

# Measuring the Un-quantifiable: Advisory Services & Policy Advice

APPLYING HYBRID QUALITATIVE METHODS TO DESCRIBE THE EFFECTS OF ADVISORY  
SERVICES & POLICY ADVICE

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# World Bank Group delivers a substantial amount of development assistance through Analytical & Advisory Services

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Analytical and Advisory Services are activities that can be delivered via various platforms including:

- Technical Assistance
- Advisory Services
- Economic and Sector Analytical Work

Knowledge, Advice and technical capacity building are delivered in many forms and are customized to the needs and capabilities of the client.

Analytical & Advisory Services come in a wide range of range of activities:

- Policy, legislative and regulatory advice
- Technical capacity development
- Core systems implementation and modernization (i.e. technical platforms to administer wide scale programs, etc.)
- Public awareness and advocacy.

# Measuring effects of Advisory Services and Technical Assistance

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Challenge: How do we measure the results and/or effectiveness of our engagements via Advisory Services when these results are not quantifiable or observed/collected systematically?

- Do the reforms succeed?
- Has the quality of regulation/regulatory environment/transparency/inclusiveness/efficiency, etc. improved?
- Do the reforms stimulate investment, behavior change, economic growth; improve the environment and overall quality of life?
- What about attribution? Contribution?



# Consumer Protection Technical Assistance – Zambia

**Objective:** Support the improvement of laws and regulations of financial institutions that strengthen consumer disclosure, prohibit abusive business practices, and establish effective out-of-court mechanisms to address consumer disputes

Development Challenge	Solution
<ul style="list-style-type: none"><li>• Inadequate information provided to consumers of financial services</li><li>• Limited/Inadequate Access to Finance</li><li>• Lack of inclusion, predictability, transparency and trust among stakeholders</li></ul>	<ul style="list-style-type: none"><li>• Assess the current regulatory regime</li><li>• Technical notes and advice on how to:<ul style="list-style-type: none"><li>• strengthen consumer disclosure</li><li>• prohibit abusive business practices</li><li>• establish out-of-court mechanisms dispute resolution</li></ul></li></ul>



# The Measurement Challenge

## Near Term

- Compare new/improved CP legislation, laws and enforcement regime to baseline.
- Monitor complaint mechanisms: volume of complaints, resolutions
  - Self reported data
  - Customer survey

## Long Term

- Comparison of consumer behavior before and after passage and enforcement of CP regulations
  - Customer retention
  - Demand for services
- Comparison of service fees
  - Increased market transparency
  - New entrants / increased competition

## Remaining Measurement Challenges

- Measuring consumer sentiment
- Articulating/qualifying consumer switching costs and the level of dependence on financial institutions.

# Credit Bureaus

**Objective:** Effectively support the inclusive and responsible extension of credit in an economy to foster robust and competitive credit markets.

Development Challenge	Solution
<ul style="list-style-type: none"><li>• Inadequate credit information creates a lending environment unfriendly to individuals and SMEs</li><li>• Limited/Inadequate Access to Finance</li><li>• Lack of inclusion, predictability, transparency and trust among stakeholders</li></ul>	<ul style="list-style-type: none"><li>• Technical assistance and advice on how to establish a functioning credit bureau.</li><li>• Support effective access to finance, stability, and socially responsible economic growth through transparent credit information</li></ul>



# The Measurement Challenge

## Near Term

- Number of inquires
- Banks using the Credit Bureau

## Long Term

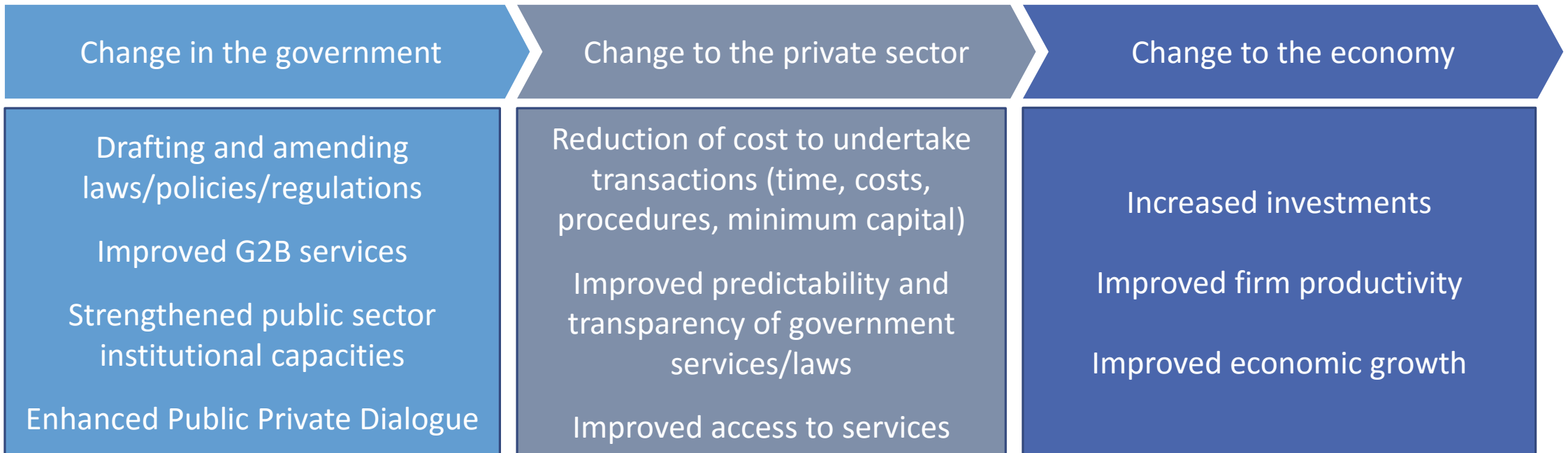
- How inquires translate into lending activity for individuals/SMEs - *Banks will not disclose this information*
- Improvement in loan performance – *Banks report this in aggregate to the regulator.*
- Are banks extending more credit to individuals/SME's – *Banks only report loan size categories to regulators*

## Remaining Measurement Challenges

- We can not know with any certainty the long term effects of an operating credit bureau on the credit markets without a sector-wide evaluation
- From evaluation and experience we estimate that 20% of inquires result in loans to individuals/micro enterprises
  - Must be updated to include more global examples

# Business Entry

Development Challenge	Solution
<ul style="list-style-type: none"><li>• Stunted growth and investment</li><li>• Burdensome &amp; costly regulations, policies &amp; procedures to start a business</li><li>• Lack of inclusion, predictability, transparency and trust among stakeholders</li></ul>	<ul style="list-style-type: none"><li>• Assessing the investment climate</li><li>• Reforming business regulations</li><li>• Strengthening regulatory governance &amp; compliance</li><li>• Fostering benchmarked based reforms</li></ul>





# The Measurement Challenge

Going beyond measuring the change at the government level to how the private sector is benefitting.

- What about transparency, predictability, and consistency?
- What are good cost savings? Private sector size dependent - benchmark?

## Reforms – Significant implementation of change

*Change* = changes in laws/regulations/policies that are implemented

*Significant* = Change of 2 percentage point relative distance to frontier

*Distance to frontier* = Measures the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators.

## Work in Progress

**Transparency of information index:** document requirements, fee schedule, timeline of delivery of service, system to file complaints, and publicly available statistics.

## What is the next measurement challenge?

- Not all reforms are created equal
- Predictability, implementation gaps, and exploring links to the impact on the economy
- Context, context, context

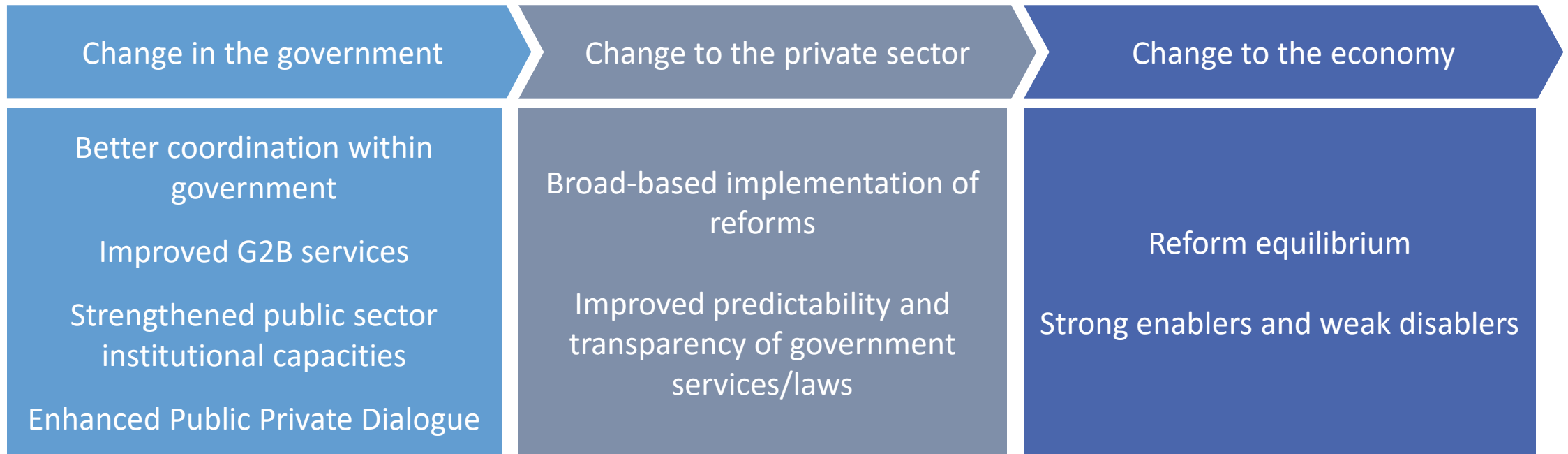
## What do we measure?

- Laws/policies/regulations passed
- Average cost reduction
- Average time reduction
- Access to information
- Number of firms benefitting
- Private sector cost savings (time & Cost)

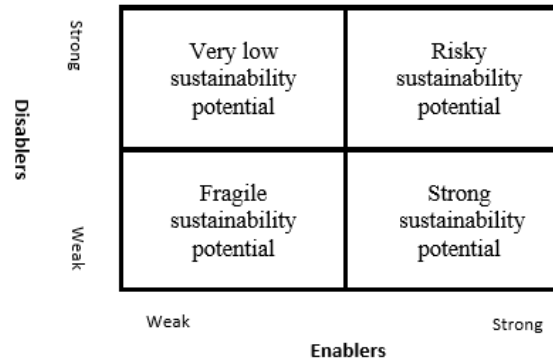
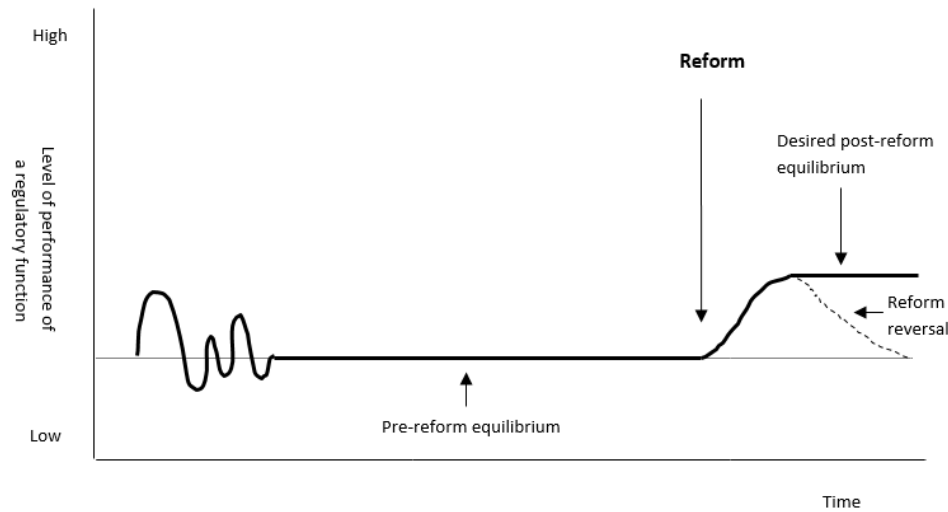
Rank	Economy	DTF score
1	New Zealand	87.01 ↑
2	Singapore	85.05 ↑
3	Denmark	84.87 ↑
4	Hong Kong SAR, China	84.21 ↑
5	Korea, Rep.	84.07 ↑
6	Norway	82.82 ↑
7	United Kingdom	82.74 ↑
8	United States	82.45
9	Sweden	82.13 ↑
10	Macedonia, FYR	81.74 ↑

# Sustainability of Reforms

Development Challenge	Solution
<ul style="list-style-type: none"> <li>• Implemented reforms that are not sustained</li> <li>• Implemented reforms that are reversed</li> <li>• Implemented reforms are not inclusive</li> <li>• Implemented reforms with no corrective action</li> <li>• Forces favoring the status quo remain</li> <li>• Complementary factors are not there</li> </ul>	<ul style="list-style-type: none"> <li>• Assess the potential for sustainability</li> <li>• Build sustainability solutions into project design</li> <li>• Continuously assess sustainability</li> </ul>



# The Measurement Challenge



	Score	Explanation of score assigned
<b>B2. Inter-agency coordination and collaboration</b>		
a. The reform mandate of the agency is clear; there is no significant overlap with that of other agencies.		
b. There are good arrangements in place for inter-agency coordination.		
c. The agency can draw upon resources and knowledge of other agencies to sustain reforms. Such leveraging of resources is happening, for example, through efficient data exchange mechanisms.		

## What do we measure?\*

- Commitment to reforms
- Institutional arrangement for regulatory reforms and regulatory governance practices (including systematic application of ICT solutions in IC reforms)
- Capacities and incentives of the implementing agency to implement and sustain reforms
- Stakeholder engagement and external pressures to sustain reforms

## What is the next measurement challenge?

- Consistent measurement
- Use of data collected
- Institutionalizing sustainability assessment

\* Sustainability Toolkit – Akhtar Mahmood, World Bank Group

## Remaining Challenges

1. Attribution vs. Contribution: How much of the observed results can be attributed to the WBG operations?
2. Catalytic vs. Incremental: How do we account for significant versus incremental reforms?
3. Value for Money: How do we assess the value for money of our work? (includes the above and more)
4. Additionality: How do we know if things would have happened without our interventions? We can't have an impact evaluation every time!
5. Quality of reforms

## Potential Solutions

1. No assumptions on attribution – we would like to calculate impact in the broadest sense
2. Work in progress.
3. Piloting a data intensive value for money benchmarking system for investment climate.
4. More targeted evaluations.
5. Work in progress. Combining a number of measures.