting higher value-added exports.
...cite relevant examples of practice or research from other regions?	See above.
...discuss the specific institutional and policy context for the issue in this country?	The report includes very detailed analysis of institutional issues in the labor and educations sectors – appropriately given the focus of the report.
...collect and analyze existing local data?	The report makes excellent use of Mauritius' extremely detailed data on labor force and education.
...generate new evidence?	Some of the analysis is new though it confirms conclusions that the Mauritians were already familiar with.
...include recommendations?	There are recommendations which are stated in general terms in the summary, but with cross-referencing to specific proposals in the main text. This should be regarded as good practice.
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	In a small country like Mauritius it is fairly clear who is responsible for what.
Was the product team staffed with the appropriate expertise (incl. consultants)?	The team had a good mix of skills though the emphasis in some areas is more theoretical and in others more operational reflecting the interests of team members.
Did the product receive appropriate managerial attention?	Close supervision by the Africa PREM
Did the product receive sufficient budget?	
<b>REVIEW OF CONTENT</b>	
Was the draft peer-reviewed by appropriate experts?	Peer reviewers were appropriate.
Were the peer-review comments taken into account as appropriate?	
Was the feedback from the client about the product incorporated into the final version?	Not much feedback given that in the client's view the steps already taken had overtaken the report's publication.
Discussion of Technical quality: [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had the characteristics of a high quality knowledge exercise. Place the ratings in the ratings summary.] The report is of good technical quality with the possible exception of very thin treatment of political economy issues where it might have been useful to complement the quantitative analysis with an assessment of some of the tricky internal dynamics of Mauritian society and the trade-offs between quicker progress on key issues and maintaining the fragile consensus on reform. A CGE model was used rather than a formal growth diagnostic framework. The constraints are evident – the high cost of infrastructure and the skills mismatch – and formalizing them through analysis would not have added much. This said, the report could possibly have given more emphasis to infrastructure issues to balance the discussion on skills. The affordability of increased infrastructure investment in the context of the need to cut tax rates and still maintain a regime of fiscal stability would have been a useful topic for the report to examine in more detail. Some of the detailed analysis of the education and labor systems could usefully have been put into annexes. Perhaps using the report more consciously as an integrating framework to tie up the various strands and unbundling the excellent analysis of the labor market and education systems might have been an option worth considering.	
Criterion	Evidence of Dissemination and Sustained Dialogue
<b>INITIAL DISSEMINATION</b>	
Was the product...	
...made available in the local language?	Yes. English is one of the local languages. Report was not translated into French or Creole.
...made available on a website?	Report is available in Bank external website and easily retrievable.
...discussed with senior policy-makers?	Yes
...presented at a workshop, conference, seminar or on-line discussion?	There were separate sessions with donors and government officials and one on one discussions with other stakeholders
...covered in the general or specialized media?	Limited pick up by the media – reaction mainly focused on the proposal to charge tuition fees at the University of Mauritius.

SUSTAINED DIALOGUE	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	Part of an ongoing dialogue on these issues
...sustained workshops/discussions with stakeholders beyond initial dissemination?	
...lending products (Bank and non-Bank)?	Continuing DPL series reflected some of the directions of the CEM
...technical assistance (formal or informal)?	Bank TA project in covers a number of areas raised.
...programmatic instruments?	
...other means (please discuss below)?	
<p>Discussion of Dissemination and sustained dialogue [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had dissemination, sustained dialogue and follow-up. Place the ratings in the ratings summary.] The dissemination was perfunctory, but in the Mauritian context this matter less than in many other countries. Those who needed to know had access to the report and there was already, and is still, a lively national debate about most of the issues covered by it. Further efforts at dissemination might even have led to some pushback and a sense that the Bank had an agenda to try to impose the Washington consensus on Mauritius. There was some effort to reach out separately to the audiences for the labor market and education sections of the report. Some consideration might have been given to unbundling the analysis in those sections in order to make it more easily available, with an appropriate summary. Overall however, the real dissemination came before the report was finalized with the discussions on the Aid for Trade report.</p>	

## Annex 4: Mauritius – From Preferences to Global Competitiveness

IEG PAR on Growth Diagnostics in Four African Countries									
Mauritius – From Preferences to Global Competitiveness, Report dated April 26, 2006									
Product Data									
Vice President	Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
Gobind Nankani	James Bond	Emmanuel Akpa	Richard Newfarmer	P100496/ ESW 47882/ \$178,900	1 Volume/ 86 pages	English	Aid for Trade Report	Trade preferences, investment, sugar & textiles, growth	Macroeconomics 1 Africa Region (AFTP1)
<b>Background</b>									
<p>In the middle of this decade, Mauritius began to face a sharp transition from dependence on trade preferences to open competition in the global economy. After 20 years of remarkable performance, GDP growth had declined from a high growth plateau of about 6 percent to within the 2-3 percent range. Job creation and domestic investment slowed down and the external accounts shifted from surplus into deficit, with occasional loss of reserves. This Aid for Trade (AFT) report was envisaged as the first step in a process that would outline Mauritius's trade competitiveness challenges and the options for addressing them to pave the way for a higher growth path. Following implementation of specific actions in the Government's program, the Bank would work with the government in costing the specific investments necessary to improve competitiveness and help mobilize the international community into putting together a global program of aid for trade. The report was completed in record time. It focuses on reforms to reduce tariff protection, reduce discretionary investment incentives, improve the structure of taxation, encourage and facilitate the restructuring of the economy from sugar and textiles to more dynamic activities, particularly in the area of services, and improve the employment and social protection regimes. The report led to policy reforms in the indicated areas which improved economic performance but did not lead to the intended support under an Aid for Trade arrangement.</p>									
<b>Overall Assessment</b>									
<p>The report gets the highest marks in most dimensions. With regard to results, the report is rated satisfactory. It is one of the knowledge products providing underpinnings for reforms that the Government implemented. Those products included also the CEM discussed elsewhere in this IEG evaluation and IMF "selected issues" and Article IV documents. Although the report and the policies did not lead to an Aid for Trade program for Mauritius, they did lead to improvements in economic performance to the extent that Mauritius weathered quite well the recent global financial crisis. Nevertheless, constraints related to the issues addressed by the report remain, particularly in the areas of infrastructure and human resources. It is difficult to see how the report could have been better directed to development constraints affecting Mauritius and where the authorities were ready to act. All of the areas addressed by the report had been identified by many as critical for Mauritius's development. Much of the value added of the report was to place the constraints in a unified perspective of economic policy aimed at improving overall economic performance. Accordingly, relevance is rated as "highly satisfactory". The report benefited from the considerable competence of its team. The team used existing knowledge, including knowledge produced through the concurrent Country Economic Memorandum, and added further value through analyses such as the calculations of employment effects of proposed policies and of the extent to which depreciation allowances were undermining corporate taxation. Calculations such as those are likely to have boosted the level of government comfort in undertaking policies. The dimension of product quality is then also rated as "highly satisfactory", a rating that corresponds to the high regard in which the task is held by the client. We also rate dissemination as "highly Satisfactory". The long shelf life of the report – produced four years ago and still well-remembered – resulted from on-time initial dissemination as the report was being produced and from its relevance to issues and policies that remained alive and also supported by the Bank's lending program that followed the report.</p>									
<b>Lessons</b>									
<ol style="list-style-type: none"> <li>1. The report is an excellent case study of Country and Bank response to the challenges posed by erosion of trade preferences. It illustrates a fairly comprehensive approach to addressing those challenges covering macroeconomic (trade, fiscal, exchange rate), microeconomic (industrial restructuring and competition), labor and social protection policies. Although it is difficult to assess the counterfactual (i.e., the impact of maintaining the status quo) the report is strongly suggestive that the right path to the removal of trade privileges is to become competitive, not to protect existing activities, even under conditions of declining growth. As a result of that approach, Mauritius became better prepared to weather exogenous shocks and redress growth.</li> <li>2. The report teaches – yet again – that government ownership of the topics addressed by a Bank report is the critical factor to ensure relevance of the report. It is relatively easy for the Bank to identify "development constraints" in any given country, but not as easy to find a government that is prepared to address those constraints. This report illustrates a virtuous circle of thematic relevance with strong ownership. Had it not been for government commitment, the report would have remained, at best, as an "I told you so" effort of no consequence. The experience of the report suggests that, where there is no ownership, the Bank needs to consider seriously whether a AAA task really has any chance of persuading its client to change course, let alone to care about the Bank's input.</li> </ol>									

3. This report is something of an exception among the group covered by this IEG review in that it achieved very good results with a moderate budget. Granted, it effectively took the opportunity of using other knowledge, including the concurrent CEM, to develop its findings and recommendations. Even then, it shows that with a judicious use of that knowledge, the Bank can produce a very effective report in a few months, instead of in the one year+ that is more typical of most reports. A well chosen team was critical for this achievement that, it should be added, occurred without benefiting from the Bank's standard review process.
4. Finally, this report shows how the Bank' use of a report as an input into its operations complements standard dissemination activities in extending the shelf life of a report. Unlike some of the others covered by this review, the AFT report is well remembered by stakeholders. Accordingly, it teaches that effective dissemination is closely intertwined with operational use, be it in dialogue or in operations, and hence ultimately with interest in the topics by the Government or by other stakeholders with a bearing on decision making.

#### Ratings Summary

Criterion	Rating	Comments
<b>Results</b>	Highly Satisfactory	Government implemented most of the recommended reforms and Bank used recommendations as basis for future lending. The Aid for Trade objective of the report did not materialize.
<b>Strategic relevance and ownership</b>	Highly Satisfactory	Issues addressed by the report were widely acknowledged as development constraint and the Government was keen on acting on those constraints in response to the erosion of EU preferences.
<b>Technical quality</b>	Highly Satisfactory	The report used existing knowledge efficiently and its analyses added value.
<b>Dissemination and sustained dialogue</b>	Highly Satisfactory	The report has enjoyed a long shelf life and, together with the CEM, formed the basis for the Bank lending program that followed it, including a series of four DPLs and an industrial competitiveness project.
<b>Criterion</b>	<b>Evidence of Results</b>	
<b>RESULTS INDICATORS: Did product have:</b>		
..results objectives defined at inception?	Objectives are defined in the report. The Aid for Trade report responded to a request from the Government of Mauritius. The objective was to "analyze some of the implementation options of its reform program and inform those options with experience from other countries. The report was envisaged as part of a process: implementation of reforms would lead to a higher growth path and, following specific actions, the Bank and the government would cost the investments needed to improve competitiveness and help in securing Aid for Trade from the international community".	
..indicators defined at inception? Report	Indicators are defined by the stated objective: implementation of recommended reforms covering trade, fiscal, exchange rate, investment climate, sugar, textiles, competition in inputs to services, financial services, labor and social protection, and education/training.	
..strategy to achieve results? Report	The strategy to achieve the results was to advise the government on the reform options with the expectation that strong government commitment to reform would bring those reforms to fruition.	
<b>RESULTS ACHIEVED: Did country use findings:</b>		
..in policy law, regulation, or implementation?	<p>Government reforms related to policy, law, regulation, or implementation are summarized as indicated:</p> <p>a) moving towards a duty free island by reducing <b>tariffs</b> over a four year period: import tariffs changed from 8 tariffs averaging 29 percent in 2005/06 to 4 tariffs (0, 10, 15, 30) averaging 13 percent in 2007/08 (IMF 2008 Art IV), with the ratio of tariff collections declining from 7 percent in 2005 to 4 percent in 2007 (databank); however, government established temporary specific duties on textiles;</p> <p>b) tightening the <b>fiscal stance</b> to reduce pressures on interest rates; fiscal stance has improved, with debt/GDP declining from 55.8 percent of GDP in 2005 to 49.9 in 2008; fiscal rules have been implemented (current expenditure rule and public debt legislation);</p> <p>c) allow the <b>rupee</b> to depreciate to achieve current account equilibrium and stimulate exports: rupee appreciated by about 14 percent between 2006 and 2008, with negative trade and current account balances related to strong capital inflows including FDI; international reserves and debt/GDP have increased;</p> <p>d) replacing the complex differentiated <b>corporate tax</b> by a flat 15 percent rate while reducing excessive depreciation allowances: the individual income, corporate income, and value added tax rates have been unified a 15 percent and excessive depreciation allowances were abolished;</p> <p>e) encouraging <b>registration of small informal firms</b> by making registration easier as well as a basis for access to finance and exempting them from costly labor regulations, income tax payments and VAT collection responsibilities: business registration and regulation procedures simplified; In September 2008, a new labor law was enacted, giving employers greater flexibility in hiring and firing workers;</p> <p>f) facilitating the retrenchment of surplus labor and land from the <b>sugar industry</b> as well as the achievement of economies of scale and increased efficiency, liberalizing the marketing of sugar, and reducing the burden of sugar subsidies on the industry: GDP and exports have continued to diversify away from sugar (ICA); Mauritius has implemented mechanization through derocking as well as a program to</p>	

## ANNEX 4

	<p>achieve economies of scale through consolidation of small holdings;</p> <p>g) improve education and vocational training to facilitate the transfer of <b>textile industry</b> workers to other sectors and facilitate trade (air transport, ports, telecom) to increase the competitiveness of the industry: GDP and exports have continued to diversify away from textiles (ICA), but education, training, and infrastructure remain problems;</p> <p>h) encourage the development of <b>service exports</b> by introducing competition into key input services (telecom, ports, air transport), improving skills building, and facilitating immigration of skilled workers: telecom and air transport were liberalized and immigration restrictions were eased; skills building remains a problem;</p> <p>i) develop the <b>financial services industry</b> by diversifying the sources of its offshore business, enhancing training on finance –related topics, facilitating immigration of skilled finance professionals, improving credit information, maintaining high regulatory standards, and ensure a non-distortionary tax treatment of the financial sector: a February 2007 IMF/Bank FSAP concluded that the Mauritian Financial System has been resilient to recent economic shocks, and banks have adequate capital buffers against a range of shocks to their credit portfolios and liquidity positions. In high stress situations, however, individual banks may face difficulties. The IMF also reported that Mauritius had implemented most of the reforms recommended by the 2002/02 FSAPS. Investment climate improved from 24 to 17; and</p> <p>k) enhancing <b>worker opportunities</b> by introducing flexibility into hiring and firing while improving targeting of the social safety net, education and training; labor legislation has been liberalized, unemployment insurance improved, but education and training remain problems.</p>
..in design of public expenditure?	Performance-based budgeting, public management systems, and medium-term expenditure frameworks were introduced, but these efforts were not addressed by the report.
..to raise stakeholder awareness?	Technical input from the Bank contributed to raise awareness of competitiveness policy issues. The IMF also provided intellectual input on competitiveness issues. Most interlocutors agree that Bank and IMF inputs helped.
..to build a coalition for change?	It has been suggested that the Bank helped bring structure into the reforms, particularly by helping hold together line ministries.
..to build in-country capacity?	
..to influence the donor community?	Donors (UN, Agence de Development) are familiar with the CEM, not with the Aid for Trade report). Some influence may have been brought to bear on the EU, which provided a lot of financial support, perhaps as compensation for the removal of preferences.
..to change institutions	Many of the policy changes outlined above involved institutional changes (e.g., stronger competition policies in the ICT sector).
Did the Bank use the findings in:	
..the design of development policy lending?	The Bank used the findings in the DPLs that followed. Areas covered by the DPLs included fiscal, competitiveness, social insurance, and ICT policies, among others.
..the design of Bank lending products	Other Bank operations (e.g., the Manufacturing and Services Development and Competitiveness Project) were also informed by the report.
..Bank strategy formulation?	
..future knowledge products?	The ICA, the only other knowledge product that followed, did not refer to the Aid for Trade Report nor shared anyone from its team, although it addressed many of the same issues.
..informing country strategy?	The 2006 CPS, which came on the heels of the CEM and the Aid for Trade reports, used extensively the findings of those reports. Its objective was to “to help the Government deal with short-term trade shocks and the transition to a more competitive and sophisticated economy, while minimizing negative social impacts.
Is there evidence that results are sustainable?	Mauritius current performance suggests that the results describe above are indeed sustainable.
MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product’s impact on results?	Both the Government and the Bank (through its DPL series) have continuously followed up on the results.
Discussion of results: Based on the evidence above, and taking into account any self evaluation of the product’s results, assess how and to what extent the AAA product affected Bank or client actions.	
The ATF report is rated highly satisfactory on this dimension. The government implemented most of the reforms addressed by the ATF report and helped strengthen local awareness of the need for those reforms. Moreover, the report, together with the CEM, provided much of the basis for the Bank’s lending operations that followed it.	

Criterion	Evidence of Strategic Relevance
<b>STRATEGIC RELEVANCE</b>	
Did delivery of product come in time to affect relevant government policy or Bank decisions?	The product came as the Bank's rapid response to a government request for assistance in dealing with the trade shocks that Mauritius was experiencing.
Was topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CSP?	The new 2006 CSP, not the previous 2002 CAS, identified the development constraints (the trade shocks) addressed by the AFT report. However, the 2002 CAS also had a focus on competitiveness issues.
..previous AAA?	The issues addressed by the Aid for Trade mission were also covered by the Mauritius CEM discussed elsewhere in this IEG report. In fact, much of the Aid for Trade report is a "repackaging" of the CEM, which has much more in the way of analytics, tables and graphs. The CEM covers the trade shocks to which Mauritius was exposed; deals at more length with fiscal issues and the role of the state; analyzes the labor market in more depth, and delves to a larger extent on innovation and knowledge economy issues.
..particular projects (specify)?	Old Bank projects covered education and competitiveness issues.
..particular evaluations?	No.
..policy dialogue with clients?	Although no record of it exists, policy dialogue in the context of both the CEM and the AFT are likely to have identified the link of preference erosion to competitiveness. Even before these two products, the Bank had provided assistance on education and competitiveness issues, but possibly bereft of the link to preference erosion which is of more recent vintage.
..donor coordination fora?	The IMF's "Selected Issues and Statistical Appendix", dated July 8, 2004 analyzed two of the issues addressed in the Bank report, namely the impact of preference erosion on exports, growth and employment and Mauritius's labor market institutions. Furthermore, the IMF's "Selected Issues and Statistical Appendix" dated November 10, 2005 analyzed the relationship between preferences and the real exchange rate and the IMF's 2006 Article IV Consultation also covered the impact of preferences and their relationship with the exchange rate. The IMF's provided a further analysis of exchange rate and competitiveness in a July 2008 "Selected Issues" and a full competitiveness report in September 2008.
<b>Under conditions of difficult dialogue, did the product?</b>	
..focus on long-term issues for better receptivity to Bank input	The conditions for dialogue on the issues addressed by the AFT report were not difficult.
.. address sector issues in areas where there is more receptivity to Bank input	The conditions for dialogue on the issues addressed by the AFT report were not difficult.
..address country issues in a regional or global context?	The conditions for dialogue on the issues addressed by the AFT report were not difficult.
<b>Evidence of Ownership</b>	
Is product part of overall AAA program to which the authorities have contributed or agreed?	The product responded to an specific government request on advice on how enhance competitiveness in the face of preference erosion.
Did the client request or commission the specific product?	Yes.
Did the client cover some or all of the costs?	No.
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	The key decision makers, particularly at the Ministry of finance discussed and produced feedback on the product.

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Did a local institute, academy, consulting firm or government agency help to:	
..define the scope of the work?	Ministry of Finance
..plan and design the work?	Government provided input for the design.
..carry out the work?	No.
.. analyze the results and write the report?	No.
.. formulate conclusions and recommendations?	No.
..provide peer review or comments on the draft report?	No.
..organize workshops or discussions about the findings?	Bank presented findings, before the report was completed, at a workshop in Mauritius directed to government officials.
<p>Discussion of Strategic relevance and ownership: Based on the evidence above, summarize and rate the extent to which each AAA product was anchored [in a Bank assistance or partnership strategy in the country, had a well-defined rationale and to which the client was engaged in each exercise. Place the rating in the ratings chart. Discuss reasons for any differences or common features among the products along this dimension. Analyze the reasons for differences and similarities across the products in this country.]</p> <p>The report is rated highly satisfactory on this dimension. The topics addressed by the report were widely acknowledged as development constraints, including in the concurrent CEM, in several IMF reports, and by Mauritius's leadership on economic policy issues. Government ownership of the report was strengthened by the fact that it was the government who commissioned it and helped define its scope and by the fact that it was subject to exogenous shocks (the EU's removal of trade preferences) that needed to be addressed.</p>	
<b>Criterion</b>	<b>Evidence of Technical Quality</b>
<b>QUALITY OF CONTENT</b>	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	The product relied extensively on work that was being conducted for the CEM, work by the IMF, and recent research work on employment in Mauritius.
...cite relevant examples of practice or research from other countries in the region?	No.
...cite relevant examples of practice or research from other regions?	AFT report cited relevant examples of international experience on the Apparel and Textile Industries, targeting resources for the poor, workfare programs, and financial crisis and the poor. Moreover, it used international indicators of offshore attractiveness and of tourism.
...discuss the specific institutional and policy context for the issue in this country?	Yes, the report discussed, for example, the Board of Investment, the institution that granted investment incentives.
...collect and analyze existing local data?	Yes. The report analyzed existing data in several areas (e.g., used existing data to calculate marginal effective tax rates that took into account Mauritius's excessive depreciation allowances)
...generate new evidence?	No.
...include recommendations?	Yes (see next line).
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	The recommendations include: a) moving towards a duty free island by reducing <b>tariffs</b> over a four year period; b) tightening the <b>fiscal stance</b> to reduce pressures on interest rates; c) allow the <b>rupee</b> to depreciate to achieve current account equilibrium and stimulate exports; d) rationalize <b>investment incentives</b> (time-bound, results oriented, simple, rules-based, reported, and monitored) if not removed altogether; e) replacing the complex differentiated <b>corporate tax</b> by a flat 15 percent rate while reducing excessive depreciation allowances; f) encouraging <b>registration of small informal firms</b> by making registration easier as well as a basis for access to finance and exempting them from costly labor regulations, income tax payments and VAT collection responsibilities; g) facilitating the retrenchment of surplus labor and land from the <b>sugar industry</b> as well as the achievement of economies of scale and increased efficiency, liberalizing the marketing of sugar, and reducing the burden of sugar subsidies on the industry; h) improve education and vocational training to facilitate the transfer of <b>textile industry</b> workers to other sectors and facilitate trade (air transport, ports, telecom) to increase the competitiveness of the industry; i) encourage the development of <b>service exports</b> by introducing competition into key input services (telecom, ports, air transport), improving skills building, and facilitating immigration of skilled workers; j) develop the <b>financial services industry</b> by diversifying the sources of its offshore business, enhancing training on finance – related topics, facilitating immigration of skilled finance professionals, improving credit information, maintaining high regulatory standards, and ensure a non-distortionary tax treatment of the financial sector; and k) enhancing <b>worker opportunities</b> by introducing flexibility into hiring and firing while improving targeting of the social safety net, education and training.



Was the product team staffed with the appropriate expertise (incl. consultants)?	The Aid for Trade mission of the World Bank that produced this report was comprised of Richard Newfarmer (leader, macro and tax regime, a seasoned Bank economist with a long experience on macro and trade issues); Paul Brenton (trade and incentive regime; a lead economist with experience on trade issues), Donald Mitchell (agriculture, a consultant with experience on agriculture and trade), and Julia Nielson (services and training; a Bank trade specialist), with statistical analysis from Mombert Hoppe and Martha Denisse Pierola. Several experts provided written contributions that form part of the report: Robert Keyfitz (macro and labor markets), Kalanidhi Subbarao (social safety nets), Richard Stern and Ken McKinsey (marginal effective tax rates), Isabel Neto and Laurent Besancon (telecommunications), Marc Juhel (ports), Noroarisoa Rabefaniraka and Charles Schlumberger (air transport), and Ann Rennie (financial sector).
Did the product receive appropriate managerial attention?	
Did the product receive sufficient budget?	Reportedly there was limited support from the Africa region, which was focusing on other countries. However, given the other ongoing Bank work (the CEM) the assigned budget proved sufficient to complete the task in a satisfactory fashion.
REVIEW OF CONTENT	
Was the draft peer-reviewed by appropriate experts?	The report was not subject to peer review. However, the report benefited from comments from the World Bank's country team for Mauritius, from Leora Klapper (finance) and from Victor Thuronyi (IMF).
Were the peer-review comments taken into account as appropriate?	The report was not subject to peer review.
Was the feedback from the client about the product incorporated into the final version?	The report was first presented in the form of a power point version. There is no record of comments that may have been incorporated into the final report completed shortly thereafter.
Discussion of Technical quality: [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had the characteristics of a high quality knowledge exercise. Place the ratings in the ratings summary.] The report is rated highly satisfactory on this dimension. The Bank used high quality skills that used existing knowledge efficiently with recourse to a moderate budget. Its analyses added value in several areas, including, e.g., the estimation of possible employment effects of the policies it recommended and the estimation of the subsidized marginal corporate tax rates. The quality of the report is held in high regard by the client.	
<b>Criterion</b>	<b>Evidence of Dissemination and Sustained Dialogue</b>
INITIAL DISSEMINATION	
Was the product...	
...made available in the local language?	The report was written in English, not the local language but widely spoken in Mauritius.
...made available on a website?	Report is available only in the Bank's internal website.
...discussed with senior policy-makers?	Main discussion of report took place through a power point presentation prior to completion of the final report.
...presented at a workshop, conference, seminar or on-line discussion?	Main event was the discussion of the power point presentation referred to above. Further discussion of topics took place in the context of the DPLs that followed.
...covered in the general or specialized media?	There is no record of coverage in media.
SUSTAINED DIALOGUE	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	Yes. The Bank conducted policy dialogue relating to the topics addressed by the report and in the context of the DPL series.
...sustained workshops/discussions with stakeholders beyond initial dissemination?	No. There no record of workshops on the report beyond its initial dissemination.
...lending products (Bank and non-Bank)?	Dialogue under the DPL series has covered the following areas (AFT related areas are <b>bolded</b> ): First DPL: (i) <b>reduce primary spending by 0.5 percent of gross domestic product (GDP) relative to 2005/06</b> ; (ii) <b>reduce tax expenditures by 0.5 percent of GDP relative to 2005/06</b> ; (iii) <b>pass legislation to abolish ministerial discretion over tax and duty exemptions</b> ; (iv) use fiscal rules to set budget envelope and strengthen monitoring to ensure allocations to line ministries accord with preset ceilings; and (v) operationalize the Mauritius Revenue Authority to strengthen tax administration. Second DPL: (i) <b>strengthen competitiveness</b> ; (ii) <b>move resources out of declining and into dynamically growing sectors</b> ; (iii) <b>improve the quality and cost of input services such as telecommunications, air transport, and cargo handling</b> ; (iv) <b>strengthen transitional support for displaced workers</b> .

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	<p>Third DPL: begin implementation of the respective parastatal reform action plans, by the Central Water Authority, Wastewater Management Authority, Central Electricity Board, and Sugar Planters Mechanical Pool Corporation, to improve operational efficiency and service delivery.</p> <p>Fourth DPL: (i) preparation of sector strategies for 2009/10 budget; (ii) <b>review the regulatory environment in the ICT sector</b> in line with international best practices and changes resulting from technological convergence for modern competitive ICT markets (iii) improve the investment climate (industry and SME strategy; insolvency legislation); (iv) education strategy; (v) poverty mapping.</p> <p>Manufacturing and Services Development and Competitiveness Project: (i) improve access to quality Business Development Services (BDS) (<b>skills and training</b>, technology upgrading, standards and marketing constraints facing small and medium enterprises); (ii) strengthen institutional and policy support for existing public-sector SME related institutions (rationalization and consolidation of existing <b>public sector SME institutions and programs</b> and establishment of a Monitoring &amp; Evaluation (M&amp;E) unit to evaluate SME programs to strengthen performance and accountability); (iii) increase <b>access to finance to credit constrained SMEs</b> (technical assistance in designing partial risk guarantees and other financial products aimed at catalyzing market finance and in implementation of the new Mechanism for Transitional Support for the Private Sector (MTSP) and SME program.</p>
...technical assistance (formal or informal)?	No.
...programmatic instruments?	Yes, the DPL series.
...other means (please discuss below)?	
<p>Discussion of Dissemination and sustained dialogue [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had dissemination, sustained dialogue and follow-up. Place the ratings in the ratings summary.]</p> <p>The AFT report is rated highly satisfactory on this dimension. Its long shelf life was achieved through relevance, an initial dissemination (in the form of a power point presentation before high ranking officials prior to completion), and through its use, together with other knowledge products, as the basis for the Bank's lending program that followed it, including four DPLs and an industrial competitiveness project.</p>	

## Annex 5: Nigeria – Employment and Growth Study

IEG PAR on Growth Diagnostics in Four African Countries Nigeria – Employment and Growth Study – November 2009										
Product Data										
Vice President	Country Director	Sector Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
Obiageli Katryn Ezekwesili	Onno Ruhl	Sudhir Shetty	Yvonne Tsikata/ Jan Walliser	Volker Treichel	P106472/ESW 51564 –NG/\$560,000	1 Volume/ 222 pages	English	Other Public Sector Study	Employment; Growth; Labor Market, Skills/Trade	Macroeconomics 3 Africa Region (AFTP3)
<b>Background</b>										
<p>Preparation of the 2009 Nigeria Employment and Growth report followed soon after the 2007 CEM had been completed. In fact the 2005 CAS has originally envisaged a Labor Markets report that the CPS update changed into a focus on employment and growth. The report is fairly holistic in that it looks simultaneously at these two closely related dimensions and adds an analysis of skills building as well. It falls short of the current gold standard of employment reports in that it shies away from looking at labor institutions as well as from covering social protection arrangements. The omission of labor market institutions is somewhat surprising in view of the 2007 CEM suggestion that it might be worthwhile to look at Nigeria’s hiring and firing arrangements. Be that as it may, the team apparently concluded that those arrangements were not a binding constraint on employment and focused instead on economic growth and skills building as the triggering fundamentals behind employment growth. The report was completed two years after the concept note was issued in November 2007. It is fairly long. The first chapter is an overview of the five chapters that follow. Chapter 2 looks at the structure of employment, unemployment and earnings, including Mincerian equations. It conveys the basic message that Nigeria’s challenge is to generate good jobs, not just jobs. Chapter 3 discusses how to generate demand growth for good jobs through economic growth by focusing on policies that improve productivity. Chapter 4 conducts a value chain analysis to classify the relevance of key policy areas (e.g., infrastructure) by value chain. Chapter 5 analyses education services delivery to argue for policies that will raise the fit of skills to market needs. And Chapter 6 focuses on trade policy to argue for replacing import bans by low tariffs as a means to better aligning economic incentives on the productive sector.</p>										
<b>Overall Assessment</b>										
<p>All in all, this report gets good marks, although its recent vintage makes the assessment on the results criterion tentative, for not enough time has elapsed following conclusion of the report for major policy changes to take place. Even then, however, the task earns merits for an early engagement of stakeholders and a timely delivery that was aligned with preparation of a key Government policy document, the Nigeria 2020 (meaning Nigeria’s objective of becoming the 20<sup>th</sup> largest economy in the world by the year 2020). Some of the recommendations of the Bank report have found an echo in this document. Although attribution is difficult, the Bank appears to be the main actor advocating clusters and the removal of import bans. On strategic relevance, the report is easily on target, for economic and employment growth and their related policies are not only substantively relevant, but also receive considerable attention from policy makers and the public at large to offer good odds that policy makers take the policy recommendations seriously. The report’s technical quality benefits from good analysis of employment and earnings data, the identification of a broad set of policy areas based on a value-chain approach, a review of the enrollment and outturn performance of educational institutions and an assessment of the smuggling outcomes of import bans. Technical quality is somewhat compromised by presentation. The report is not a easy read for policy makers. The team, however, is utilizing more friendly dissemination techniques (e.g., power point presentations). Engagement and initial dissemination have also been quite good. It remains to be seen whether follow-up remains strong, an area where decay in the Bank’s attention is all too frequent.</p>										
<b>Lessons</b>										
<p>A lesson suggested by this report is that achieving results, as defined in this IEG assessment, requires considerable efforts to have the other three dimensions (relevance, technical quality, and dissemination) right. Bank AAA reports, including the one being reviewed here, normally set as objectives the understanding of particular performance issues and the articulation of appropriate policy recommendations. This is clearly a different bar than the one set in this assessment, which is to have visible results on the ground, in terms of policies, institutional development, awareness, etc.. However, this report is probably exceptional in the considerable effort that it has put into engagement and initial dissemination. Perhaps through this effort it has contributed to strengthen awareness of the issues. But far more dialogue will be needed to really meet the bar of having an impact on the ground, for changing import bans, devising and implementing infrastructure investment, and changing education institutions requires a presence and continuity that goes well beyond initial dissemination.</p> <p>A second lesson of this report is that relevance does not always mean alignment with government policies. In delving into import bans, the report went into risky territory, given the difficult political economy of abolishing those bans. In advocating government policies that take into account the needs of value chains, the report is suggesting a framework for doing things (e.g., infrastructure investment) quite differently. Again this runs a risk that the Government will not buy into it and shelve the proposal. Preparation of AAA reports should be more aware of these bets and make calculated risks as when the Bank assesses the risk that a lending project may fail.</p> <p>A third lesson regards quality. This report deploys good analytical techniques. But it is a very poor read, long and tiring. This reduces the likelihood that potential readers take a good look at it. Finally, the task is a good practice example of dissemination. By bringing in the government, the press, and other stakeholders, the task team has done good justice to the attention that the issues addressed by the report deserve.</p>										

## ANNEX 5

Ratings Summary		
Criterion	Rating	Comments
<b>Results</b>	Satisfactory	Results are satisfactory because the report and its recommendations have found their way into the policy debate, particularly into a draft government development policy document. Policy changes as a result of the report have not occurred yet, but there is some chance that future policy changes will have been informed by its findings.
<b>Strategic relevance and ownership</b>	Satisfactory	The report addresses central performance and policy issues. This is both from the perspective of the strong substantive implications of employment and growth for the welfare of Nigerians but also from the perspective of a fairly strong government attention to those issues and the opportunity that the Bank has seized to contribute to the debate in a timely fashion.
<b>Technical quality</b>	Satisfactory	The report uses conventional techniques (e.g., Mincerian equations) as well as others not as conventional (value-chains) to substantiate its arguments. The report delivers in its objectives of assessing the impact of recent growth performance on employment and developing policies aimed at strengthening the growth elasticity of employment and improving the quality of jobs. Presentation of the arguments is not as good. The draft is heavy and may well discourage potential readers.
<b>Dissemination and sustained dialogue</b>	Satisfactory	The team has been strongly proactive in ensuring initial dissemination of the report. Time will tell whether interest is sustained or whether it decays as in so many other Bank reports.
Criterion	Evidence of Results	
<b>RESULTS INDICATORS: Did product have:</b>		
..results objectives defined at inception?	The February 2008 CPS progress report (para. 33) envisaged that, with the core diagnostic ESW already carried out, the program of AAA would focus on specific analytical and policy areas, which would provide the government with <b>concrete recommendations and policy choices on employment generation and growth</b> , fiscal federalism, child and maternal health, energy tariffs, governance and corruption monitoring and judicial reform.	
..indicators defined at inception?	In defining the objectives of the report, the concept note suggests two indicators: 1. Assessment of impact of Recent Growth Performance on Employment; 2. Development of Policies aimed at strengthening the growth elasticity of employment and improving the quality of jobs.	
..strategy to achieve results?	The concept note indicated it would pursue the stated objectives through: (i) an empirical analysis of the evolution of the labor market since 1999; (ii) a review of the current policies of the government aimed at promoting specific sectors of the economy and the development of a vision and action plan that will promote sustained and accelerated growth and competitiveness of the non-oil economy; (iii) the case for trade liberalization (as exemplified by an analysis of the welfare impact of an Economic Partnership Agreement with the EU and the need for trade facilitation) and (iv) a review of the policies of the government in the area of skills development in the informal sector, in particular with respect to the responsiveness of these programs to labor demand.	
<b>RESULTS ACHIEVED: Did country use findings:</b>		
..in policy law, regulation, or implementation?	Some of the key ideas proposed by the report found echo in the Government's draft planning document entitled Vision 2020. These include: a) the importance of substantially raising the contribution of the manufacturing sector to growth in the context of a outward-looking, export-oriented strategy; b) to this end, the need for targeted interventions in specific geographic areas aimed at value chains with the highest growth and employment potential, including solid minerals, ICT, agriculture and food processing, wholesale/retail and leather; c) the development of clusters that would not only offer better infrastructure (power, transport), but also targeted skills development and bureaucratic facilities, and that way offer a comprehensive and integrated package to attract and support investors; d) the removal of the petroleum subsidy and import bans as key distortions of Nigeria's economic system, bluntly stating that they have been ineffective and should be replaced by tariffs of 10 or 20 percent, a remarkable proposal in view of the fact that such low tariffs had been rejected by the Budget Director as politically impossible; and e) reform of skills development to respond to the needs of sectors with the highest growth potential, endorsing the report's recommendation to use private-sector driven approaches, such as the Innovation Enterprise institutions (IEI). The proposal to replace import bans by tariffs followed a request by the Government for additional analysis of this matter, to which the Bank responded in a separate document (letter) dated May 15, 2009.	

..in design of public expenditure?	The Bank's report probably has budget implications in three areas: a) public infrastructure investment; b) education/training expenditures; and c) tariff revenues. With the Vision 2020 report still under preparation and discussion, its effect on budget design is thus far limited. Indeed, mission interviews of government officials suggest that the 2010 budget about to be approved did not yet incorporate changes in these areas. Further down the road, It will not be easy to align all interests – federal, state, and entrepreneurial – to implement infrastructure investment programs and other policies with the best clustering features. Reassigning/or increasing public expenditures towards vocational training to be provided by public/private partnerships will require changes in education policy on which consensus building is not easy. And finally, substituting tariffs for import bans will be subject to well-acknowledged political economy constraints.
..to raise stakeholder awareness?	The engagement with the government as well as the dissemination efforts that the team has put into place is likely to have raised stakeholder awareness. These efforts are being further leveraged with the likely impact of the report on the Government's planning document Vision 2020.
..to build a coalition for change?	With sustained engagement, dissemination, and dialogue, the report may help align interests in the direction of improving momentum towards change. Its contribution in this regard is to provide a knowledge framework for debate on the policy issues. The replacement of import bans with tariffs is an example. This is a case of win-win action for the government and the public and a loss proposition for smugglers and corrupt officials. By providing analysis and information on the matter, the report may contribute to strengthen the case for those actors that support it.
..to build in-country capacity?	Mission findings suggest considerable institutional challenges in development planning. Nigeria's development agency needs considerable support to improve its role in policy making and implementation. Clustering provides a framework for improving the rate of return on public investment with infrastructure projects targeting the areas where they add the most value. Similarly, the training proposal provides a framework for an education policy better tailored to the needs of the market. In these areas, as in the others addressed by the report, capacity building will face considerable challenges in strengthening the focus of policy makers on the substantive aspects of policy making.
..to influence the donor community?	Members of the donor community are likely to share the report's objective of improving gainful employment generation in Nigeria. The report, probably more than others in the past, takes a fairly holistic approach by considering key dimensions, including macro, investment climate, and education. This may influence donors in placing their own interventions in the broader context of such an approach. The 2010 Bank CPS envisages projects with a bearing on employment such as DFID's and Bank's joint Growth and Employment in States (GEMS) project and USAID projects including MARKETS II and Trade Capacity Development.
..to change institutions	Most if not all of the proposed policy changes involve institutional change: in particular, devising infrastructure investment and skills building policies tailored to Nigeria's comparative advantages requires better development planning and education services than presently available. Establishing tariffs in lieu of import bans requires considerable change in the customs service. The report provides the policy orientation but delves relatively less into institution building strategies.
<b>Did the Bank use the findings in:</b>	
..the design of development policy lending?	The new Bank CSP, issued in 2009, focuses on three pillars - governance, non-oil growth, and human development - , with the second and third closely related to the growth and employment objectives addressed by the report. The CPS also responds to the impact of the financial crisis on Nigeria's economy with a \$500m DPO in 2010. This operation will have a focus on strengthening the banking sector and on increasing government spending that is aligned with the objective of increasing employment growth through faster non-oil growth. In the outer years (2011 and beyond, the CPS envisages a series of State Level DPOs, but these mainly focus on governance.
..the design of Bank lending products	The lending program covers several areas that respond to employment and growth objectives. It includes, for example, Growth, Employment and Markets loan (\$175m for 2010), an Agriculture Competitiveness operation (\$100m for 2011), and a Youth Employment Scheme loan (\$150m for 2012).
..Bank strategy formulation?	The Bank's 2010 CPS borrows extensively from the Growth and Employment Report. It takes up the report's growth and employment strategy (para. 8) that combines infrastructure in support of clusters, investment climate improvements, vocational education, and low tariffs in lieu of import bans. It borrows the approach developed by the report of focusing on the needs of sectors identified with potential for high growth (para. 27) and of reducing protection to help encourage employment generating sectors ( paras. 30, 69, 73 , and 98).
..future knowledge products?	AAA in the Bank's 2010 CSP has links to the issues that the Employment and Growth report addresses. These include ICT policy dialogue, an ICA, agricultural competitiveness, education and skills development, customs reform, and regional integration (Table 9, p.35).
..informing country strategy?	The Employment and Growth is a central piece in informing the Bank's dialogue on country strategy, most particularly on infrastructure investment, skills building, and trade policy.

## ANNEX 5

Is there evidence that results are sustainable?	The relevant question at this point is whether the report will have significant impact on the policy issues that it has identified in supporting growth and skills. Once these happen, sustainability will probably depend on the policy at hand. For example, based on international evidence, a move towards substituting tariffs for import bans is more likely than not to be sustainable over time. Industrial policies would appear to be less tractable and homogeneous and therefore less likely to be sustainable.
MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product's impact on results?	The report is too recent to assess impact. Thus far its main impact may have been on informing on and raising awareness of policy issues with a bearing on growth and employment. There is a strong risk that, like with most other Bank reports, follow-up will decay quickly after the initial efforts, which have been strong thus far.
Discussion of results: Results thus far are that the report and its recommendations have found their way into the policy debate, particularly into a draft government development policy document. Policy changes as a result of the report have not occurred yet, but there is some chance that future policy changes will have been informed by its findings.	
<b>Criterion</b>	<b>Evidence of Strategic Relevance</b>
STRATEGIC RELEVANCE	
Did delivery of product come in time to affect relevant government policy or Bank decisions?	The product was well-timed to a process of development planning policy discussion and design whereby Nigeria is seeking to become the 20 <sup>th</sup> largest economy by the year 2020. This process will result in the new official planning document for Nigeria.
Was topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CSP?	The 2005 CPS indicates a strong concern with employment issues and defines the strategy with reference to official priorities or pillars launched by the Government in 2004 (the National Economic Empowerment and Development Strategy (NEEDS)). The pillars include (i) empowering people and improving social service delivery, (ii) growing the private sector and focusing on non-oil growth, and (iii) changing the way government works and improving governance. The CPS envisaged a AAA on the Labor Market that the 2008 CPS update defined as the Employment and Growth report being reviewed.
..previous AAA?	The 2007 CEM being reviewed in this PPAR identifies some of the employment issues addressed by the report under review. Specifically, the 2007 CEM refers to the high youth unemployment rate, to non-oil growth as a means of increasing employment growth (para. 51), and to economic diversification as means of generating "more sustainable and equitable" employment-based growth (para 73)..
..particular projects (specify)?	Prior to report preparation, the Bank's lending activity included projects that bear some relation to the issues addressed by the report. By way of example, these included the 2005 National Energy Development Project that focused on improving energy infrastructure and the Federal Science & Technical Education at Post-Basic Levels Project that responded to the need for better middle- and higher-level S&T graduates to cater for its non-oil economic growth.
..particular evaluations?	The IEG report entitled "The World Bank in Nigeria 1998-2007 (CAE)" delves into some of the employment issues (e.g., youth unemployment, non-oil sector growth) addressed by the Employment and Growth report. The key relevant point identified in the IEG report is that "(w)hile the sound fiscal and monetary policies of the government in recent years, if maintained, provide a solid foundation for future growth, the supporting structural measures, needed to create sustainable non-oil growth as the engine of future income and employment generation, are not yet in place."
..policy dialogue with clients?	The task team conducted intensive consultations with the Government and other stakeholders that had in all probability identified the key constraints on employment growth that the report analyzes.
..donor coordination for a?	
Under conditions of difficult dialogue, did the product?	
..focus on long-term issues for better receptivity to Bank input	The issues addressed by the report combine short-term and long-term economic policies. There is no sense that it tailored the horizon of policies to achieve better receptivity. In fact, the document has been regarded as an input into the Government's <i>current</i> policy design efforts (the Vision 202 document).
.. address sector issues in areas where there is more receptivity to Bank input	While the report focuses on some areas of possibly greater receptivity (employment growth) than others, the Bank's <i>program</i> also covers governance issues, which are likely to be more difficult. Furthermore, the report addresses the issue of import bans, where dialogue is in fact difficult.
..address country issues in a regional or global context?	The report is quite specific to Nigeria. There is no effort to dilute the discussion into a broader context.

	<b>Evidence of Ownership</b>
Is product part of overall AAA program to which the authorities have contributed or agreed?	The Government was strongly engaged in defining the scope of the report.
Did the client request or commission the specific product?	The report was the result of a shared view with the Government on the importance of employment issues and on the fit of the Bank's program to deal with these issues.
Did the client cover some or all of the costs?	The government provided considerable attention to the task. It did not cover any explicit costs.
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	The task team engaged policy makers at the cabinet level and arranged for seminars with their participation. There is, however, no record of discussion or feedback and mission interviews did not uncover issues that might have been the subject of debate or comment with the team.
Did a local institute, academy, consulting firm or government agency help to:	
..define the scope of the work?	The task team collaborated closely with the Ministries of Labor and Commerce and with the National Planning Commission in defining the scope of the work.
..plan and design the work?	The task team planned and designed the work in consultation with relevant government stakeholders.
..carry out the work?	The task was carried out by the Bank team.
.. analyze the results and write the report?	The task team conducted the analysis and wrote the report. Local institutions did not provide direct inputs.
.. formulate conclusions and recommendations?	The conclusions and recommendations are those of the Bank team, although they reflect the consultations that were made throughout preparation of the report.
..provide peer review or comments on the draft report?	Peer reviewers were Bank staff
..organize workshops or discussions about the findings?	The Bank has been particularly proactive in organizing workshops and dissemination. An important local newspaper helped organize one of these events.
Discussion of Strategic relevance and ownership: The report addresses central performance and policy issues. This is both from the perspective of the strong substantive implications of employment and growth for the welfare of Nigerians but also from the perspective of a fairly strong government attention to those issues and the opportunity that the Bank has seized to contribute to the debate in a timely fashion. The report was anchored in the 2008 CPS update and was designed and planned in close consultation with government stakeholders. had a well-defined rationale and to which the client was engaged in each exercise.	
<b>Criterion</b>	<b>Evidence of Technical Quality</b>
<b>QUALITY OF CONTENT</b>	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	<p>The basic idea of the study is that enhancing the growth elasticity of employment and the quality of jobs will require a coordinated strategy for boosting labor demand and strengthening the responsiveness of labor supply to labor demand. Higher demand for labor will critically depend on the implementation of a strategy to promote sectors of the economy that are likely to be competitive globally as well as on the adoption of a more liberal trade policy. In parallel, a policy framework for skills development needs to be adopted that will allow the labor supply to be sufficiently responsive to labor demand.</p> <p>In terms of growth diagnostics, the report: 1. borrows from 2007 CEM knowledge (technical Annex 1-B: Factor Productivity Analysis) that TFP declined since 1990, with some possible improvement during 2003-04; 2. conducts sector decomposition of growth to conclude prominence of agriculture and wholesale/retail trade as well as the increasing role of services; 3. suggests that growing FDI, remittances, and credit to the private sector triggered the growth of aggregate demand that underlies higher GDP growth, while rejecting the hypothesis that higher oil prices substantially drove the non-oil economy because excess oil revenues were accumulated, not spent; and 4. attributes the dynamic private sector response to the improved predictability of the economic and political environment. In addition, the report makes some use of the Rodrik/Hausmann "discovery" framework of economic growth.</p> <p>The report's omission of an analysis of labor institutions and social protection arrangements may have been an important limitation. In this regard, the 2007 CEM argued as follows. " Consistent with the high level of informality and low productivity, job creation is insufficient: only an estimated 5-10 percent of the estimated 6 million new entrants into the labor market find jobs and wages are low. Youth unemployment (15-29 years) is estimated at about 60 percent. Further research is needed to ascertain whether labor laws strike the right balance between the incentive provided to employers to increase employment by increasing the flexibility to hire and fire and reducing personal benefits on the one hand, and the rights of workers on the other."</p>

## ANNEX 5

...cite relevant examples of practice or research from other countries in the region?	In the section of Free Trade Zones in Nigeria, the report cites the experiences of free zones in Africa to make the point that the success of these zones in improving performance has been mixed as a result of other intervening factors. The section on trade policy cites cross country evidence on “Trading across Borders” from the Doing Business Report for several country comparators in and out of Africa.
...cite relevant examples of practice or research from other regions?	Chapter 3 of the report presents cross-regional comparisons of employment in manufacturing and other sectors to profile the links between growth and sector structure.
...discuss the specific institutional and policy context for the issue in this country?	The institutional and policy contexts are discussed extensively. For example, Chapter 4 discusses at some length the various industrial policy arrangements in Nigeria (tax, trade, and credit) as the context or background for assessing the proposed policy options.
...collect and analyze existing local data?	Chapter 2 of the report uses the Nigeria Living Standards Survey to diagnose employment, unemployment, and earnings. Chapter 5, on skills, analyzes local data on enrollment and outturn. Chapter 3 collects trade data from Nigeria, Niger, and Benin to assess the extent of smuggling as well as data on customs revenues for different countries to establish the comparatively small size of customs collection per staff in Nigeria.
...generate new evidence?	Some of the evidence cited above – e.g., the customs collection data – while not new, was new evidence put together substantiate the analyses and conclusions of the report.
...include recommendations?	
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	The report has recommendations on policies affecting value chains, education and training, and trade policy. Recommendations on trade policy are the most specific, followed by those on skills, and then by those on value chains. There is some limited discussion of actors (e.g., the role played by federal governments, state governments, or the private sector in infrastructure policies).
Was the product team staffed with the appropriate expertise (incl. consultants)?	A qualified and seasoned lead economist (Volker Treichel) with expertise in macroeconomics (Chapter 1) led a team that also included expertise on employment and industry (Francis Teal; Chapters 2 and 3), growth and productivity (Markus Eberhardt, Chapter 3), private sector development (Peter Mousley, Chapter 4), microenterprises and employment (Jorgen Billetoft, Chapter 5) and international economics (Gaël Raballand). Chapter 6). The task also benefited from other expertise covering value chain analysis, agriculture, labor markets, and skills development.
Did the product receive appropriate managerial attention?	The task was assigned to a Lead Economist and had all the support – including budget – of the rest of the country management team.
Did the product receive sufficient budget?	Total task costs amounted to \$415,000 (\$157,000 for labor)
REVIEW OF CONTENT	
Was the draft peer-reviewed by appropriate experts?	Reviewers included Louise Fox (Lead Economist) Foluso Okunmadewa (Lead Social Protection Specialist), Andrew Dabalen (Senior Economist – Labor), Harold Alderman (Adviser – Social Protection), Simeon Eku (Sector Leader – Sustainable Development), John Giles (Senior Economist – Labor); Olatunde Aledoyese Adekola (Sr. Education Specialist); Peter Mousley (Lead Private Sector Development Specialist)
Were the peer-review comments taken into account as appropriate?	By and large, the comments were taken into account. The review meeting agreed to: <b>Overview Chapter:</b> a) emphasize the change in relative prices resulting from a rise in food prices and the improvement of labor productivity in the agriculture sector, reflecting the fact that land use expanded more rapidly than the number of people working in the agriculture sector ( <i>not done</i> ); b) note that the urgency of diversifying Nigeria’s economy and reducing the reliance on oil revenue had significantly risen owing to the current economic crisis, and especially the fall in oil prices ( <i>done, para. 9</i> ); and review the section on access to finance given the impact of the crisis on the Nigerian financial sector and the resulting reduced availability of credit to the private sector ( <i>done, para. 83</i> ); c) clarify that policies should continue to be directed to maximizing Nigeria’s non-oil exports and that positive developments already demonstrated Nigeria’s potential in this area ( <i>not done</i> ); d) add annex with discussion of the methodology for selecting and scoring the value chains ( <i>done</i> ), with chapter 4 discussing this methodology in greater detail (4.5 discusses methodology); and e) elucidate role of agriculture in growth ( <i>there is only a reference to the percent contribution of agriculture to growth in the discussion of Table 1.3 in para 13</i> ). <b>Chapter 2:</b> present analysis of the General Household Survey using appropriate weights ( <i>done, see note to Table 2.1</i> ). <b>Chapter 3:</b> a) revise chapter to direct it more to policymakers and less to an academic audience ( <i>chapter and report overall still read too heavy for a policy maker</i> ); b) remove discussion of evidence on the effectiveness of clusters, which is inconclusive ( <i>done, chapter does not have such a discussion</i> ); c) clarify usage of the words clusters and agglomeration (report can still benefit from further clarification, particularly in para. 280); and d) ensure consistency between the high-priority value chains proposed for further analysis and those discussed in the overview chapter ( <i>there is still some inconsistency between the sectors listed in para. 65 and the sectors discussed in para. 343</i> ). <b>Chapter 4:</b> a) ensure that Chapters 3 and 4 provide a coherent story line, given the similarities of the topics covered ( <i>done, chapters are coherent</i> ); b) incorporate some of the results of the value chain work done so far on some of the agro-processing sectors and link this to the quadrant diagram that is used to identify high potential sectors ( <i>not done; there is only one brief reference to employment creation in agro-processing in para. 362</i> ); and c) provide additional background on methodology and process by which the value chains were assessed and selected ( <i>done,</i>



	<i>section 4.5 covers this</i> ); add more discussion of the Rodrik approach to industrial policy and its instruments ( <i>Box 4.3 does this</i> ), saying more about infrastructure and targeted credit which, together with the investment climate actions, are also recommendations from the value chain work ( <i>Section d of the Chapter covers this</i> ). <b>Chapter 5</b> : no changes. <b>Chapter 6</b> : add adverse effect of import bands on the competitiveness of key value chains with high growth and employment potential ( <i>not done</i> ) and discussion of the political economy of import bans ( <i>not done</i> ).
Was the feedback from the client about the product incorporated into the final version?	The team shared versions of the report with the client and incorporated its comments along with those of the decision meeting discussed above.
Discussion of Technical quality: The report uses conventional techniques (e.g., Mincerian equations) as well as others not as conventional (value-chains) to substantiate its arguments. The report delivers in its objectives of assessing the impact of recent growth performance on employment and developing policies aimed at strengthening the growth elasticity of employment and improving the quality of jobs. Presentation of the arguments is not as good. The draft is heavy and may well discourage potential readers.	
<b>Criterion</b>	<b>Evidence of Dissemination and Sustained Dialogue</b>
<b>INITIAL DISSEMINATION</b>	
Was the product...	
...made available in the local language?	Yes. Local language is English.
...made available on a website?	The report has not yet been made available on a website.
...discussed with senior policy-makers?	The Bank team intensely interacted with policy makers at both inception, preparation, and dissemination
...presented at a workshop, conference, seminar or on-line discussion?	Yes, report was launched and presented at a Town Hall Meeting in Abuja on December 7, 2007, with a discussion moderated by chairman/Editor-in-Chief of THISDAY, a local newspaper, Mr. Nduka Obaigbena, and including Senate President David Mark; Minister of National Planning, Dr. Shamsuddeen Usman; Minister of Agriculture and Water Resources, Dr. Abba Ruma; Minister of Labor and Productivity, Mr. Adetokunbo Kayode; Minister of Finance, Dr. Mansur Muhtar; and World Bank Vice-President for Africa, Dr. (Mrs.) Obiageli Ezekwesili. The event also included a session with a critique of the main conclusions of the EGR chaired by the Former Regional Adviser on Sustainable Development, United National Economic Commission for Africa (UNECA), Prof. George Abalu, as chairman. This session included interventions by Professor of Entrepreneurship, Pan Africa University, Prof. Pat Utomi, on Cluster Development and Industrial Policy; a discussion on Skills Development, chaired by Director-General, National Board for Technical Education (NBTE), Alhaji Nuhu Mohammed; and a discussion of trade policy and import bans led by Prof. Mike Kwanashie of the Department of Economics, Ahmadu Bello University (ABU). (Source Kunle Aderinokun, This Day 7 December 2009.)
...covered in the general or specialized media?	As indicated above, report was covered by "This Day", an important local Newspaper. This coverage was replicated in several other new media.
<b>SUSTAINED DIALOGUE</b>	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	The team used the preparation process as an opportunity for discussion of the policy issues raised by the report. This included discussion of a draft prior to completion in various fora and covered dialogue with cabinet ministers, the National Assembly and other stakeholders.
...sustained workshops/discussions with stakeholders beyond initial dissemination?	Preparation and dissemination has included several workshops, including a poverty conference, a special event with the National Assembly, a meeting with Nigerian Finance Commissioners, and others.
...lending products (Bank and non-Bank)?	Under the 2010 CPS, the Bank intends to provide lending linked to financial sector reforms and other areas linked to employment creation and growth issues. The findings of the report are likely to inform the policy dialogue conducted in relation to those operations.
...technical assistance (formal or informal)?	The Bank already provided some technical assistance in the form of a document analyzing the proposals to replace import bans by low tariffs. Other areas such as clustering policies, agglomeration gains, and market-driven skills building are areas where the Government could tap the Bank for advice.
...programmatic instruments?	The 2010 envisages the possibility of programmatic lending, but specific proposals are not yet spelled out.
...other means (please discuss below)?	
Discussion of Dissemination and sustained dialogue The team has been strongly proactive in ensuring initial dissemination of the report. Time will tell whether interest is sustained or whether it decays as in so many other Bank reports.	

## Annex 6: Nigeria - Competitiveness and Growth

IEG PAR on Growth Diagnostics in Four African Countries									
Nigeria: Competitiveness and Growth									
Product Data									
Vice President	Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
Obiageli K. Ezekwesili	Hafez Ghanem		Victoria Kwakwa	P083658/ ESW 36483 /NG/ \$681,800	3 Volumes/ 269 pages	English	Country Economic Memorandum	Growth	Country Department 12 PREM 3 Africa Region
<p style="text-align: center;"><b>Background</b></p> <p>This was the first CEM produced on Nigeria since the 1996/7, which had a public expenditure focus. After the resumption of Bank lending in 2000 after a hiatus of seven or eight years, the Bank proceeded directly to project activities with no significant analytic work other than an Agricultural Sector Study in 2002. When the new CD took over in 2003, he was acutely aware of the need to build up the Bank's knowledge base. The first priority was to support the new reform team put in place in 2003, but once the outlines of the reform were clear, work was set in motion on a Public Expenditure Review and a Country Economic Memorandum. While these were not driven by the Government they were welcomed as useful inputs into the reform process. The joint Bank/DFID Country Partnership Strategy of 2004 identified support for non-oil growth as one of the core pillars of Bank activity. The Bank still had major knowledge gaps in this area and it was decided to focus the CEM on the support for non-oil growth, using the Hausmann-Rodrik-Velasco approach to identify the major constraints to Nigeria's non-oil growth. The analysis suggested four areas of focus for the study: addressing the infrastructure constraints, particularly the problem of a reliable electricity supply; improving the business environment; improving access to long term finance; and harnessing domestic and international trade for growth. The report is structured around these four areas, with a 22 page Executive Summary including 40 recommendations for action in bullet point form, in Volume I; an extended treatment of the same topics with an initial exposition and a chapter devoted to each constraint in the 135 pages of Volume II, which concludes with a matrix in which the recommendations are divided into short, medium and long-term actions; and a third volume which has mainly brief technical annexes and statistics, but also includes a 22 page sector review of agricultural competitiveness issues. The report was disseminated at meetings with the Government and there was one discussion held with State Ministers of Finance during a visit to Washington.</p> <p style="text-align: center;"><b>Overall Assessment</b></p> <p>The 2007 Nigeria CEM is rated Moderately Unsatisfactory. It is a good quality report which makes good use of an analytical framework to identify key constraints and elaborates sensible recommendations in support of those constraints. It was of great interest to the Government and there was a careful process of consultation on the report concept and during the preparatory process. However, the Report is not presented in a manner that facilitates dissemination; the dissemination effort itself was very limited – the assumption seems to have been that as long as key Government ministers and officials were aware of what it said, that was enough, and the dissemination events were brief and seem to have been more a matter of checking off the dissemination box than a genuine attempt to achieve effective knowledge sharing. Many of these Ministers and officials had moved on however within months of the report's appearance, as had some of the key figures in the Bank team who had been involved in report preparation. There was no systematic follow up to the report and the impact appears to have been limited though it has clearly added to an awareness among government officials of some of the major inefficiencies in areas such as trade and the business climate that need to be addressed. One partner agency justified the report on the drip-drip-drip theory, that one needed a large number of these reports over a long period of time, each repeating the same basic mantra in order to eventually erode some of the resistance in Nigeria to important policy reforms.</p> <p style="text-align: center;"><b>Lessons</b></p> <ol style="list-style-type: none"> <li>1. The Bank needs to consider how it can bring about a closer relationship between growth-focused CEMs and Public Expenditure Reviews. In the Nigeria case there is an absence of any linkage or cross-referencing, yet the quality of public expenditure is one of the key growth issues facing Nigeria. The CEM looks at ICORs but does not attempt to draw a clear message on the need for more efficient public expenditure and its potential impact on growth.</li> <li>2. The Hausmann – Rodrik – Velasco growth diagnostic framework provides a useful way of structuring the document and adds to its coherence, though in a country like Nigeria the key constraints to growth are readily identifiable and not controversial. The framework has more limited value as a predictive tool which could indicate the likely impact of addressing these constraints.</li> <li>3. There is a distinction between consultation (of which this is a very good example), participation, dissemination and follow-up. It would be helpful in future to distinguish these elements more clearly. Consultation is the inter-action between the Bank team, the government authorities and others on the concept, the design, and the drafts of the report, and the degree to which these are reflected in the documents. Participation is actual collaboration with the Government, partners, other institutions and academia, in preparing the output.</li> </ol>									

Dissemination is knowledge sharing on the completed report with these various constituencies and the public at large through the media. Follow-up is the work done after the report to organize further analytic work which builds on this, to incorporate the report's findings into Bank, partner and Government actions. There is scope for designing and budgeting each of these elements separately.

4. Dissemination is too often conceived of as meaning holding a seminar on the grey cover. A broader dissemination strategy is needed from the outside that feeds into the way the report is written, e.g. the kind of summary that is provided relative to the target audiences, and the range of knowledge sharing activities that are to be undertaken also in relation to various target audiences. In a country the size of Nigeria with 36 states, the dissemination strategy also needs to give thought to the regional dimension. In each of say the six geographic regions, the Bank should consider organizing 'core learning partnership' of key stakeholders and opinion-makers who can be brought together say on quarterly basis to participate in knowledge sharing events and provide feedback on Bank analytic work from their perspective.
5. Bank reports need to be made more user-and reader-friendly. The use of bolded initial paragraph sentences that capture the sense of what is in the paragraph should be mandated. It adds enormously to the readability of reports and the speed with which busy readers can assimilate them. One only has to look at the Fund's Article IV consultations to see a best practice model of how to make a technical report readable and accessible to a wider audience. The Bank should move away from the grey cover version of the report for any purposes other than the Board distribution. The reports need to be produced with attractive covers which invite reading and help in the recall and finding of the document. The inclusion of mathematical formulas in the text which are largely designed to show how sophisticated and skilled the author is, rather than make any point of substance or exposition should be relegated to annexes. Annexes themselves need to be re-thought and re-designed with only tables included that are actually supportive of the analysis, and with cross-reference to those annexes. The Nigeria CEM includes in its volume of Technical annexes a very good sector overview of Agriculture, which is not particularly technical and is hidden in the middle of a number of genuinely highly technical pieces, perhaps to ensure that no-one ever discovers and reads it. If it could not be used as an integral part of the report, it should have been extracted and issued as a free-standing note.
6. Follow up is a key phase which is totally neglected at present. By and large the follow up to Bank reports depends on the good fortune of someone being who was involved in the report or read it carefully being in the right place at the right time. This clearly happens from time to time, but it is not a systematic way of maximizing the impact of the report. In the case of the Nigeria CEM for example, where four key growth constraints were identified, (infrastructure, investment climate, long term finance and trade) the Bank could have developed partnership arrangements with suitable institutes or consulting firms to develop strategic action plans for achieving results on the basis of the Bank's recommendations. These institutes could prepare annual public benchmarking studies of the extent to which these recommendations are still relevant to the countries development challenges, whether they have been reflected in government policy or the public statements of ministers, and the various actions that have been taken to implement these proposals. These benchmarking studies could be the basis for a dialogue between the Bank and the Government on the need for further action and the timetable for implementation.

#### Ratings Summary

Criterion	Rating	Comments
<b>Results</b>	Moderately Unsatisfactory	There has been some positive movement in seven or eight out of the 40 recommended areas for action. These were largely areas where the issues were technical in nature with no strong vested interests in preventing movement. Where issues required the expenditure of political capital by the Government there has been little follow up.
<b>Strategic relevance and ownership</b>	Moderately Satisfactory	The report addressed what was certainly an issue near the top of the Bank and Government's agenda, and worked hard both to develop new knowledge in this area, drawing on work done in preparation for Bank lending, and also to propose specific recommendations for follow up. A careful process of up front consultation was designed to try to achieve ownership of the report by Government and civil society. In the event this did not yield the expected results. By the time it was produced it had evolved into a standard Bank report with little or no Government ownership. Had the reform team remained in place, there might well have been ownership taken and follow up, but with the new Government and a more circumspect approach, the issues raised in the report have not had much traction.
<b>Technical quality</b>	Satisfactory	This is a very solid report, with good analysis and sound recommendations. It is well structured with the overview report outlining the key areas of coverage and a main report that expands on the diagnostic and then provides detailed chapters on each area with clear and persuasive analysis. A more selective approach to the recommendations with a clearer focus on the key issues in each area would have helped in follow up.
<b>Dissemination and sustained dialogue</b>	Unsatisfactory	The report is not packaged in a user friendly way. The executive summary of 22 pages may be too long for most Nigerian Ministers and State Governors who should have been encouraged to read it. Using explanatory first sentences in bold for paragraphs would also have increased readability. The dissemination seems to have been minimal and there seems not to have been much press or civil society participation in the dissemination process. Despite the fact that the analysis remains highly relevant, there appears to be little follow up by the Bank, which has not made use of the report and recommendations in its subsequent program design. Distribution of the report in a

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	featureless grey cover does not promote much interest among readers, and few of those interviewed (even some listed within the document as having been on the counterpart team) could remember reading or even receiving the document.
<b>Criterion</b>	<b>Evidence of Results</b>
<b>RESULTS INDICATORS: Did product have:</b>	
..results objectives defined at inception? CAS 2005.	The Bank had a serious deficit in analytic work in Nigeria. The previous CEM was in the late 1990s and the Bank had stepped up lending in the first term of the democratically elected President Obasanjo (1999-2003) without the requisite analytic base. With a new CD and a new Country Partnership Strategy (with DFID) the Bank initiated substantial analytic work and designed the CEM to pull together the strategy which particularly emphasized the growth of Nigeria's non-oil economy. This became the focus of the CEM.
..indicators defined at inception? Report	No specific indicators were identified, at inception, but the report contains 40 specific recommendations for Government action in the various areas it covers. These tend to be the preparation of plans, or process, policy and institutional change, rather than outcomes or even outputs. An important objective of the report was to analyze the core constraints to non-oil growth using the Hausmann –Rodrik – Velasco framework, and to create and share knowledge about the non-oil economy in Nigeria on the basis of this framework, in order to build a consensus around key constraints as a basis for action.
..strategy to achieve results? Report	As indicated above, the strategy was to define constraints with a high level of analytical rigor, so as to provide a framework for follow up action both by the Government reform team and by the Bank itself.
<b>RESULTS ACHIEVED: Did country use findings:</b>	
..in policy law, regulation, or implementation?	There has been some modest progress in certain areas relating to the business environment – progress on leasing arrangements and the spread of fast track courts for contract enforcement from Lagos to Kaduna and Abuja; and in the financial area with the strengthening of creditor rights and the development of a market for long term corporate bonds.
..in design of public expenditure?	Report was intended as a complement to the Public Expenditure Review and did not focus on these issues.
..to raise stakeholder awareness?	This was clearly the intention, but apart from the initial discussions there was little subsequent follow up.
..to build a coalition for change?	As above
..to build in-country capacity?	No evidence that the report had any impact on country capacity despite the substantial counterpart team that was set up to support the preparation.
..to influence the donor community?	DFID played a role in the preparation and review of the CEM and it was welcomed by other donors as well. They have made some use of it in their work on Nigeria.
..to change institutions	Some useful technical steps were taken in various areas related to the business climate and access to long term finance.
Did the Bank use the findings in:	
..the design of development policy lending?	The first development policy lending was undertaken in 2009 and although there was some coverage of the financial area both in the report and the loan, the only overlapping area was the strengthening of banking supervision and this is not attributable to the CEM but to the ongoing Bank financial sector work.
..the design of Bank lending products	Although two Bank projects - the MSME project and the GEMS project both support private sector development and area consistent with the approach of the report, though the TTL claims that the feedback was from these projects to the report and not vice-versa, i.e. that the report benefitted from ongoing work such as value chain analysis, sponsored for the preparation of the projects.
..Bank strategy formulation?	Here the link seems stronger, with the report playing a useful role in cementing the Bank's interest in private sector and financial sector development, and the non-oil economy.
..future knowledge products?	Some of the background analysis has been re-cycled for the Employment and Growth study – in one or two areas the author was the same, so this is probably what is driving the common approach. There is no evidence that the Bank is planning to make any further use of this study in its knowledge products.
..informing country strategy?	The 2009 Country Partnership Report does not refer to the 2007 CEM. The approach is an outgrowth of the strategy defined in the 2004 CPS and the Bank continues to emphasize non-oil growth, but the specifics of the CEM are not reflected in the Bank's strategy.
Is there evidence that results are sustainable?	As indicated, the results are in some relatively minor technical developments and are probably likely to be sustained.
<b>MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product's impact on results?</b>	There was no attempt to go back and look at the results impact of the report, even though the report lends itself to systematic comparisons of the achievements against the list of 40 actions that are proposed. It may be that the lack of interest was partly a consequence of the departure from Abuja of the CD and Senior Economist who had been most directly engaged on the Bank side and the head of the reform team who have been most directly engaged on the Government side.

Discussion of results: Based on the evidence above, and taking into account any self evaluation of the product's results, assess how and to what extent the AAA product affected Bank or client actions.	
<p>The results of the report are rated moderately unsatisfactory. As indicated above, the report identifies a series of actions to address key constraints identified in the growth diagnostic analysis. The follow up on these actions appears to be related mainly to two PSD projects, one ongoing and one already in preparation at the time of the CEM. The CEM was able to draw on value chain analysis carried out on the second of these projects. The report's 40 recommendations are an uneven mix of broad general exhortations, the preparation of action programs, technical steps required in particular areas, and some genuinely significant policy and institutional changes. It would have helped to maintain a clearer distinction between these categories and to focus the recommendations on the last group. The technical recommendations appear to have been followed up in a number of cases, although there is no single case where this can be clearly attributed to the report. The report has contributed in broad terms to Bank staff understanding of this set of issues, largely in those cases where staff continued to work on Nigeria subsequently and were able to deepen their analysis over time. In these cases it has contributed to the Bank's approach, but its more general impact on the Bank was limited, perhaps as indicated because of the departure of the CD and Senior Economist shortly after its completion.</p>	
Criterion	Evidence of Strategic Relevance
<b>STRATEGIC RELEVANCE</b>	
Did delivery of product come in time to affect relevant government policy or Bank decisions?	The report might have had more traction had it been prepared in closer proximity to the preparation of a new CAS. It also does not relate to any government strategy documents.
Was topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CSP?	The growth of Nigeria's non-oil economy was a pillar in the Nigeria CPS.
..previous AAA?	The CEM was designed in part to fill the knowledge gaps in the growth area, so that while it relates in that sense to previous AAA, it does not build on or connect directly to previous work.
..particular projects (specify)?	The CEM linked closely to two Bank projects for PSD, the Medium, Small and Micro enterprise project (MSME) and the GEMS project. The MSME was operational prior to the CEM, while most of the analytic underpinnings of the GEMS, particularly the value chain work had been put in place. The coordination between these projects and the PSD work was close however, but once the CEM was produced and issued, it seems to have stopped there.
..particular evaluations?	No
..policy dialogue with clients?	The interest of the Nigerian authorities in promoting non-oil growth, starting with the President himself, was obviously an important driver of the Bank's work. There was concern that non-oil growth was being promoted through ad hoc and inefficient interventions such as import bans, and that the Bank needed to help put in place a framework of efficient policies that could promote such growth.
..donor coordination fora?	The CEM was prepared jointly with DFID and the cover page includes the names of both institutions. The collaboration with DFID was very good. They participated fully in the dissemination and provided peer reviewers for the report. Other donors were not involved to a major extent. It should be noted however that unlike other African countries, there are relatively few donors present in Nigeria and no formal donor coordination mechanisms other than the Bank/DFID partnership which has since been joined by USAID and the African Dev. Bank.
Under conditions of difficult dialogue, did the product?	
..focus on long-term issues for better receptivity to Bank input	The main volume of the report contains a categorization of the recommendations into short, medium and long-term. The focus of the report is really on the shorter-term steps. There is no evidence that the receptivity would have been improved with a longer-term focus.
.. address sector issues in areas where there is more receptivity to Bank input	In principle the sectors identified are ones where there should have been receptivity, since they are often less controversial, but they suggest that the key is having a reform 'champion' on the government side who can take up these issues and move them forward. The Bank's Public Expenditure Review had much more traction because it's audience and those responsible for follow up were much more clearly identifiable. In the case of the CEM, given the broad coverage there are multiple MDAs involved and only a small part of the recommended follow up relates to each. The report might have tried to re-organize the matrix to indicate more clearly where responsibility lay for each of the steps identified.
..address country issues in a regional or global context?	The report discusses Nigeria's trade potential in the regional context and the need to comply with ECOWAS rules. This falls short of analysis of the potential benefits and costs of ECOWAS for Nigeria however.

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	<b>Evidence of Ownership</b>
Is product part of overall AAA program to which the authorities have contributed or agreed?	The CEM was seen as a useful part of the overall strategy, and there was some initial effort to carry it out collaboratively with a working group set up of counterparts and some studies commissioned from academics and authors. In the event, limited use was made of the working group as a group, rather than just as entry points to the relevant ministry, and it was decided that it would take too much effort and redrafting to incorporate the Nigerian contributions into the report, even as technical annexes.
Did the client request or commission the specific product?	Not specifically though they were aware of it and welcomed the focus on non-oil growth.
Did the client cover some or all of the costs?	No
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	The report was discussed at the senior level, on the basis of prepared statements from ministry officials. The dialogue was strictly between the Bank and each ministry with no cross-discussion and exchange of views among officials.
Did a local institute, academy, consulting firm or government agency help to:	
..define the scope of the work?	There was some consultation with government agencies, but it did not impact the design
..plan and design the work?	No
..carry out the work?	In some areas local consultant were engaged to prepare pieces e.g. on a decision tree, and on binding constraints to growth. However, these were not regarded as being of acceptable quality for inclusion in the report.
.. analyze the results and write the report?	No
.. formulate conclusions and recommendations?	No except in so far as feedback from government was taken into account in revising the report.
..provide peer review or comments on the draft report?	The peer reviewers were mainly from Bank, DFID or external, with limited Nigerian input.
..organize workshops or discussions about the findings?	The Universities of Lagos and Ibadan helped organize discussions on the report in those cities.
<p>{Discussion of Strategic relevance and ownership: Based on the evidence above, summarize and rate the extent to which each AAA product was anchored [in a Bank assistance or partnership strategy in the country, had a well-defined rationale and to which the client was engaged in each exercise. Place the rating in the ratings chart. Discuss reasons for any differences or common features among the products along this dimension. Analyze the reasons for differences and similarities across the products in this country.]</p> <p>The CEM is rated moderately satisfactory on this dimension – satisfactory on strategic relevance, but moderately unsatisfactory on ownership. The Bank had not done a CEM since the return to democracy in 1998 in Nigeria and the preparation of an integrated document that could pull together the knowledge on a country that was still under-studied by the Bank when the CEM began, and identify key gaps for further study, was an obvious need. A PER and a CEM were undertaken on overlapping time schedules, with a division of labor between the two, so that the governance and public management issues could be handled in the first, and the growth and competitiveness issues in the second, with an inter-face on macro-stability, infrastructure expenditures, and the investment climate. This approach formed part of the CPS and DFID agreed on carrying out these studies jointly. The reform team in place from 2003 to 2006 saw these as a useful input into its own work on identifying the critical next steps on public management and non-oil growth. In the light of this, more could have been done to build ownership up front and create an interest in the outcome of the analysis. It was assumed that there would be a great deal of interest in work on this topic, but this lost sight of the fact that the interest was wide but shallow, and that it was difficult to identify clear accountabilities in the growth area and to generate ownership of the analysis. By steering the design into the areas of interest of particular MDAs, the work might have gotten more traction and achieved better results.</p>	
<b>Criterion</b>	<b>Evidence of Technical Quality</b>
<b>QUALITY OF CONTENT</b>	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	The report utilized the Hausmann-Rodrik-Velasco growth diagnostics approach to analyze the constraints to growth and built on this to analyze four areas of focus – infrastructure bottlenecks, access to long-term finance, improving the business climate, and promoting exports. The analysis in each area is approached differently with use of value chain analysis on trade, and a more institutional approach in other sectors, with a fairly technical discussion in the finance section. On the whole though the analysis is persuasive and adds value to the then current knowledge base on Nigeria
...cite relevant examples of practice or research from other countries in the region?	The report includes a two page technical annex on developing effective road maintenance systems in Tanzania.
...cite relevant examples of practice or research from other regions?	There is a four page technical annex benchmarking Nigeria to other oil producing countries. Another annex looks at the worldwide experience on developing infrastructure facilities.
...discuss the specific institutional and policy context for the issue in this country?	There is comprehensive treatment of the institutional and policy context in relation to the four key constraints identified in the analysis.

...collect and analyze existing local data?	The report did not involve any new data collection, but makes extensive use of the existing Nigerian data.
...generate new evidence?	The value chain analysis and some of the trade information is new and very useful.
...include recommendations?	The report includes 40 recommendations.
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	The link between the recommendations and the institutional responsibilities for implementing them is not as clear as it should be. In many cases there are multiple agencies involved in follow up and the report should have clarified the recommendations so that accountability was clearer.
Was the product team staffed with the appropriate expertise (incl. consultants)?T	An extensive team was put together including a number of well qualified counterparts from DFID. The team certainly had the economic skills, but could have used some inputs on the political economy side.
Did the product receive appropriate managerial attention?	As indicated the CD and TTL changed very shortly after the report was completed and this may have affected the follow up.
Did the product receive sufficient budget?	It appears that the budget for dissemination was not adequate.
<b>REVIEW OF CONTENT</b>	
Was the draft peer-reviewed by appropriate experts?	There were suitable peer reviewers, but perhaps there could have been more Nigerian and other African involvement.
Were the peer-review comments taken into account as appropriate?	Yes
Was the feedback from the client about the product incorporated into the final version?	There was very limited feedback from the clients, but insofar as it was provided, clients who were interviewed felt that an effort had been made to incorporate their comments.
Discussion of Technical quality: [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had the characteristics of a high quality knowledge exercise. Place the ratings in the ratings summary.]	
The technical quality of the report is rated Satisfactory. The report is well analyzed and structured. It takes a limited set of core themes and develops them well, with sensible recommendations that follow logically from the arguments. There is a good deal of useful benchmarking with other countries included in the report. The main technical shortcoming is a lack of prioritization of the very large number of recommendations. The technical qualities of the report are judged well by clients and one client in particular, the Economic Adviser in the Ministry of Finance, indicated that he has made use of the report in his own dialogue and the documents he has prepared.	
<b>Criterion</b>	<b>Evidence of Dissemination and Sustained Dialogue</b>
<b>INITIAL DISSEMINATION</b>	
Was the product...	
...made available in the local language?	Yes. Local language is English. Consideration could have been given to producing leaflets in the three principal regional languages however.
...made available on a website?	Report is available in Bank external website and easily retrievable.
...discussed with senior policy-makers?	Discussion was relatively light. A two hour meeting was held in Abuja.
...presented at a workshop, conference, seminar or on-line discussion?	Report was discussed in Abuja and also at the University of Ibadan and with the private sector in Lagos. These were small sessions with about 20 attendees at each and lasted a couple of hours.
...covered in the general or specialized media?	There was some press coverage of the report in Lagos, but none in Abuja or the national media.
<b>SUSTAINED DIALOGUE</b>	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	The consultation process at the concept stage and during preparation was well planned. A counterpart team was set up within the Government, though it seems to have been used more as a source of contact with individual ministries than a forum for discussion and indeed some members of the team could not recall having been on it, though their names are included in the foreword to the report. More useful perhaps were steering groups that included the private sector, with the manufacturers' association prominently represented, and key federal ministries. This team met from time to time during the process including travel to Abuja for meetings. The committee provided good feedback on the key issues. As indicated the policy dialogue appears to have ended with the very limited set of dissemination efforts, except insofar as these important topics are a fairly constant feature of the Bank's dialogue with the Nigerian Government.
...sustained workshops/discussions with stakeholders beyond initial dissemination?	Nothing was done beyond the initial dissemination.

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...lending products (Bank and non-Bank)?	The PSD lending products which were under preparation prior to the publication of the CEM are knocking on many of the same doors as the CEM, but the TTL was not aware of any ways in which those products had been specifically designed or re-designed to reflect the analysis of the CEM.
...technical assistance (formal or informal)?	No.
...programmatic instruments?	The Bank's DPO takes up financial sector issues, but there is no link with the CEM analysis – it reflects separate work done on the financial sector.
...other means (please discuss below)?	
<p>Discussion of Dissemination and sustained dialogue [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had dissemination, sustained dialogue and follow-up. Place the ratings in the ratings summary.]</p> <p>Dissemination and Dialogue are rated Moderately Unsatisfactory. There was no dissemination strategy for the report – a series of ad hoc events. Of course it is impossible to cover four key areas of the Nigerian economy without some subsequent dialogue and follow-up by the Bank on these areas. Thus some of the Bank's PSD lending is following through in areas such as the business climate and trade, and the analytic work carried out for the Employment and Growth Report drew heavily on work that had been done earlier and was extended by the CEM on value chain analysis and trade policy. There was also the good fortune that a former Bank and Fund staff member moved into the position of Economic Adviser in the Ministry of Finance, and was well aware of the Bank's analysis and able to use it in various Government documents and forums. With changes in Bank staffing, the CD and TTL who had been the main driving forces in the report consultation and preparation process left Nigeria and DFID which had participated very directly in the report preparation did not show much interest either in disseminating the report itself, or in pushing the Bank to do so.</p>	



## Annex 7: Uganda – Fiscal Policy for Growth – Public Expenditure Review

IEG PAR on Growth Diagnostics in Four African Countries									
Uganda – Fiscal Policy for Growth – Public Expenditure Review 2007, Report dated June 24, 2007									
Product Data									
Vice President	Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
Gobind Nankani	Judy O'Connor	Kathie Krumm	Dino Merotto	P078025/ ESW 40161-UG/ \$647,400	2 Volumes/ 20/209 pages	English	Public Expenditure Review	Growth; public spending, fiscal sustainability, Infrastructure, taxes	Macroeconomics 2 Africa Region (AFTP2)
<b>Background</b>									
<p>The 2007 Uganda PER marked a shift in the focus of PERs in Uganda financial accountability or fiduciary risk to resource allocation. The previous four PERs the Bank had completed addressed budget reforms (2002 and 2003), public financial management systems (2004), and debt and fiscal sustainability (2006). The shift to resource allocation was motivated by (a) the Government's adoption of a comprehensive Country Integrated Fiduciary Assessment action plan that would be updated and monitored annually; it meant that there was less need for Bank analyses of reforms and systems through the PER, and (b) a recognition that most of the recent public expenditure dialogue with the Government had been on new policies, resource allocations and pressure on the budget and on the Poverty Alleviation Fund (PAF), but without solid analysis to underpin it. Accordingly, with the 2007 PER, the Bank initiated a programmatic set of PERs that would consider resource allocation and efficiency or "value for money issues" in several sectors, beginning with infrastructure and education in the 2007 PER. The objective set forth in these PERs was to provide the Government with input on the annual budget laws and their implementation. The 2007 PER was cast as "fiscal policy for growth", meaning that the composition of public expenditure, the level and structure of taxes, and the fiscal sustainability stance mattered significantly for growth. It had, therefore, a close relationship to the CEM discussed elsewhere in this IEG report, which reviews past growth and identifies current constraints to growth, including infrastructure and financial gaps as well as waste and inefficiencies in public expenditure. Accordingly, the PER recommended to address the backlog of maintenance in roads and water and the causes of slow disbursements in the roads sector, increase budget allocations in those areas, fix losses in electricity and water, encourage parastatal investments in those areas, reduce the share of employee costs in total spending through a reduction of the growth rate of real wages and civil servant numbers and of pension expenditures, reduce waste (fiscal leakages), improve efficiency through better technology, organization, and program selection, and prioritize and efficiently implement a list of high return infrastructure projects.</p>									
<b>Overall Assessment</b>									
<p>The 2007 PER deserves the highest ratings in most dimensions. Its impact of results is visible in the Government's new focus on infrastructure spending, as evidenced readily by (a) higher programmed development expenditures (as a share of GDP) which now appear to be turning into higher actual expenditures as constraints on absorptive capacity are resolved and (b) lower expenditures (as a share of GDP) on wages and other current expenditures. There are also some indications that the PER's efforts to measure and understand teacher absenteeism are having an impact of government efforts to address this complex issue by focusing on the different factors that may be behind it (e.g., inadequate monitoring). The strategic relevance and government ownership of the issues addressed PER is also rated highly satisfactory, for those are issues that had been widely hypothesized by previous lending and analytical activities but not received the systematic treatment afforded by the new PER, and where the government was now being strongly proactive in championing policies to address those issues. The technical quality of the report is rated "satisfactory" because, although expensive, the report benefited from well-chosen techniques to argue its cases, as illustrated by way of example by the rigorous measurement of teacher absenteeism (para. 3.46 of the report). Finally, dissemination and dialogue also deserve a "highly satisfactory rating. The IEG review mission detected that stakeholder awareness and use of the report remains high after more than two years. The Bank's approach to new lending and new PERs is clearly informed by the findings of the report.</p>									
<b>Lessons</b>									
<ol style="list-style-type: none"> <li>The report illustrates the fruitfulness of the idea that fiscal policy matters for growth. The Bank will do well to exploit and develop this idea further in PERs. It is likely to help persuade actors to improve the profile of public expenditures, taxes and tax expenditures, and fiscal balance. The Bank holds a strong niche in preparing PERs. Making them more persuasive products will entail moving beyond cross-country comparisons to country specific inadequacies and link them to growth. This is done in the CEM discussed elsewhere in this IEG report and that feeds into the PER. Accordingly, the PER uses both the cross-country benchmarking and country-specific inadequacies of the energy sector (e.g., the transmission network serving only a narrow area) to prioritize not only needed investments in the sector but also to identify reforms needed in implementing those investments (e.g., delegating to autonomous parastatals and using private participation arrangements). By the same token, these efforts will assess the extent to which the notion of "fiscal space for growth", hotly debated when it first emerged a few years ago, makes sense. The Uganda PER sets new ground in applying this notion.</li> </ol>									

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2. The report shows how the Bank can make use of long-standing ideas to scrutinize them and assess them to establish their validity and policy implications. When the PER was initiated, the notion of infrastructure gaps and of waste and inefficiency in public expenditure was widely accepted. The merit of the PER was not to “discover” these ideas, but to examine and cast them in a rigorous framework and develop their policy implications at a time that the government was willing and ready to act on them.
3. The PER is an excellent illustration of how the Bank can assess “value for money”. It shows how to probe beneath the dry expenditure figures to assess the factors driving real service delivery. It also shows that conducting this exercise probably requires the strong engagement of the agencies responsible for the service delivery, in this case the Ministry of Education.
4. Preparation of the report strongly suggests the importance of dissemination prior to completion. The Task team did well to make presentations of the central ideas as it was preparing the report. Particularly noteworthy were its presentations of the fiscal sustainability templates and well as presentations on the efficiency of primary education. These presentations raised awareness and interest in the content of the report that may well have enhanced its impact on policy making.

## Ratings Summary

Criterion	Rating	Comments
<b>Results</b>	Highly Satisfactory	The report contributed to expenditure policy and implementation; to awareness of the link between expenditure and growth; to strengthening advocacy for a growth-oriented public expenditure policy; to donor policies (DFID, PRSC 7); and to Bank lending and AAA activities.
<b>Strategic relevance and ownership</b>	Highly Satisfactory	The report addressed relevant development constraints that have been recognized as such by stakeholders and by previous CASs, AAA, and projects. The report also benefited with strong engagement with the authorities.
<b>Technical quality</b>	Satisfactory	Although expensive, the report used relevant knowledge, produced new relevant information (teacher absenteeism) deployed a competent and relevant team, benefited from appropriate reviewers and government feedback.
<b>Dissemination and sustained dialogue</b>	Highly Satisfactory	The report is well-known among Uganda’s development practitioners, including government officials, donors and other stakeholders. It is used by the Bank and others in the conduct of their development business and has fed into Bank lending and further AAA, particularly new PERs.
<b>Criterion</b>	<b>Evidence of Results</b>	
<b>RESULTS INDICATORS: Did product have:</b>		
..results objectives defined at inception?	The 2006 PER signaled a strategic shift in the UGANDA PERs. Previous dialogue had focused on whether allocations matched the priorities of the Poverty Eradication Action Plan (PEAP). The 2007 and 2008 PERs were to consider allocative, efficiency and value for money in public spending, with a lighter consideration of financial accountability and expenditure management. Such an approach was aimed at advising the Government and Development partners on how best to incorporate the infrastructure-for-growth agenda into the Budget. (See Dino Merotto’s 10/23/2006 memo).	
..indicators defined at inception? Report	The intention was to develop a programmatic and multi-sector PER, which would pick up major sectors in the coming years, add to knowledge on sector analytics, and feed the Budget, starting with the 2007 budget. The key results indicator would then be the extent to which allocation of public expenditure changed as a result of the PER recommendations. (See Dino Merotto’s 10/23/2006 memo).	
..strategy to achieve results? Report	The initial formulation of the PER was ambitious in that it covered several sectors. It was decided that infrastructure and education would be included in the FY07 PER, but health and agriculture would wait until FY08 for substantive value for money work aimed at generating savings within the budget. Roads will be included in the 2007 PER, following the sector work for the CEM by the transport team. The PER would also focus on fiscal sustainability and “fiscal space” to develop a realistic baseline of public spending given Uganda’s existing policies and plans, and population trends (on-going work between PREM and HD). Sustainability would be assessed in the light of various off-budget obligations and contingent liabilities in energy and the pensions sector, making use of work already undertaken by our financial sector and energy teams. (See Dino Merotto’s 10/23/2006 memo).	
<b>RESULTS ACHIEVED: Did country use findings:</b>		
..in policy law, regulation, or implementation?	The report is likely to have contributed to budget laws that allocated more resources to infrastructure and contained the growth of public expenditures (see next line).	

..in design of public expenditure?	Budget speeches suggest that Government focus on infrastructure increased. References to infrastructure in budget speeches increased from 2 in 2004/05 to 12 in 2005/06, 11 in 2006/07, and 29 in 2007/08 (down to 17 in 2008/09). The Budget law envisaged an increase in “development expenditures” (which include infrastructure projects, although it also includes some wage expenditures) from an actual 5.7 percent of GDP in 2006/07 to a programmed 8.5 percent of GDP in 2007/08, but actual development expenditures in 2007/08 were only 5.6 percent of GDP. Similarly, programmed expenditures for 2008/09 were 7.7 percent of GDP, but actual expenditures are estimated (IMF) at 5.5 percent of GDP. This suggests that absorption capacity constraints may have slowed down implementation of the objective of raising the share of infrastructure in the budget. Nevertheless, the IMF (Dec. 2009 Art. IV) projects and increase of development expenditures to 7.2 percent of GDP in 2009/10.
..to raise stakeholder awareness?	IEG mission interviews strongly suggest that the report’s recommendations were in the minds of stakeholders and, accordingly, that it may well have raised their awareness of the issues raised by the report. In addition, a December 2007 workshop strongly indicated an impact on awareness and policy intentions. The workshop title: “Creating space for Prosperity for All” was consistent with the PER thrust of creating fiscal space for infrastructure. The Finance Minister’s speech was strong on the need for value for money, and each sector was asked to set out their plans to improve efficiency. The Education Minister’s speech was also strong, reflecting most of the Bank’s recommendations for efficiency. The speech had few <i>time-bound</i> actions, but was easily the most focused of the sector responses. The Ministry of Agriculture’s presentation underscored the need for analytic work and dialogue to clarify the role of Government and public spending priorities. The Joint Development Partners’ speech (prepared and presented by DFID, <i>not</i> the Bank this year) also endorsed the 2007 PER messages.
..to build a coalition for change?	The evidence suggests that the PER may have strengthened coalitions for increasing spending on infrastructure and fiscal sustainability and against increased spending on social services, for increased allocations to development expenditures and a reduction in public debt/GDP were accompanied by reduced wage and other current expenditures (as a share of GDP).
..to build in-country capacity?	The PER process provided some technical assistance that resulted in better in-country capacity. An example is the fiscal sustainability template that the task team introduced through a seminar to the Ministry of Finance.
..to influence the donor community?	IEG Mission discussions suggested that donor (e.g., DFIF) operations may have been influenced by the PER (and CEM), particularly by the inefficiency and infrastructure gap issues.
..to change institutions	The PER’s analysis and recommendations had a number of institutional implications. These included a weak government capacity to ensure full delivery of the services that were paid for (e.g., teacher absenteeism); a weak capacity to evaluate and implement investment plans, and weaknesses in tax legislation, governance, capacity and administration. The IEG mission interviews suggested that there are some efforts to improve, e.g., increased monitoring of teacher absenteeism. But required policies, such as delegating responsibility for investment to autonomous parastatals or setting up adequate private participations arrangements for infrastructure are likely to take more time than has elapsed since the conclusion of the PER.
Did the Bank use the findings in:	
..the design of development policy lending?	Some of the prior actions agreed in April 2007 (at about the time the PER was being concluded) for the PRSC 7 are related to PER recommendations. These relate to budget allocation, public sector reform, and education.
..the design of Bank lending products	Other lending products were also influenced by the PER. <b>On roads:</b> The Transport Sector Development Project (FY2010) seeks (i) improved conditions of national road network; (ii) improved capacity for road safety management; and (iii) improved transport sector and national road management. The Transport Rehabilitation Project (FY09) seeks to ) protect the capital investment in, and increase the service life of, selected rehabilitated roads; b) improve maintenance planning and operations of the main road network; c) improve Ministry of Works, Transport and Communications’ capability for project implementation; d) introduce labor-based methods of road maintenance and feeder roads rehabilitation whenever most cost-effective; e) improve Ministry of Local Government’s and District Authorities’ capacity to plan, manage and monitor feeder roads rehabilitation and maintenance; f) improve feeder roads accessibility; g) train, advise and employ domestic small and medium contractors for roads works; h) reorient Uganda Railways Corporation’s management towards commercial operation and promote its financial autonomy. <b>On Service delivery:</b> The Post Primary Education and Training Adaptable Program Lending Project seeks, in addition to enhancing access and quality, to strengthen management, operations, financial management and national assessments. The Local Government Management and Services Delivery (Adaptable Program Loan, FY08) Project aims to strengthen the ability of the ministries, departments, agencies, and local governments to plan and manage resources in collaboration with communities for service delivery. The project includes the following components: support to the public financial management reform program; support to the local government sector investment plans; and institutional and policy support.

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..Bank strategy formulation?	The task exemplified the application of the idea that fiscal sustainability must take into account both fiscal balance as well as the effect of expenditures on growth. An idea that the Bank began to advocate as countries struggled to bring their fiscal accounts to balance.
..future knowledge products?	The approach taken by the PER to “value for money” in Education service delivery is being mainstreamed to Uganda PER’s in other sectors.
..informing country strategy?	The last CAS covered (2005-2009) was designed prior to the PER but signaled some of the areas addressed by the PER. The CAS focused on the areas set forth by the Government’s Poverty Eradication Action Program (PEAP): strengthening the budget process and public sector management; promoting private sector development and economic growth; strengthening governance; improving education and health outcomes; and, promoting the resolution of the conflict in the north, and fostering the social and economic development of the region. Under a high case lending scenario, the Bank would provide additional support would be provided for public investment, especially in roads, regional infrastructure, energy, and community and rural development projects. The next CAS is likely to provide increasing emphasis on the efficiency of service delivery.
Is there evidence that results are sustainable?	Commitment to the ideas set forth by the CAS appears strong and viable. As indicated before, there has been a nascent increase in infrastructure spending as well as increasing awareness shown by actions to improve efficiency in the delivery of education services.
MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product’s impact on results?	The Bank and the Government are both closely monitoring the composition of the budget and the efficiency of service delivery. This includes, for example the budget that is being allocated and effectively spent on roads and the incidence of absenteeism in teacher attendance.
Discussion of results: Based on the evidence above, and taking into account any self evaluation of the product’s results, assess how and to what extent the AAA product affected Bank or client actions.	
The PER is rated highly satisfactory on this dimension. The task had positive results on the country, the Bank, and other institutions in the donor community. On the country, the task is likely to have had an effect on budget laws (the allocation of programmed expenditures), actual public expenditure (the allocation of actual expenditures towards infrastructure), stakeholder awareness (high rate of recollection of the report and of the issues it raised among stakeholders), coalition building (strengthening of the position of those championing infrastructure for growth and fiscal sustainability), and capacity building (through direct Bank technical assistance provided during preparation and from the findings of the report). Similarly, the task gets high marks in terms of contributing to shape country strategy even before the new CAS, influencing new PERs (in their focus on “value for money”), and advocating sustainable actions (substituting capita for current expenditures within a fiscal sustainability framework).	
<b>Criterion</b>	<b>Evidence of Strategic Relevance</b>
<b>STRATEGIC RELEVANCE</b>	
Did delivery of product come in time to affect relevant government policy or Bank decisions?	Delivery of the PER was strategically timed to be an input into Government budget formulations.
Was topic identified as “development constraint or opportunity in:	
.. the relevant CAS/CSP?	Uganda’s 2000 CAS envisaged annual expenditure reviews to strengthen budget processes. The 2005 CAS indicated a broader role played by the PERs, namely to help achieve the CAS objective of macroeconomic stability through bringing about changes in budget performance and monitoring, and contribute to the dialogue on spending priorities to achieve the objectives set forth in Uganda’s 2004 Poverty Eradication Action Plan, which aimed at reducing poverty and inequality, improve human development, and increase GDP growth. In the event, Uganda’s PERs moved from budget reforms (2002 and 2003 PERs) to fiduciary issues (2004 PER) and to resource allocation (in the 2007 PER presently reviewed). However, the 2005 CAS did not specifically anticipate the latter. It envisaged a PER for “Northern Uganda” as part of its “security, conflict resolution and disaster management” pillar. As discussed before, the change in PER focus was signaled by the 2006 PER. Previous CASs had also identified the development constraints addressed by the PER. For example the FY01-03 CAS had identified power and transportation as the two priority sectors for infrastructure improvement.
..previous AAA?	The 2007 CEM, discussed elsewhere in this IEG report clearly signaled the infrastructure gap and inefficiency issues as development constraints.
..particular projects (specify)?	Particular projects had identified PER development constraints prior to the PER. An example is the Uganda – Public Service Performance Enhancement Project in support of the Poverty Eradication Action Plan (PEAP) that highlighted challenges to human resource management in the public sector, including: the disparity in pay between the public and private sectors and between the public sector and autonomous agencies; the excessive use of consultancies in some sectors; inadequate supervision; staff absenteeism; weak management of the payroll and training; and arrears in pension and terminal gratuities. The Uganda – Power Sector Development Operation Project identified the power infrastructure constraint addressed by the PER.

..particular evaluations?	IEG's Uganda CAE for 2001-07 mirrors the PER when it indicates that the Bank could have done more to improve power supply and reduce transport costs.
..policy dialogue with clients?	With all certainty, Bank dialogue with the client contributed to validate PER topics as development constraints.
..donor coordination I?	There is no record of a donor coordination forum that identified infrastructure gaps or pitfalls in service delivery as development constraints. Nevertheless, it is unlikely that donors such as DFID or the ADF were unaware of these constraints, if not of their specificities.
Under conditions of difficult dialogue, did the product?	
..focus on long-term issues for better receptivity to Bank input	The issues that the PER focused on are likely to be resolved only in the long term (i.e., several years). However, they need to be addressed with immediate and sustained policies. Conditions of dialogue did not undermine receptivity to the Bank's focus on those issues.
.. address sector issues in areas where there is more receptivity to Bank input	The PER addressed issues of strong receptivity (infrastructure, service delivery, revenue collection) that interact with an issue of weak receptivity (population growth, which undermines, e.g., revenue collection). This area of weak receptivity did not prevent the Bank from dealing with those issues.
..address country issues in a regional or global context?	The issues addressed by the PER are Uganda-specific.
	<b>Evidence of Ownership</b>
Is product part of overall AAA program to which the authorities have contributed or agreed?	The PER was not part of the program agreed in the 2005 CAS. It was agreed with the Government at a later stage and replaced the Northern Uganda PER that the CAS had envisaged.
Did the client request or commission the specific product?	Preparation of the PER did not result from a Government request,
Did the client cover some or all of the costs?	The Government provided support in terms of information (particularly fiscal data) and feedback, but did not cover costs.
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	Record of comments comes primarily from government technical specialists with which the team conducted an on-going dialogue.
Did a local institute, academy, consulting firm or government agency help to:	
..define the scope of the work?	The Bank team discussed the proposed content of the report in (about) July 2006 (Dino Merotto's memo of 07/18/2006). The task and concept note were discussed extensively in an October/November 2006 Bank mission.
..plan and design the work?	The Bank designed the work partly based on local inputs.
..carry out the work?	The government did not carry out work for the PER. However, it contributed with input as illustrated by the data requirements of the task and illustrated by the public expenditure data that the Ministry of Finance provided.
.. analyze the results and write the report?	
.. formulate conclusions and recommendations?	The report used stakeholder input to formulate its recommendations.
..provide peer review or comments on the draft report?	Ministry of Finance provided comments on final report in July/August 2007.
..organize workshops or discussions about the findings?	The task team has conducted several discussions of findings with the help of power point presentations covering the main areas addressed by the report.
<p>{Discussion of Strategic relevance and ownership: Based on the evidence above, summarize and rate the extent to which each AAA product was anchored [in a Bank assistance or partnership strategy in the country, had a well-defined rationale and to which the client was engaged in each exercise. Place the rating in the ratings chart. Discuss reasons for any differences or common features among the products along this dimension. Analyze the reasons for differences and similarities across the products in this country.</p> <p>The PER is rated "highly satisfactory" on this dimension. The issues it addressed were widely regarded as relevant in the CASs and in previous AAA and projects as well as confirmed in the recent IEG Uganda CAE. Relevance is further strengthened by government interest in issues over which it was ready to act and as reflected on cooperation with the task team, feedback of the findings of the report, and a positive acknowledgement of the Bank's work.</p>	
<b>Criterion</b>	<b>Evidence of Technical Quality</b>
QUALITY OF CONTENT	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	The PER referred to appropriate knowledge on the role of education quality for economic growth and of information to reduce capture of government institutions.

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...cite relevant examples of practice or research from other countries in the region?	Citations of research from other countries in the region cover human capita/equipment factor proportions in sub-Saharan Africa, teacher Incentives in western Kenya, group vs. Individual school incentives in India, and girls' scholarships in Western Kenya.
...cite relevant examples of practice or research from other regions?	Citations of research cover local government's education expenditures in Chile, the relationship between current government expenditures and growth accelerations worldwide, the relationship between education quality and growth, the determinants of taxable capacity (worldwide), and analyses of tax expenditures.
...discuss the specific institutional and policy context for the issue in this country?	There are several discussions of institutional issues. Examples include the need to use private sector participation arrangements and autonomous parastatals to improve implementation of infrastructure investments
...collect and analyze existing local data?	Report relies extensively on information collected from schools to assess the incidence of teacher absenteeism.
...generate new evidence?	Survey of schools firms provided new quantitative information on absenteeism.
...include recommendations?	Report provides recommendations on export/import processes, factors of production, trade infrastructure, public utilities and financial services.
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	The report recommended to: a) Address the backlog of maintenance in roads and water and the causes of slow disbursements in the roads sector, while increasing budget allocations in tandem; b) fixing losses in electricity and water and encourage parastatal investments in tandem. D) reduce the share of employee costs in total spending through a reduction of the growth rate of real wages and civil servant numbers and of pension expenditures; b) reduce waste (fiscal leakages); e) set programs to reduce waste; f) improve efficiency through better technology, organization, and program selection (e.g., expand double shifting in schools and reduce the number of secondary school core courses); g) strengthen the contestability function of the budget; e) prioritize and efficiently implement list of high return infrastructure projects. Relevant factors include, inter alia, the Ministries of Education, of Finance, and of Energy.
Was the product team staffed with the appropriate expertise (incl. consultants)?	The task was led by Mr. Dino Merotto, a seasoned senior economist with prior field experience in accounting, budget policy, and general economics. Mr. Merotto worked with a team that included Mr. Lars Sondergaard, an economist with experience on education policy, a key area addressed by the report. Mr. Sondergaard wrote the main report together with Mr. Merotto. Mr. Paul Mpuga, an economist in Kampala, formerly with Makerere University and with experience on public service delivery in Uganda, collected the data for chapters one and four. Rachel Sebudde, also an economist in Kampala with research experience at the Central Bank in Kampala created the fiscal sustainability template that Mr. Sondergaard further developed and used in the report. Estimates of investment needs were calculated Adam Mugume, a seasoned economist from Makerere University, and Zhicheng Swift, and Bank economist with experience on fiscal issues. Mr. Swift also deployed his experience on tax expenditures for the corresponding material in Chapter 6 (together with Tuan Min Lee, a Senior Economist specialized in Public Policy). Bill Butterfield, a bank Economist (now an officer at USAID) with wide experience on the privatization of infrastructure services in developing countries, provided a background paper for Chapter Five. This chapter also benefited from an analysis of PPPs by Astrid Manroth, a Bank Energy Specialist. Don Winkler, a seasoned Bank economist with a long experience on education issues, provided material for the chapter on the efficiency of education. The survey work for education was designed by James Habyarimana, an economist from the Georgetown Public Policy Institute (Georgetown University) with experience on health and education services.
Did the product receive appropriate managerial attention?	The paper trail suggests considerable delegation, with the bulk of attention coming from the task team, not management.
Did the product receive sufficient budget?	The actual budget (\$647,000), well towards the top of the distribution of Bank AAA tasks. Many other Bank tasks of comparable scope and success make do with lower budgets.
REVIEW OF CONTENT	
Was the draft peer-reviewed by appropriate experts?	Nina Budina, a senior macroeconomist, provided written comments on the concept paper and the decision draft. Linda English, a senior education specialist, provided comments on the decision draft.
Were the peer-review comments taken into account as appropriate?	Comments on the concept note were given by Nina Budina, Harriet Nannayongo (Senior Specialist, Education), Michael Fuchs (Lead Financial Economist, financial Sector), Peter Okwero (Senior Health Specialist, Health), and Karen Rasmussen (MBA, on energy and contingent liabilities). The concept paper review meeting decided to: reduce the scope of the task through a programmatic approach that would address selected sectors at a later stage (done); to shift the focus to fiscal sustainability and expenditure efficiency (done); to identify nascent spending pressures (done, Chapter 4.C) and likely financing sources (4.F); and to recommend policies on fiscal risk management (report only listed those recommendations). Comments on the decision draft were submitted by Nina Budina and Linda English (Senior Education Specialist), Anand Rajaram, Eduardo Ley, and the IMF (Dmitri Gershenson). The meeting agreed to clarify assumptions and to nuance messages (the report reflects these agreements), to limit the discussion of monetary policy to the need to improve its efficiency (not done; minutes of review meeting suggests that discussion of monetary policy was deemed too sensitive); discuss arrears as debt, not as an expenditure trade-off (not done; see para. 4.46); identify risks of raising tax rates rather than widening base (done, in several paras. of

	Chapter 6); recognize the Revenue Authority's ambitious plans (done, Chapter 6) and spell out its medium term-revenue assumptions (done, Chapter 6.C); and state need for slower fiscal consolidation to address infrastructure needs (done in several places of the report) if tax base cannot be reasonably be raised above 16 percent of GDP (report states 16 percent as ceiling; para 6.7, 6.18, footnote 101); highlight spending and institutional measures which would improve efficiency and absorptive capacity in infrastructure sectors (done, Chapter 5); advocate modification to the fiscal strategy in light of the feasibility of improvements in absorptive capacity (not done); present a prioritized summary of the main recommendations for fiscal strategy (done) in fiscal sustainability chapter and executive summary; adjust terminology when describing scenarios to avoid confusion with other exercises, including a table summarizing key macroeconomic and fiscal assumptions underpinning all the scenarios, which will make clear that the MTEF agreed between Government and the Fund is not one of the illustrative fiscal scenarios (done with boxes, not tables; two scenarios are used, one based on historical trends and another based on proposed reforms); be clearer on what was being said about the Poverty Action Fund (done, report clearly states that ringfencing of PAF expenditures undermines efficiency and growth); restructure education chapter, with the methodology section removed to chapter 2 (done), the discussion of outcomes presented up-front (done), provide a summary of recommendations (done in 3.11 and 3.82) and emphasize the point that global research shows education outcomes lead to growth, but the link between education spending and growth is much less pronounced because the quality of education matters so much for growth (done in 3.26).
Was the feedback from the client about the product incorporated into the final version?	The Bank sought feedback from the client throughout preparation and after the report was completed.
Discussion of Technical quality: [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had the characteristics of a high quality knowledge exercise. Place the ratings in the ratings summary.]	
The report is rated "satisfactory" on this dimension. It used appropriate existing global and country specific knowledge; it produced new knowledge particularly in the area of teacher absenteeism; it deployed a team with competencies that were appropriate to the issues addressed by the report; and it was reviewed by appropriate experts that covered macroeconomic, education, and infrastructure. The budget was high compared to Bank standards.	
<b>Criterion</b>	<b>Evidence of Dissemination and Sustained Dialogue</b>
<b>INITIAL DISSEMINATION</b>	
Was the product...	
...made available in the local language?	Yes. Local language is English.
...made available on a website?	Report is available in Bank external website and easily retrievable.
...discussed with senior policy-makers?	The task team presented the PER before policy makers, both of its separate components (e.g., fiscal sustainability, efficiency of primary education) and the final product as a whole. The Government provided comments on the report.
...presented at a workshop, conference, seminar or on-line discussion?	There is no record of a workshop, conference, seminar or on-line discussion after those that were conducted during preparation of the task and presentation of the final product.
...covered in the general or specialized media?	There is no record of media coverage.
<b>SUSTAINED DIALOGUE</b>	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	The Government widely acknowledges the PER as a central product that has guided dialogue with the Bank. By way of example, the PER led to comments on the government's FY08/09 Budget Framework Paper. (Dino Merotto's memo of 05/27/2008)
...sustained workshops/discussions with stakeholders beyond initial dissemination?	PER preparation benefited from a number of workshops, presentations and discussions. By way of examples, the team gave a power point presentation of the PER's fiscal sustainability analysis in March 2007, participated in a Government sponsored public expenditure workshop in May 8 & 9, 2007, and followed up on the discussions of that workshop in June, when the report was finalized.
...lending products (Bank and non-Bank)?	The task has influenced Bank lending on infrastructure and government service delivery, including: the Bank's ongoing PRSC series, which PREM has been leading since 2005; one infrastructure development and two transport sector projects; a post-primary Education and Training project; and a local Government management and Service Delivery Project.
...technical assistance (formal or informal)?	The task provided TA in assessing value for money in public expenditure, measuring inefficiencies in service delivery, assessing fiscal sustainability, and linking public expenditure to growth. By way of example, a March 2008 mission conducted Rmsm-x and Fiscal Sustainability workshop for government officials from the Ministry of Finance.

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...programmatic instruments?	The PRSC, local government, education, infrastructure loans are programmatic instruments.
...other means (please discuss below)?	
<p>Discussion of Dissemination and sustained dialogue [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had dissemination, sustained dialogue and follow-up. Place the ratings in the ratings summary.</p>	
<p>This task is rated “highly satisfactory” on this dimension. It is a report of which stakeholders are well-aware and that is being used in the Bank’s engagement through policy dialogue, discussion of infrastructure, education, and fiscal sustainability issues; and in lending instruments. Preparation of the report also provided technical tools (e.g., fiscal sustainability template) that the government is using.</p>	



## Annex 8: Uganda - Moving Beyond Recovery: Investment and Behavior Change for Growth

IEG PAR on Growth Diagnostics in Four African Countries									
Uganda: Moving Beyond Recovery: Investment and Behavior Change for Growth- Country Economic Memorandum									
Product Data									
Vice President	Country Director	Sector Manager	Task Manager	Project ID/ Type/ Report No./Cost	Number of: Volumes/ Pages	Languages	Document Type	Topics	Unit
Obiageli K. Ezekwesili	John McIntire	Kathie Krumm	Dino Merotto	P090218 / ESW 39221 UG / \$1,377,500	2 Volumes/ 334 pages	English	Country Economic Memorandum	Growth	Country Department PREM Africa Region
<b>Background</b>									
<p>The previous Country Economic Memorandum had been issued in 1995. During the intervening years, the Bank had carried out extensive analytic work on Uganda, much of it relating to poverty, public expenditure and social sector development in the context of the PRSP process and the substantial donor funding being provided to Uganda through the budget support mechanism. While Uganda's social programs were considered to be highly successful, with the achievement of Universal Basic Education and many of the MDGs well on track, there was increasing concern about the prospects for economic growth given the slow-down which had taken place between 2000 and 2005 relative to the 1990s. This was also linked to broader concerns in Africa about the need for increased emphasis on growth and the use of the Hausmann-Rodrik-Velasco growth diagnostic framework as an analytic tool for identifying binding constraints in many countries. Immediately prior to the preparation of the CEM, the Ugandan PEAP (Poverty Eradication Action Program – the Poverty strategy) had been published. It concluded that, given the need for continuing support for the social sectors, and for continuing fiscal discipline, there was limited scope for expanding growth-related expenditures, particularly infrastructure. At the same time the declining growth rate was leading to concerns both in Uganda and among the donor community that Uganda needed a 'second wave of reforms'. In the IMF's view at the time, Uganda was at a 'crossroads'. In the Bank's view, Uganda had already put in place almost every conceivable policy reform and there was little likelihood that further tinkering with the incentives' system was going to produce the acceleration needed. This was a matter for serious concern given that Uganda's population growth was amongst the highest for any country. The analytic work already undertaken put the Bank in a strong position in carrying out the work for the CEM. In addition the close relationship the Bank had built up with the Ministry of Finance was critical in securing access and ensuring effective dissemination of the report and its key messages. The report was extensively disseminated both among Ugandan officials and public, and also to the donors.</p> <p>The CEM consists of two volumes. Volume I is a rather lengthy Summary and Recommendations with 53 pages of text. It concludes with 59 recommendations drawn from the detailed sector chapters in the second volume. The second volume is a series of 20-40 page papers on different aspects of Uganda's growth, which is structured to build up from a broad description of past growth trends and their impact, with particular emphasis on the agricultural sector (chapters one and two); then moving to the growth diagnostic framework and the results of the analysis of binding constraints which identifies the lack of infrastructure as the key constraint. The presentation then takes a forward looking view of how fiscal space can be made for the infrastructure investment needed for sustaining growth and the supporting policy and institutional implications in chapters covering public expenditure, trade policy, infrastructure, and the financial sector.</p>									
<b>Overall Assessment</b>									
<p>The Uganda CEM is a very high quality document which is generally viewed (by the Bank, Government and donors) as having had a major impact on the Government's resource allocations and the pattern of donor support. The fact that it was followed up by a series of Public Expenditure Reviews in which the Bank put in place the follow-up analysis needed to identify the specific areas in which efficiency gains could be achieved in the social sectors and agriculture which could increase the fiscal space available for infrastructure investment is a particularly strong feature of the Bank's analytic work in Uganda. The report uses a variety of sophisticated analytical tools to underpin its conclusions, including growth diagnostic analysis, a CGE model and fiscal and debt sustainability analysis. Another notable achievement of the report was to open up some space for a dialogue on population issues. Uganda has one of the highest rates of population growth in the world, yet with the President emphasizing the need for a large domestic market as an engine of growth, family planning has been a taboo subject. By providing comparative information showing that Uganda has the world's highest dependency ratio and referring directly to the 'population time-bomb' the report has led many policy-makers to sit up and take notice. Inevitably with a large and comprehensive study there are areas where the analysis is less convincing. The agriculture and financial sector chapters, while very good on the broad descriptive materials, especially given the lack of reliable data on the agriculture sector, are ambivalent on the follow up that is needed and are somewhat inconsistent in their treatment of the demand for agricultural credit. This said, there was quick follow up by the National Bank on the recommendations for the financial sector and increased financial access for small and medium enterprises. Overall the report seems excessively fascinated by the risks of Dutch disease in Uganda through expanded infrastructure investment supported by donors, especially given the fact that it judges that large levels of past donor support for investment in the social sectors with very low import content, had not led to appreciable pressures of this kind. The recommendations in the report are both excessive in their number and in most cases are too vaguely framed to be actionable – with frequent use of terms such as 'strengthen, improve, or sustain', and the absence of a clear results framework for assessing achievements. This said however, the report contributed to a sea change in the assessment of the key Ugandan officials and the donors of the priority for increased focus and expenditure on infrastructure if growth was to be maintained, and resulted in a major step up in allocations for transport in the following budget, as well as shifts in most donor programs to accommodate increased focus on growth and infrastructure.</p>									

## ANNEX 8

### Lessons Learned

1. Recommendations need to be carefully thought through and presented. Where these are in the nature of broad exhortations rather than specific action oriented proposals, they should be packaged separately and defined as areas of priority going forward, with appropriate cross-referencing to the detailed discussion in the text. Where recommendations are specific, the summary needs to be clear as to what they are intended to achieve. The relevance of some of the detailed financial sector recommendations in the Uganda CEM for example is unlikely to be obvious to a senior official not directly involved with the sector.
2. While preferably CEMs should not take more than a year to complete, where this is done it is useful to plan for a presentation of preliminary conclusions after six months through a power point presentation which can be given to Bank staff, government officials, civil society and donors. This has both the advantage of bridging the delay between concept and full draft document which is usually about a year (with another six month for Board distribution after the draft is distributed), but also getting early feedback for the team on where the supporting logic has to be strengthened, or there is likely to be pushback on political economy grounds. It should also increase the interest in reading the final report.
3. The Bank needs to revisit the practice of bundling together sectoral chapters, which are not on the critical path of the analysis, into a CEM. This is not an adequate substitute for proper sector work, often reflecting analysis by one or two people without preparatory surveys or data preparation being put in place. It adds to the cost of the CEM with, in many cases, very little addition to the benefits.
4. The Uganda CEM illustrates the benefits of having well-qualified and thoughtful peer reviewers – in this case there were a number of valuable suggestions made by the peer reviewers that were followed up by the team. One question is whether the peer review group should systematically include a country national.
5. The question of ownership of CEMs is an interesting one in the context of the Uganda CEM. In the particular case, the fact that this was very clearly seen as a Bank CEM, gave credibility to the key messages which might not have been the case had it been seen as a document heavily influenced by various groups within Uganda. In cases like this, country ownership needs to be assessed in the context of whether the country took ownership of the key messages after the fact, rather than the degree of involvement and ownership during the preparatory process.
6. While not a particular feature of the Uganda case, a point worth making is the importance of new economists coming into the country assignment ‘owning’ the Bank’s past economic work in the country. The point needs to be made to new staff coming on board that from a country perspective the work does not begin anew with their arrival. They do not need to put their mark on the work by the authorship of a new CEM. In the Uganda case the CEM was appropriate and built very effectively on previous Bank work. In some other country examples this was not done well and the CEM was essentially not used by the new team.

### Ratings Summary

Criterion	Rating	Comments
<b>Results</b>	Highly Satisfactory	The report is seen in Uganda as engineering an important shift in priorities for the Government, Bank and donors.
<b>Strategic relevance and ownership</b>	Highly Satisfactory	The timing was right – Uganda was looking for some new inspiration and the report provided it. As explained above, there was ownership of the key strategic thrust of the report.
<b>Technical quality</b>	Highly Satisfactory	The core macro analysis of the report is outstanding, and the overall sophistication, quality and obvious care over the presentation undoubtedly merits an HS rating, despite the inclusion of some weaker sectoral chapters.
<b>Dissemination and sustained dialogue</b>	Satisfactory	Everyone the mission met with was aware of the report and the key messages on the need for expanded infrastructure and financial access to support growth and private sector development. While little was retained beyond these headlines and a general sense of the quality and importance of the report, this is a good deal more than is the case for most Bank reports three years down the road. There has however, not been systematic follow up on the rest of the 59 recommendations included in the report except in cases such as the financial sector and public expenditure where follow up analytic work took place.
<b>Criterion</b>	<b>Evidence of Results</b>	
RESULTS INDICATORS: Did product have:		
..results objectives defined at inception? CAS 2005.	The concept note is unusually detailed, but there is no formal set of results objectives. Arguably this is less relevant for a CEM where the results objectives should be defined once the report is completed. At the outset the results are really to generate discussion and follow up on the actions that will be defined as a consequence of the analysis.	
..indicators defined at inception? Report	As above the definition of a set of indicators is not viewed as essential for a CEM	
..strategy to achieve results? Report	There is evidence of a strategy based on the use of key analytic tools, some of which would be made available to the client to use and for extensive dissemination through periodic power point presentations.	

RESULTS ACHIEVED: Did country use findings:	
..in policy law, regulation, or implementation?	
..in design of public expenditure?	A major result was the increase in allocation of public expenditures for infrastructure
..to raise stakeholder awareness?	Critical in building a consensus among government and donors on the need for expanded infrastructure investment
..to build a coalition for change?	See above
..to build in-country capacity?	Limited use made of local institutes – the EPRC could have been more effectively deployed in carrying out supporting analysis.
..to influence the donor community?	Very important – most donors have adjusted their programs to increase support for infrastructure especially through TA
..to change institutions	Some impact through the follow up in the Bank lending plan and in the use by Government of the fiscal sustainability analysis.
Did the Bank use the findings in:	
..the design of development policy lending?	Some impact though the DPLs focused mainly on the social sectors.
..the design of Bank lending products	Parallel shifts took place in the Bank lending program towards increased infrastructure – the shift might have taken place even without the CEM, but the CEM provided an important justification and probably influenced the scale of the shift at the margin.
..Bank strategy formulation?	The strategy led to an important redirection in the Bank’s strategy – so much so that it seems to have generated a backlash among the staff working on poverty and social development who are concerned that the long-standing Bank support for these areas may diminish.
..future knowledge products?	An important focus, not just on the level of public expenditures, but increasingly on its efficiency at the sectoral level with a program of sector specific PERs in education, health, agriculture and infrastructure, which have had substantial impact.
..informing country strategy?	See above
Is there evidence that results are sustainable?	The Government, Bank and donors are now more aware of the need for a balanced approach that links growth with social development and poverty reduction. This is likely to be Uganda’s strategy going forward.
MONITORING OF RESULTS IMPACT: Did the Bank or client assess the product’s impact on results?	Only in respect of the headline issues of public expenditure allocations and efficiency. Much more is needed on the many other recommendations of the CEM.
Discussion of results: Based on the evidence above, and taking into account any self evaluation of the product’s results, assess how and to what extent the AAA product affected Bank or client actions. The impact of the Uganda CEM is rated highly satisfactory. It is rare for a Bank report to be so widely acknowledged as having contributed to a major shift in the development dialogue inside and outside the Government, and directly to allocation of public resources and to measures for increased efficiency, as in the case of the Uganda CEM. The clear over-arching messages of the report seem to have dominated some of the more detailed recommendations in other areas, though the Central Bank took steps to follow up on the financial sector recommendations. Some of the other recommendations are being addressed in the context of follow up analytic work so that there may still be further impact from the CEM.	
<b>Criterion</b>	<b>Evidence of Strategic Relevance</b>
<b>STRATEGIC RELEVANCE</b>	
Did delivery of product come in time to affect relevant government policy or Bank decisions?	Overall timing was appropriate, though as with most CEMs the time lapse between concept document and draft report was very long. The recommendations were however discussed during the course of report preparation and since their implications were taken into account in the Government budget.
Was topic identified as "development constraint or opportunity in:	
.. the relevant CAS/CSP?	The CAS was prepared slightly before the CEM though there was some overlap. It is dated December 2005. The CAS mentions infrastructure in passing as important for growth in the course of its 150 pages, but in no sense is this treated as a priority. The objectives for the Bank insofar as they relate to Infrastructure emphasize rural infrastructure (electrification and rural roads projects were planned). The key importance of infrastructure in relation to trade and export-led growth is only lightly touched on and the proposals relate mainly to investments at the regional level in promoting transit through Kenya. This underlines the importance of the CEM in the changes it implied for the Bank’s own thinking. The program was heavily invested in the social sectors, with evidence that except for tertiary education the returns to these expenditures were low and unlikely to rise without higher growth rates overall.
..previous AAA?	This was a new direction for Bank AAA –with the focus on analyzing the linkages between infrastructure needs, efficiency and fiscal space
..particular projects (specify)?	Infrastructure lending and AAA was expanded
..particular evaluations?	
..policy dialogue with clients?	Became the centerpiece of the policy dialogue
..donor coordination fora?	Was a focus of discussion among the donors

## ANNEX 8

Under conditions of difficult dialogue, did the product?	
..focus on long-term issues for better receptivity to Bank input	The product underlined what had been an excellent long-term relationship with the Government and in their view affirmed the continuing value-added of the Bank's knowledge work.
.. address sector issues in areas where there is more receptivity to Bank input	The report raised the possibility of a dialogue on population growth which is much needed in Uganda and where the Bank had been uncomfortable in taking a firm line due to political sensitivities
..address country issues in a regional or global context?	The paper provides a great deal of regional and global benchmarking which was a powerful stimulant to discussion and debate in Uganda
<b>Evidence of Ownership</b>	
Is product part of overall AAA program to which the authorities have contributed or agreed?	Agreed in the CAS which was closely consulted with the client.
Did the client request or commission the specific product?	Not applicable for a CEM
Did the client cover some or all of the costs?	No
Did the key decision makers (as distinct from technical specialists) collaborate with, discuss or provide feedback on the product?	Yes there was regular consultation with the Ministry of Finance in particular in the course of preparation of the report.
Did a local institute, academy, consulting firm or government agency help to:	There was some consultation and comments by the Economic Policy Research Council associated with Makerere University, which is the appropriate group for this, but it is somewhat surprising that they did not play a more effective and direct role in the report. Indeed the Bank should consider preparing future reports in partnership with EPRC.
..define the scope of the work?	
..plan and design the work?	
..carry out the work?	
.. analyze the results and write the report?	The EPRC did carry out some work on public expenditure in agriculture which was associated with the subsequent PER analysis and grew out of the CEM, but the Government disagreed with the findings and the Bank seems to have been reluctant to invest more money in refining the product or making it more acceptable or convincing.
.. formulate conclusions and recommendations?	
..provide peer review or comments on the draft report?	
..organize workshops or discussions about the findings?	
<p>Discussion of Strategic relevance and ownership: Based on the evidence above, summarize and rate the extent to which each AAA product was anchored [in a Bank assistance or partnership strategy in the country, had a well-defined rationale and to which the client was engaged in each exercise. Discuss reasons for any differences or common features among the products along this dimension. Analyze the reasons for differences and similarities across the products in this country.] The strategic relevance of the report is rated Highly Satisfactory. The issue of ownership does not arise with a CEM. On the contrary the credibility of the report was enhanced by the fact that it was not seen as a Government product designed to make a case for increased infrastructure investment. The fact that it came from the Bank which had been a major supporter of the heavy focus on health and education of the past, greatly enhanced the credibility of the messages. It was the right set of messages at the right time and the fact that the Bank subsequently mounted PERs in key sectors to identify fiscal space for expanded infrastructure activities was enormously important. The report was well timed in that there was increasing concern that the Ugandan 'miracle' was running out of steam and that growth rates were falling perilously close to the high rate of population growth. The report reassured the doubters, through its analysis of past growth and its finding that given terms of trade shifts, the growth rate had held up rather well. It also provided reassurance that while Uganda needed to continue to fine-tune its approaches and increase its efficiency, no major new policy initiatives were required, but that lack of infrastructure and financial access were becoming increasing constraints to private sector development and needed to be addressed by the Bank and donors, and that fiscal space needed to be created to do this in a non-destabilizing manner.</p>	

Criterion	Evidence of Technical Quality
<b>QUALITY OF CONTENT</b>	
Did the product...	
...include appropriate knowledge (i.e. make use of current and relevant knowledge from both inside and outside of the Bank)?	State of the art technically and in terms of the extensive use made of various sources of knowledge on growth issues
...cite relevant examples of practice or research from other countries in the region?	Extensive examples of practice and benchmarking against regional comparators. Given the critical importance of the East Africa region to Uganda, the CEM provides explicit discussion of regional trade and transport issues.
...cite relevant examples of practice or research from other regions?	In addition to East African and other African examples, the report makes good use of broader comparisons with other regions
...discuss the specific institutional and policy context for the issue in this country?	The report is somewhat thinner in this area. The issue of why the infrastructure ministries had failed to make use of even the modest budgets allocated to them in the past is continuously referred to in the text but the analysis of this important question is inadequate.
...collect and analyze existing local data?	The Bank has been extensively involved in data issues in Uganda. The continuing weakness of the agriculture data, perhaps should have led to deferring this section of the report until a better data collection mechanism was in place.
...generate new evidence?	The growth diagnostic contained useful new analysis as did some of the work on new product discovery
...include recommendations?	As indicated there are 59 recommendations
Do the recommendations include specified actions to be taken by specified actors (incl. non-Bank)?	As indicated while some of the recommendations are specific and actionable, many others are expressed in very vague terms and are expressions of the importance of doing more in particular areas. The presentation of the recommendations is one of the least satisfactory features of the exercise.
Was the product team staffed with the appropriate expertise (incl. consultants)?	The team seems to have been adequately staffed. In this particular case increased focus on political economy might not have been particularly useful given the dominance of the President in decision-making in Uganda. However, some greater political economy focus on the behavioral issues, including governance and anti-corruption might have helped – especially since this is part of the title of the report.
Did the product receive appropriate managerial attention?	Managerial review appears to have been adequate
Did the product receive sufficient budget?	The real question is whether the budget was excessive and whether the team should not have been put under a harder budget constraint and forced to make some choices on coverage and timing. This said, the product certainly delivered value for the money.
<b>REVIEW OF CONTENT</b>	
Was the draft peer-reviewed by appropriate experts?	Exceptionally strong team of peer reviewers, including Paul Collier who ideally and unrealistically should be peer reviewing every African CEM.
Were the peer-review comments taken into account as appropriate?	Peer review comments were carefully taken into account; Peter Watson's proposals for enhanced infrastructure zones seems to have been taken up as an important recommendation by the authors.
Was the feedback from the client about the product incorporated into the final version?	Less clear. The emphasis of some of the client comments on behavior and governance issues did not lead to any significant shifts in the approach.
Discussion of Technical quality: [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had the characteristics of a high quality knowledge exercise. Place the ratings in the ratings summary.] Technical quality is rated highly satisfactory. This is an exceedingly well analyzed study that provides very convincing support for its arguments. There are some questions about the focus on Dutch disease issues, but overall every part of the analysis is sound, underpinned by effective use of data and sophisticated analytical tools. The presentation of the first volume is very clear, but this said, the lack of a brief summary encapsulating the key messages is a weakness, although the Country Office later provided a summary piece to be circulated with the main report.	

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Criterion	Evidence of Dissemination and Sustained Dialogue
INITIAL DISSEMINATION	
Was the product...	
...made available in the local language?	Yes. Local language is English.
...made available on a website?	Report is available in Bank external website and easily retrievable.
...discussed with senior policy-makers?	This was a strength. The report's findings reached the President himself.
...presented at a workshop, conference, seminar or on-line discussion?	There were a number of dissemination events at which the report was discussed though these do not appear to have left a very deep impression among the participants other than the headline messages. Some feedback suggests that the power point presentations were excessively long and complicated.
...covered in the general or specialized media?	There was extensive media coverage of the report
SUSTAINED DIALOGUE	
Did the product serve as an input to a sustained engagement with the client through...	
...policy dialogue?	The report continued the excellent ongoing policy dialogue with Uganda's Ministry of Finance in particular
...sustained workshops/discussions with stakeholders beyond initial dissemination?	No, except for the headline findings on infrastructure and financial access.
...lending products (Bank and non-Bank)?	The product is an important input into the upcoming CAS
...technical assistance (formal or informal)?	There was increased technical assistance in the key areas identified by the report, but the most important contributors to sustained dialogue were the series of AAA products related to sectoral public expenditures.
...programmatic instruments?	The Bank does not have a general budget support instrument in Uganda – specific budget support is provided at the sector level
...other means (please discuss below)?	
<p>Discussion of Dissemination and sustained dialogue [Based on the above evidence, and taking into account any client feedback, assess and rate the extent to which the product had dissemination, sustained dialogue and follow-up. Place the ratings in the ratings summary.]</p> <p>Dissemination is rated Satisfactory. At the time of production of the report, considerable dissemination took place, well above the average of Bank efforts in this regard, though not at the level of the Ghana CEM which was the subject of a four day retreat of Government officials and the Bank's country team. As indicated above, this succeeded in fixing the headline issues of the report in the government and public consciousness. Sustained dialogue and follow up is a weakness of all Bank reports. There is no ex post explicit monitoring framework that can provide for follow up of the CEM. In this case however, the series of sectoral PERs provided a good follow up framework for the analysis of the CEM. It would be useful to try to revisit the recommendations of the CEM at this juncture and to understand what has and what has not been taken up and the reasons.</p>	

**Annex Table 1: Ghana - Selected Growth-Related Variables and Indicators**

<i>Year</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Per Capita GDP growth	1.2	1.6	2.1	2.8	3.2	3.6	4.1	3.9	4.0
Per Capita GDP (Percent of SSAfrica PPP average)	67.5	67.8	68.7	69.0	68.5	68.6	68.7	68.6	69.3
Investment (Percent of GDP)	24.0	26.6	19.7	22.9	28.4	29.9	30.4	33.8	36.2
Private	14.8	13.8	13.6	14.0	16.0	17.9	18.0	19.5	20.5
Public	9.2	12.8	6.1	8.9	12.4	12	12.4	14.4	15.7
FDI (Percent of GDP)	3.3	1.7	1.0	1.8	1.6	1.4	5.0	6.5	..
Saving (Percent of GDP)	5.6	7.0	7.4	7.0	7.3	4.9	5.7	7.6	5.6
Exports of GNFS (Percent of GDP)	48.8	45.2	42.6	40.7	39.3	32.4	36.0	33.7	36.8
Import of GNFS (Percent of GDP)	67.2	64.8	54.9	56.6	60.4	57.5	60.7	60.2	63.2
Terms of Trade (2000=100)	100.0	103.6	120.3	127.8	113.2	95.7	99.4	99.7	107.9
Unemployment	..	..	..	..	..	..	2.3	..	..
Government Debt (Percent of GDP)	..	..	..	118.8	93.4	77.1	42	51.2	58.2
Inflation	25.2	32.9	14.8	26.7	12.6	15.1	10.2	10.7	16.5
External Debt (Percent of GDP)	126.6	121.9	115.4	101.5	81.5	64.0	25.4	29.9	25.1
Gross International Reserves (Months of Imports)	0.9	1.2	1.9	3.2	3.3	2.7	2.7	2.7	2.2
Electric Power Consumption (Kwh Per Capita)	331.1	338.0	315.6	234.0	235.5	260.8	311.9	..	..
Roads (KM)	39,409	46,179	..	47,787	54,311	57,614	..	..	..
Roads (% Paved)	29.6	18.4	..	17.9	..	14.9	..	..	..
Telephone Lines (x100)	1.1	1.2	1.3	1.4	1.5	1.5	1.6	1.6	0.6
Internet Users (x100)	0.2	0.2	0.8	1.2	1.7	1.8	2.7	3.8	4.3
Improved Water Source (% POP)	72.0	..	..	..	..	..	80.0	..	..
Secondary Enrollment	31.9	30.4	32.0	33.0	35.8	36.7	38.9	44.9	..
Life Expectancy at birth	57.7	..	57.1	..	..	56.7	56.6	56.5	56.8
Population Growth	2.4	2.4	2.4	2.3	2.3	2.2	2.2	2.1	2.1

*Sources:* World Bank World Development Indicators and IMF Article IV Reports.

**Annex Table 2: Mauritius - Selected Growth-Related Variables and Indicators**

<i>Year</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Per Capita GDP growth	3.0	4.4	1.8	2.1	3.8	3.7	2.8	4.0	4.7
Per Capita GDP (Percent of SSAfrica PPP average)	550.0	568.0	574.0	573.2	571.6	573.4	567.2	567.0	576.9
Investment (Percent of GDP)	26.4	23.3	21.6	22.9	22.9	21.4	24.3	25.1	..
Private	18.5	16.1	15.3	14.3	15.1	14.0	17.3	18.7	..
Public	7.9	6.8	6.9	7.9	6.5	7.5	6.9	6.4	..
FDI (Percent of GDP)	5.9	-0.6	0.7	1.2	0.2	0.7	1.6	5.0	..
Saving (Percent of GDP)	23.5	26.7	27.0	25.3	19.4	17.4	17.1	21.2	..
Exports of GNFS (Percent of GDP)	62.7	65.6	60.6	59.1	55.2	56.5	60.1	61.8	61.6
Import of GNFS (Percent of GDP)	64.6	62.9	56.8	56.9	55.9	60.9	67.2	71.1	69.9
Terms of Trade (2000=100)	100.0	99.4	97.7	99.9	97.1	90.7	88.3	86.9	86.0
Unemployment	..	..	..	..	8.5	9.6	9.1	8.5	..
Government Debt (Percent of GDP)	..	63.9	70.2	80.2	69.9	71.3	62.7	60.0	..
Inflation	4.2	5.4	6.5	3.9	4.7	4.9	8.9	8.8	9.7
External Debt (Percent of GDP)	38.6	37.8	39.7	48.5	38.0	49.7	41.2	62.1	..
Gross International Reserves (Months of Imports)	4.1	4.7	6.5	7.3	7.5	5.2	4.3	5.6	..
Electric Power Consumption (Kwh Per Capita)	..	..	..	..	..	..	..	..	..
Roads (KM)	1,926.0	2,000.0	2,000.0	2,015.0	2,015.0	2,020.0	2,021.0	..	..
Roads (% Paved)	97.0	98.0	98.0	100.0	100.0	100.0	100.0	..	..
Telephone Lines (x100)	23.7	25.6	27.0	28.5	28.7	28.8	28.5	28.6	28.7
Internet Users (x100)	7.3	8.8	10.3	12.3	19.5	24.1	25.5	27.0	29.9
Improved Water Source (% POP)	100.0	..	..	..	..	..	100.0	..	..
Secondary Enrollment	68.9	71.1	73.8	..	79.4	81.5	..	..	..
Life Expectancy at birth	23.9	26.0	25.2	24.8	23.4	18.9	17.5	17.5	16.9
Population Growth	1.0	1.1	0.9	1.0	0.9	0.8	0.8	0.6	0.6

Sources: World Bank World Development Indicators and IMF Article IV Reports.



**Annex Table 3: Nigeria - Selected Growth-Related Variables and Indicators**

<i>Year</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Per Capita GDP growth	2.7	0.5	-1.0	7.6	7.9	2.9	3.7	4.1	3.0
Per Capita GDP (Percent of SSAfrica PPP average)	93.9	93.3	91.7	96.4	100.0	99.5	99.3	99.3	99.4
Investment (Percent of GDP)	..	..	26.2	23.9	22.4	22.5	23.8	25.6	25.6
Private	..	..	16.2	14.2	13.2	13.5	14.7	16.3	16.3
Public	..	..	10	9.7	9.1	8.9	9	9.3	9.3
FDI (Percent of GDP)	2.5	2.5	3.2	3.0	2.1	1.8	3.7	3.7	..
Saving (Percent of GDP)	32.0	28.6	25.4	32.1	39.6	41.2	39.2	37.0	38.0
Exports of GNFS (Percent of GDP)	54.0	43.0	31.9	42.7	44.0	46.5	43.2	40.1	43.5
Import of GNFS (Percent of GDP)	32.0	32.3	32.6	40.4	31.1	31.0	28.1	29.6	30.4
Terms of Trade (2000=100)	100.0	99.4	97.7	99.9	97.1	90.7	88.3	86.9	86.0
Unemployment	..	..	..	..	3.0	..	2.6	..	..
Government Debt (Percent of GDP)				74.5	59.4	28.2	11.8	12.8	11.6
Inflation	6.9	18.9	12.9	14.0	15.0	17.9	8.2	5.4	11.6
External Debt (Percent of GDP)	77.9	70.4	57.8	57.8	48.5	22.3	5.8	6.0	..
Gross International Reserves Months of Imports)				3.4	6.0	8.5	11.7	12.1	13.8
Electric Power Consumption (Kwh Per Capita)	73.0	74.0	101.7	99.4	120.4	126.6	116.4	..	..
Roads (KM)	..	..	..	..	193,200	..	..	..	..
Roads (% Paved)	..	..	..	..	15.0	..	..	..	..
Telephone Lines (x100)	0.4	0.5	0.5	0.7	0.7	0.9	1.2	1.1	0.9
Internet Users (x100)	0.1	0.1	0.3	0.6	1.3	3.5	5.5	6.8	7.3
Improved Water Source (% POP)	49.0	..	..	..	..	..	47.0	..	..
Secondary Enrollment	..	..	..	..	..	..	27.0	..	..
Life Expectancy at birth	46.9	..	46.6	..	..	46.7	46.8	46.8	..
Population Growth	3.1	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3

Sources: World Bank World Development Indicators and IMF Article IV Reports.

**Annex Table 4: Uganda - Selected Growth-Related Variables and Indicators**

<i>Year</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Per Capita GDP growth	2.4	1.7	3.1	3.1	3.4	2.9	7.2	5.1	6.0
Per Capita GDP (Percent of SSAfrica PPP average)	50.5	50.8	52.0	52.4	52.1	51.8	53.4	54.0	55.6
Investment (Percent of GDP)	19.8	20.1	19.7	20.5	22.3	21.1	21.2	22.1	23.7
Private	13.4	13.8	14.4	15.8	17.1	16.6	16.8	17.2	5.5
Public	6.4	6.4	5.3	4.7	5.2	4.5	4.4	4.9	18.2
FDI (Percent of GDP)	2.6	2.6	3.0	3.1	3.7	4.1	3.9	4.1	..
Saving (Percent of GDP)	6.8	6.0	5.9	6.5	11.3	10.6	13	14.8	17.5
Exports of GNFS (Percent of GDP)	10.6	11.5	11.2	11.4	12.7	14.2	15.3	16.7	15.6
Import of GNFS (Percent of GDP)	22.5	24.2	25.5	25.6	23.2	25.3	28.9	30.6	33.4
Terms of Trade (2000=100)	100.0	90.6	88.9	86.9	87.8	88.3	92.3	99.2	101.5
Unemployment	..								
Government Debt (Percent of GDP)	..	5.8	8.8	9	9.6	9.8	8.7	9.3	10.7
Inflation	3.4	1.9	-0.3	8.7	3.7	8.4	7.3	6.1	12.1
External Debt (Percent of GDP)	57.5	65.1	65.2	70.1	67.0	49.2	13.0	14.0	..
Gross International Reserves Months of Imports)	5.9	5.6	6.3	6.2	5.8	5.6	4.8	5.3	5.9
Electric Power Consumption (Kwh Per Capita)	..	..	..	..	..	..	..	..	..
Roads (KM)	..	..	..	70,746	..	..	..	..	..
Roads (% Paved)	..	..	..	23	..	..	..	..	..
Telephone Lines (x100)	0.3	0.2	0.2	0.2	0.3	0.3	0.4	0.5	0.5
Internet Users (x100)	0.2	0.2	0.4	0.5	0.7	1.7	2.5	3.7	7.9
Improved Water Source (% POP)	56.0	..	..	..	..	..	64.0	..	..
Secondary Enrollment	13.2	13.5	15.5	15.1	14.9	15.3	16.7	18.9	..
Life Expectancy at birth	46.9	..	48.1	..	..	50.6	51.5	52.4	53.0
Population Growth	3.1	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3

Sources: World Bank World Development Indicators and IMF Article IV Reports.