

Joint Evaluation of General Budget Support

Terms of Reference

5th May 2004

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1. Introduction

The preparations of this evaluation started in late 2001 when the UK Department for International Development (DFID) launched an Evaluability Study of General Budget Support (GBS). This initiative followed from the increased financial as well as political importance of GBS. The aim was to explore the evaluability of GBS and develop an Evaluation Framework, which would subsequently be applied in a joint-evaluation of GBS.

The Evaluation Framework (see Fig. 2 and Annex 2) resulting from this Evaluability Study, has been extensively discussed at:

- An informal two-day workshop on ‘Evaluating General Budget Support’ in Glasgow, 3-4 March 2003, hosted by DFID Evaluation Department under the aegis of the DAC Network on Development Evaluation;
- A one-day workshop in Kampala, 28th May 2003, hosted by the Ministry of Finance, Planning and Economic Development of Uganda, where preliminary testing of the Framework had been undertaken.

The workshops clearly indicated that further evaluation activities on GBS were needed and demanded. Moreover, participants strongly supported the view that as GBS is a joint-partner instrument for delivering resources to a country, it makes sense to conduct the evaluation jointly.

Accordingly, a meeting of the DAC Network on Development Evaluation in Paris, 24-28 March 2003, endorsed the creation of a technical working group for preparing the joint evaluation of GBS, and more precisely to prepare a planning workshop, which was held in Brighton 14-15 October 2003. The workshop, which was hosted by DFID Evaluation Department, brought together over forty evaluation specialists, economists and policy makers from a range of bilateral and multilateral agencies. The planning workshop agreed the scope and focus of the evaluation and established a Management Group (MG) and Steering Group (SG) and the joint evaluation of GBS was formally launched.

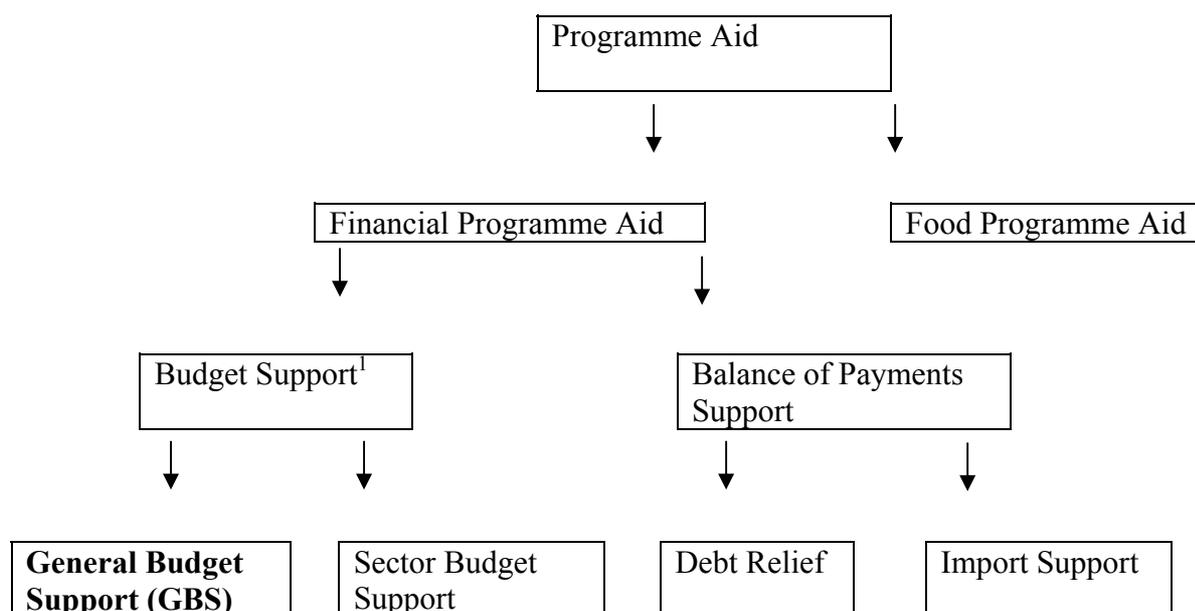
2. Background

2.1 General definition of budget support and GBS

As defined for the purpose of this evaluation, programme aid can be divided into food aid and financial programme aid. Financial programme aid includes both budget support and balance of payments support (such as debt relief and import support). Budget support in turn can be divided into sector budget support and general budget support (GBS).

The general characteristics of budget support are that it is channelled directly to partner governments using their own allocation, procurement and accounting systems, and that it is not linked to specific project activities. All types of budget support include a lump sum transfer of foreign exchange; differences then arise on the extent of earmarking and on levels and focus of the policy dialogue and conditionality.

Fig. 1 Programme Aid



GBS covers financial assistance as a contribution to the overall budget with conditionality focused on improving public financial management and the effectiveness of the overall budget. GBS is direct, meaning that the currency provided generates an amount of local currency of equivalent value, but without any requirements regarding the justification of the use of the foreign exchange in the form of import documentation, as free convertibility of the domestic currency is permitted.² GBS funds are in principal un-earmarked in the sense that the funds may be virtually accounted for against certain sectors but there are no formal limitations on where funds may actually be spent³. However the precise nature and definition of GBS may differ among donors, among partner countries and over time⁴.

A GBS programme normally comprises four elements: 1) the funds, which in most cases are disbursed in different tranches linked to the fulfilment of objectives; 2) the policy dialogue; 3) the conditions attached to the support; and 4) technical assistance and/or capacity building activities often linked to public financial/expenditure management.

2.2 Development of budget support

In the 1980s and early 1990s, financial programme aid, i.e. budget support and balance of payments support, was widely used mainly in relation to structural adjustment programmes. A

¹ Referred to as direct budget support in Annex 2.

² Indirect budget support is provided through import programmes or food aid, i.e. it is provided in kind or in the form of a currency facility and requires the justification of the use of the foreign exchange through import documents and a counter-value fund in local currency.

³ In practice it might be difficult to distinguish between un-earmarked, virtual and real earmarked GBS, hence the application of a pragmatic approach to the fieldwork as outlined in section 3.2. See also definitions of earmarked and un-earmarked budget support in Annex 2.

⁴ This explains the significant difficulties with data on GBS as found by Lanser, P., (2004) "Inventory of Programme Aid 1992-2001; Preparatory Study for the planned joint evaluation of General Budget Support", ECORYS-NEI Research and Consulting, Rotterdam

general trend can be identified throughout this period from balance of payments support towards budget support and towards increased financial and political importance of budget support.

The approach and principles of budget support have also developed and changed since the mid-1990s. Several studies and evaluations in the late 1990s and beginning 2000s have increased the awareness of donors and partner countries that traditional forms of conditionality (which were often linked to structural adjustment programmes, mainly defined by the donors and which were intended to drive domestic reforms) have been less effective than expected. There is now widespread recognition that domestic political considerations are the prime factor in determining economic and political reform and that development needs to be addressed jointly. Consequently, donors are expected to move from using conditionality as a “stick” to using conditionality as an agreed set of milestones between the partner government and the donors.

Furthermore, the existence of PRSPs has shifted the focus towards partner country owned objectives and strategies and towards mainly untargeted GBS, implying that GBS should be *partnership based* and support *country ownership*. Furthermore, the *fight against poverty* should be at the centre of macroeconomic reform programmes increasing the focus on pro-poor expenditure and in particular on protecting spending in social sectors. There is also a consensus to prioritise *institution building* (strengthening democratic accountability and transparency) and *sound management of public finances* (including macroeconomic stability).

GBS is also increasingly seen as an alternative to more traditional project-based development cooperation. This follows from the increased awareness of the problems of traditional development cooperation in terms of: high transaction costs, unpredictable funding, donor driven priorities leading to inefficient public spending, and parallel off-budget systems undermining the effectiveness of government systems and accountability. Hence, a long list of expectations of GBS as an aid instrument has developed. GBS is expected to focus on and support:

- Improved *coordination* and *harmonisation* among donors and *alignment* with partner country systems (including budget systems and result systems) and policies.
- *Lower transaction costs*.
- *Higher allocative efficiency of public expenditures* as (i) aid resources are increasingly on budget and spending is better prioritised against priority (PRS) targets, (ii) the policy dialogue is focused on the overall budget allocations rather than particular expenditure items and (iii) aid is delivered at lower cost (reduced transactions costs and more predictable aid).
- *Greater predictability* of funding (to avoid earlier “stop and go” problems of programme aid).
- *Increased effectiveness of the state and public administration* as GBS is aligned with and uses government allocation and financial management systems.
- *Improved domestic accountability* through increased focus on the Government’s own accountability channels.

The above listed expectations, priorities and objectives of budget support have been further unpacked and discussed in the Evaluation Framework.

2.3 Reasons for the evaluation

There are several reasons for commissioning a joint-evaluation of GBS now. As described above, budget support has increased in importance both financially and politically over the last ten years with a further shift over recent years towards GBS. At the same time there have been few comprehensive evaluations providing evidence on the actual results of GBS and its relevance, efficiency and effectiveness in different local contexts. The shift to GBS has also resulted in increased attention to key issues of development co-operation such as ownership, partnership, transaction costs, coordination and alignment, which make an evaluation of GBS highly relevant to the development cooperation context in general.

What distinguishes this evaluation is also that it is explicitly designed as a cooperative effort of multiple agencies, that it is more concerned with the overall roles, processes and results of GBS than with the specific results of a particular country's or agency's funds. In the preparation of the evaluation there was firm agreement on the need to commission and conduct this evaluation jointly because: GBS is partnership based; the focus is on jointly funded programmes; the purpose is to evaluate the combined GBS contribution of a number of donors; the evaluation targets high-level development objectives that are influenced by the collaborative efforts of several actors; and the financial support is "pooled" making it difficult (impossible) to distinguish one donor from the other.

2.4 Participating organisations and management

To assure broad participation in the conceptualisation, oversight and management of this evaluation, the commissioning organisations have constituted a Steering Group (SG) and a Management Group (MG). Furthermore, to assure broader learning and knowledge generation, the DAC Network on Development Evaluation is establishing a "learning platform" for this and other evaluations of programme aid.

Country Reference Groups should also be established in the case study countries. The options for arranging these groups should be discussed and agreed with the partner country representatives. It is important that broad participation is sought, including civil society. Where possible, existing groups should be used.

The SG includes representatives of the participating organisations and of the invited partner countries.⁵ The SG, which is chaired by the Evaluation Department of DFID, will be convened at key moments in the evaluation process for review, discussion and oversight of the evaluation, concentrating on verifying the strategic direction of the evaluation and the respect for the Terms of Reference.

The MG, which comprises the Evaluation Department of DFID, the Evaluation Unit of EuropeAid at the European Commission, the Department of Evaluation and Internal Audit at the Swedish International Development Cooperation Agency (Sida) and the Policy and Operations Evaluation Department of the Netherlands Ministry of Foreign Affairs, is mandated by the SG to take day-to-day decisions and to be responsible for the ongoing

⁵ Members of the SG as of April 2004:

Governments of: Burkina Faso, Malawi, Nicaragua, Rwanda, Uganda and Vietnam. Australia, Belgium, Canada (CIDA), Denmark, European Commission, France, Germany (BMZ), Inter-American Development Bank (IADB), the IMF, Ireland, Japan (JBIC, MoFA), the Netherlands, New Zealand, Norway, OECD/DAC, Spain, Sweden (Sida), Switzerland (SECO), United Kingdom (DFID), USA (USAID), the World Bank.

management of the evaluation. The evaluation team will report to, and work closely with the MG, who reports to the SG.

3. Purpose, subject and scope

3.1 Purpose of the evaluation

The purpose of the evaluation is to evaluate to what extent, and under what circumstances (in what country contexts), GBS is relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth.⁶ The evaluation should be forward looking and focused on providing lessons learned while also addressing joint donor accountability at the country level.

The evaluation is expected to identify evidence, best practice, lessons and recommendations regarding to what extent, how, why and when (in what contexts) GBS has reached and/or could reach the intended (and unintended) objectives and fulfil the expectations. This should inform and serve as useful inputs (i) to the implementation of future GBS operations, (ii) to possible changes in policy, approach and/or methods, and (iii) to support decisions on when/where GBS is the appropriate and relevant instrument in a particular context. The evaluation should also contribute to further development of the Evaluation Framework and to general guidelines for the evaluation of GBS.

The primary target groups of the evaluation are donor agencies engaged in GBS, or planning to initiate GBS programmes, and the governments in the case study countries. However, the evaluation should also generate results of interest to a wider audience including governmental and civil society partners in both partner and donor countries.

3.2 Subject of the evaluation

The subject of the evaluation is GBS, i.e. the analysis, the lessons learned, and the recommendations should be focused on GBS as an aid instrument. Other types of programme aid such as food aid, balance of payments support (import support and debt relief) and sector budget support are not the subject of the evaluation. However, these other types of programme aid often interact with GBS and support the same objectives. Hence, to understand and learn about GBS and to make a correct assessment of its effectiveness and efficiency, it is crucial that the evaluation considers and studies other types of aid (bilateral and multilateral), and in particular other forms of financial programme aid, in the context of GBS.

While the term GBS is widely used, the precise definition differs between the agencies. The inventory of programme aid commissioned by the Policy and Operation Evaluations Department of the Netherlands Ministry of Foreign Affairs showed that there is a lack of internationally agreed definitions on the different types of programme aid, including GBS, and that it is difficult to obtain reliable data on programme aid.⁷ Hence, the evaluation team should apply a pragmatic approach in the inception phase, analysing and discussing the types

⁶ See Annex 1 for the DAC definitions of the five evaluation criteria (effectiveness, efficiency, relevance, sustainability and impact).

⁷ Ministry of Foreign Affairs the Netherlands, Policy and Operations Evaluation Department (2003 b).

of GBS⁸ provided by the different bilateral donors and the IFIs⁹ to the case study countries and the implications of the identified differences for the focus, approach and methodology of the evaluation.

The evaluation cannot and should not seek to identify the specific contributions of the different agencies, but should evaluate the effectiveness of different approaches to GBS, such as the use of conditionality (ex ante and/or ex post), the use of indicators (process and/or results), the use of Technical Assistance (purpose and extent), the type of policy dialogue (focus and channels), existence and use of coordination and harmonisation forums, models for delivering/tranching funds, and exit strategies.

3.3 Scope of the evaluation

The evaluation should cover the implementation and the results of GBS during the period 1994-2004. Country evaluations will be conducted in eight partner countries including confirmed participation from: Burkina Faso, Malawi, Nicaragua, Rwanda, Uganda and Vietnam. Mozambique will most probably be the seventh country case study while, at the time of finalising this Terms of Reference, the participation of the eighth country, Papua New Guinea, has not been confirmed. These countries cannot be seen as a representative sample of the different regions or of all partner countries that receive GBS, but they *illustrate* different experiences of GBS and different country contexts and they have been selected to maximise the lesson learning opportunities from the evaluation.

4. The assignment: key themes and issues

As explained in chapter one the Evaluation Framework was developed to be applied in this joint evaluation. Hence, the Evaluation Framework, as presented in Figures 1 and 3 in Annex 2 and in Figures 2 (summary) and 4 in this Terms of Reference, is the main reference for the evaluation and should constitute the basis for the evaluation methodology.¹⁰

The report presenting the Evaluation Framework (Annex 2), including also evaluation questions and general recommendations on how to conduct joint evaluations of GBS is not part of this Terms of Reference but is an important background document. This Terms of Reference has priority over that document (see further 5.2).

As explained in 5.2 the Framework is general and needs to be further developed to become specific to this evaluation and to the country evaluations. Hence, based on this Terms of Reference (specifically 4.1-4.5), the literature review (see 5.1.1) and the findings of the inception phase, a more detailed list of issues and themes should be developed and agreed during the inception phase (see chapter 5 and chapter 6) ensuring that all priority aspects are considered and included in the evaluation.

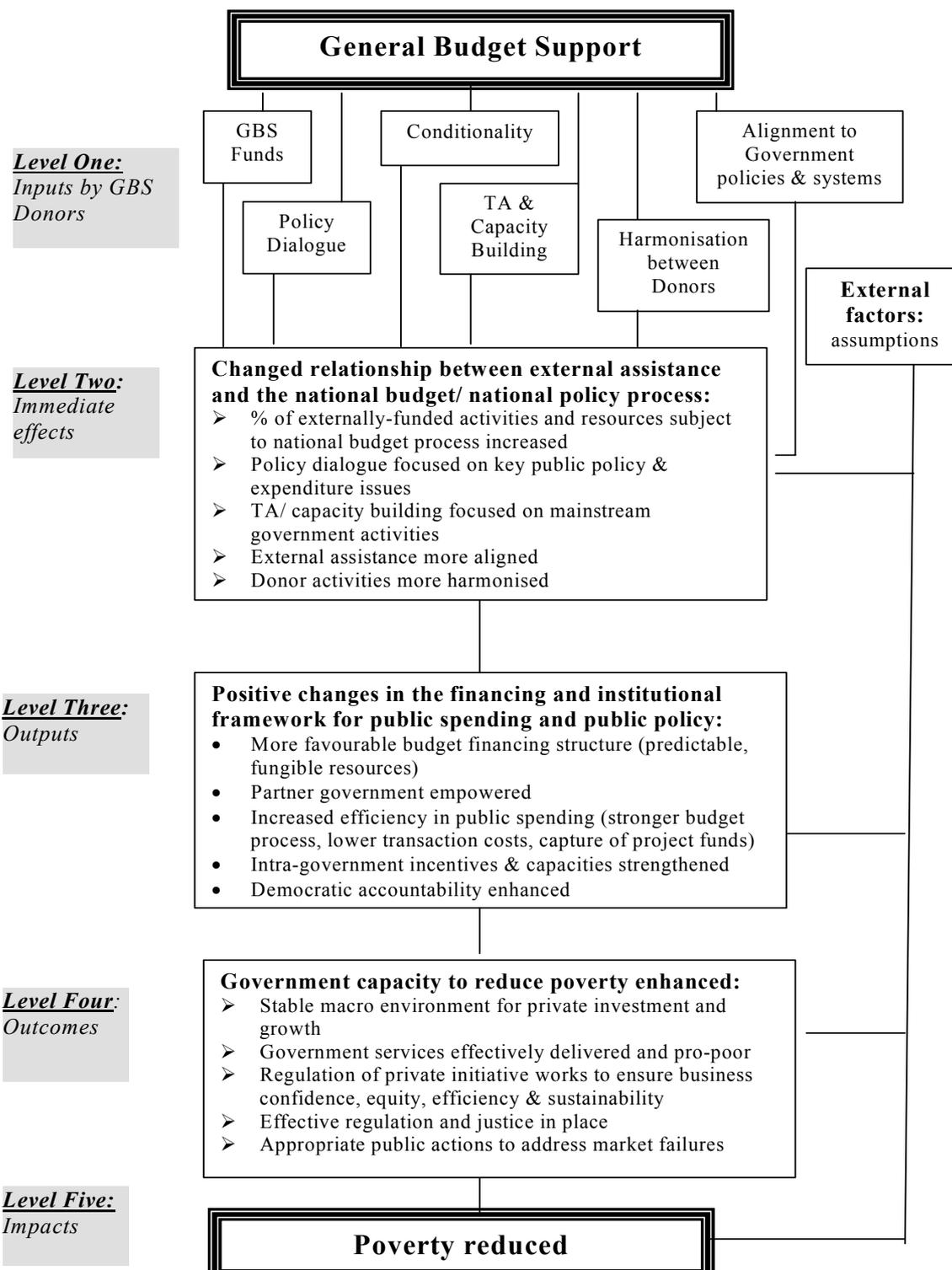
The following sections are based on the purpose and scope of the evaluation and the Evaluation Framework and define further the assignment in terms of priority areas to be covered by the evaluation.

⁸ To include ODA including grants and concessional loans as appropriate.

⁹ International Financial Institutions – Regional Development Banks, World Bank and IMF

¹⁰ References to the Evaluation Framework in this Terms of Reference are referring to the chain of causality (the logical framework) as presented in figures in Annex 2 and in the Terms of Reference, not to the whole report of Annex 2.

Fig. 2 The Evaluation Framework, a simplified version (see Fig 4. for complete version)



4.1 The levels of the Evaluation Framework

The evaluation should assess the effectiveness of the different approaches to GBS, which firstly implies identifying the different approaches. Hence *levels one* and *two* of the Framework are important to describe and analyse the inputs and immediate effects of the GBS programmes: disbursement of funds; use and content of dialogue; application of conditionality and indicators (ex post/ex ante, results/process); focus and use of Technical Assistance (TA); and alignment and harmonisation. It is equally important to describe and analyse the GBS policies of the major donors including the objectives linked to the inputs and exit strategies.

The evaluation should include a description and assessment of the development and evolution of GBS over the evaluated period and capture important changes regarding the approaches to GBS, the objectives, the conditionality (including application of conditions) and the rationale for GBS (selection of GBS eligible countries and eligibility criteria).

Furthermore, the effects and impacts of GBS (the different approaches) on poverty reduction should be evaluated as far as possible respecting the limits of the evaluation and respecting the fact that GBS has been in place for a limited period of time in some of the case study countries. The effects *up to level three* are assumed to be short or medium term effects. It is thus reasonable to expect attributable effects of GBS at these levels during the evaluated time period. The outcomes and impacts of levels four and five are assumed to be longer term. However, the evaluation should also assess changes at *levels four* and *five* attributing to the GBS inputs where possible, and discussing plausible linkages to the GBS inputs where not. It is also important to discuss potential future effects on these levels given the findings at levels one to three. The assessment of the changes at levels four and five should capture the issues specified in the framework, e.g. the effects on public service delivery, on the investment and business environment and on the role of the state.

It is important to capture the full chain of effects (input-output-outcome-impact) to be able to make a judgement on: 1) the current effects and impacts of GBS; 2) the potential future effects and impacts of GBS; and 3) the importance of factors in the country context to the observed changes. This is also very important in order to be able to make an assessment of the sustainability of the effects and impacts of GBS.

The Evaluation Framework is mainly focused on the intended effects of GBS. However, to ensure maximum learning is it important that the evaluation assesses the intended and unintended (positive and negative) effects and impacts of GBS at all levels of the framework.

4.2 Institutional and macroeconomic effects

The evaluation should cover both the institutional and macroeconomic effects of GBS. As regards *the macroeconomic effects* it is particularly important to assess 1) the financial effects including budget allocation and execution (sector allocation, pro-poor spending, discretionary spending, recurrent/investment spending) as well as domestic revenue and deficit effects¹¹; 2) the impact on the balance of payments including import level, capital account and foreign exchange reserves; and 3) the possible effects on macroeconomic indicators (level and variability) such as the inflation rate, the real exchange rate and the real interest rate. It is also important to capture the *institutional effects* at all central and local levels of Government in

¹¹ Does GBS substitute domestic revenue, increase expenditures and/or decrease the deficit? Is GBS used for debt repayment and could hence decrease debt service expenditures in the future?

terms of 1) changes in allocative and operational efficiency of public expenditures; 2) effects on democratic accountability; and 3) the effects on public financial (expenditure and revenue) management.

Furthermore, specific attention should be given to assessing how GBS has supported the PRSP process and the implementation of the PRSP.

4.3 Expectations of GBS as an instrument

The evaluation should assess the process and institutional effects of GBS against *the expectations of GBS as an aid instrument*, specifically regarding: the predictability of funding, the transaction costs (types and levels), partnership and ownership, donor coordination, harmonisation and alignment.

Donor coordination and harmonisation and alignment of donor processes with the national budget and planning processes (e.g. PRSP) are key issues in GBS programmes to support partnership and country ownership and decrease transaction costs (see levels one and two of the Framework). The evaluation should assess the progress in coordination, harmonisation and alignment and assess the role of key actors (bilateral donors, IFIs, Government) in the policy dialogue, in particular in relation to the principles of partnership and country ownership.¹²

4.4 Relevance and cross-cutting issues

The evaluation should include an assessment of *the relevance of GBS* in particular in relation to the country context (priorities, needs and demands) and in relation to the objectives and problems addressed.¹³

The evaluation should also address the *cross cutting issues* of gender equality, environment, democracy and human rights and HIV/AIDS. The evaluation team should (at the inception stage) make a proposal of how to treat these questions in the evaluation, including a judgement of the extent to which these issues can be assessed in a feasible way in the evaluation.

4.5 Attribution and causality

The emphasis of the evaluation is on lesson learning, hence it is very important that an analytical approach is applied; emphasising the question of attribution to the GBS inputs, activities and approaches; and analysing the reasons and determining factors behind the observed changes and developments. The observed changes and developments should in particular be assessed in relation to:

- The country context, e.g. important changes and developments in the country context, other types of aid present (bilateral and multilateral), quality of institutions, budgetary

¹² The survey of alignment of budget support with PRS processes conducted by the SPA working group on budget support is an important reference.

¹³ Relevance: “The extent to which the objectives of a development intervention are consistent with beneficiaries’ requirements, country needs, global priorities and partners’ and donors’ policies.” See definitions in Annex 1.

system, level of development, exchange rate system, etc, as well as the regional and global context, e.g. trends in international trade, oil prices, etc.¹⁴

- The different inputs of GBS: funds, dialogue, TA, conditions (which programme inputs were the most important factors to the identified changes?);
- The different approaches to GBS (see above);
- The development of GBS over the evaluated period.

5. Approach and methods

5.1 Main elements of the evaluation

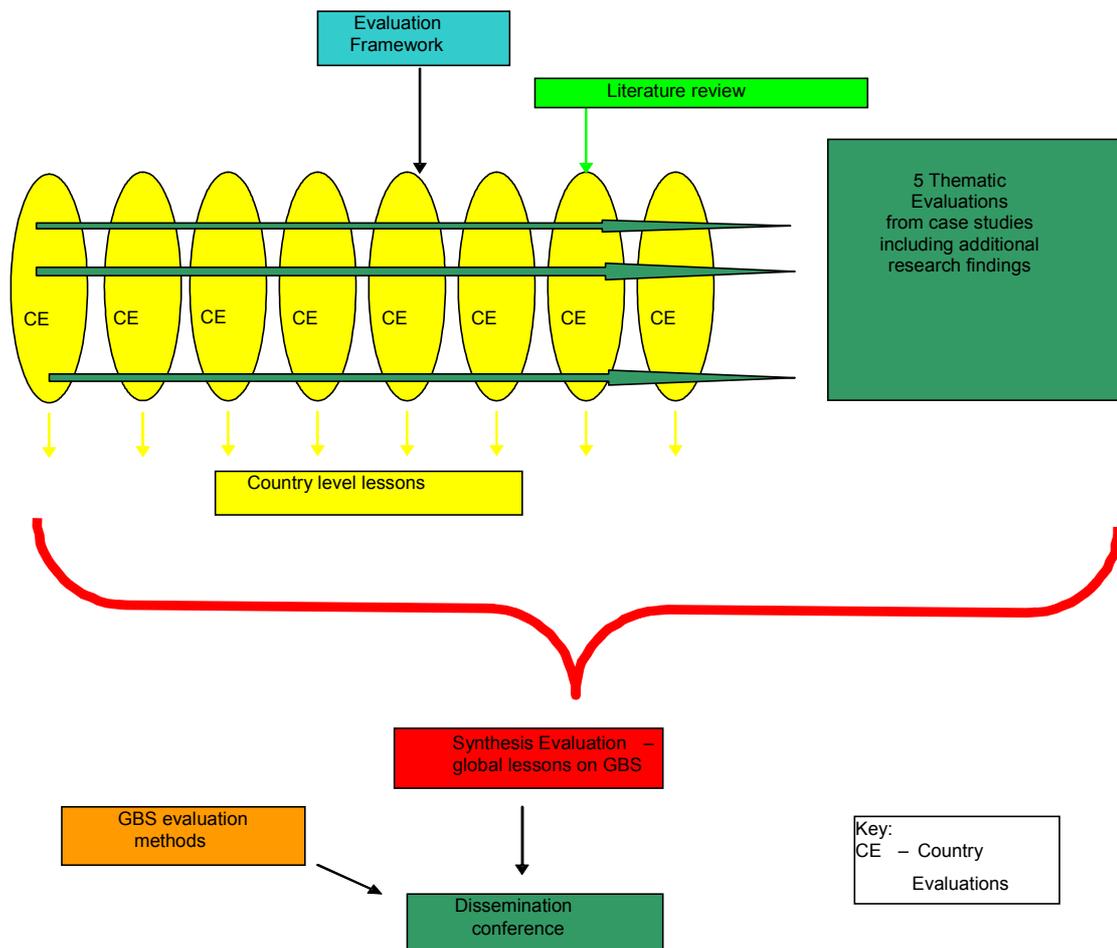
The main elements of the evaluation are: 1) a comprehensive inception phase; 2) eight country evaluations including extensive field work resulting in eight country reports; and 3) a synthesis phase resulting in a final synthesis report including global lessons and recommendations to donors and partner Governments at both operational and policy levels (see fig. 3).

A literature review summarising existing findings, lessons and recommendations in relation to the different levels of the Evaluation Framework will be completed in time to feed into the inception phase of the evaluation. The purpose of the review is to ensure the efficient use of completed and ongoing studies and evaluations, to identify knowledge gaps and thereby further guide the identification of key issues and themes for the evaluation. However, even though the review will be a useful guide, the evaluation team is still responsible for covering all the relevant literature. The review is contracted and financed separately from this evaluation.

In parallel to the country evaluations, several thematic evaluations will be carried out. The purpose of the thematic evaluations is to assess in depth some of the key issues of strategic importance to GBS and hence further support the understanding of GBS. These thematic evaluations will mainly be based on desk work and existing literature including the literature review and the country evaluations. Minor additional field work might be included if required. The thematic evaluations should, together with the country evaluation reports, feed into the final synthesis report. The MG will identify the themes for the thematic evaluations based on the literature review and the findings of the inception phase. Coordination and synergies between these thematic evaluations and the country evaluations should be exploited as far as possible and joint missions considered. The thematic evaluations will also be contracted and financed separately from this evaluation.

¹⁴ When assessing the importance of the context it is particularly important to take into account the alternative aid instruments available for transferring resources and the long-term objective of poverty reduction.

Fig. 3 The main elements of the evaluation



5.2 General approach

As already stated the Evaluation Framework shall constitute the basis for the evaluation methodology.

The evaluation should be designed so that it i) builds on prior work and insights (see reference list), ii) assesses the combined contributions of the GBS funding agencies, and iii) recognises both the interests (policy and operational) of the donor agencies and the partner countries.

The evaluation is primarily a formative evaluation, which will require a combination of several evaluation strategies and approaches to ensure rigour and independence. It is important that there is a mix of qualitative and quantitative methods. Interviews with a broad range of actors including donor and partner country representatives will constitute an important part of the approach.

As clarified in section 3.2 the subject of this joint evaluation is GBS. Furthermore, to make a correct assessment of the effectiveness and efficiency of GBS, other types of aid existing in the context of GBS (and in particular other forms of financial programme aid) have to be considered and studied. However, the evaluation is not designed as a comparative evaluation

of different aid modalities/instruments.¹⁵ It is recommended that one of the thematic evaluations could take a more explicitly comparative perspective.

Furthermore, given the complexity of this evaluation and the evaluation subject, a true counterfactual analysis, in the sense of a comparative analysis of the observed situation and an observed scenario of no GBS at all, would be impossible. A fully hypothetical counterfactual is judged to bring little value. However, as already emphasised in these Terms of Reference, it is important to assess attribution and causality credibly. This should be done by looking at the effects from different inputs of GBS (extent and composition) and different GBS approaches over time and countries, and by carefully studying factors in the context of GBS that are of possible importance to the efficiency and effectiveness of GBS.

5.3 The Evaluation Framework

The Evaluation Framework (see Figures 2 and 4) presents a structure for undertaking country-level evaluations of GBS operations. The Framework is divided into five levels to track the cause and effect links and the time dimension of the effects:

- Level 1: Inputs by GBS donors;
- Level 2: Immediate Effects: Changed relationship between external assistance and national budget/policy processes;
- Level 3: Outputs: Positive changes in the financing and institutional framework for public spending and public policy;
- Level 4: Outcomes: Government capacity to reduce poverty enhanced;
- Level 5: Impacts: Poverty reduced.

The Framework is more general and broader in scope than the specific focus of this evaluation. Hence, it should be used as the basis and logical structure to the key themes and issues of the evaluation and to the proposed approach and method, but requires further details to become specific to the country case studies and this evaluation.

During the inception phase, the consultants shall, *firstly* assess the Framework in relation to the types and approaches of GBS in the different case study countries and their objectives and conditions, and suggest any changes and/or additions to the Framework. *Secondly*, with a focus on GBS (identified types, approaches and objectives), the evaluation team should break the Framework down into a *causality tree*. The tree should show the links between the different inputs and the results on the different levels and also the links and hierarchy between the different results and expected effects that are currently presented at the same level. Possible gaps and important inter-linkages and/or interdependencies should be highlighted and analysed and used in identifying the key themes and issues of the evaluation and when refining the approach and method. Furthermore, it is important to make explicit the intended as well as unintended positive and negative effects of GBS including major areas of risk and how they relate into the causality tree.

¹⁵ The evaluation questions presented in the Evaluation Framework in Annex 2 take more of a comparative perspective and should, as is explained in chapter 4, be used as background information but should not be understood as part of the Terms of Reference.

A single causality tree should be developed during the inception phase. This tree will be applicable to all country studies to allow cross-country lessons in the thematic and synthesis reports. However, different parts of the tree may be more or less relevant (but still considered) for the different case study countries and the links may be more or less strong.

5.4 Evaluation phases

5.4.1 Inception phase

The purpose of the inception phase is to prepare for the field missions and to further specify the approach and method of the evaluation. During this phase the evaluation team should gather and examine all available documents and data. This phase shall also include a comprehensive inception visit by the team to each of the case study countries. The end product of the inception phase is the inception report (see chapter 6).

It is particularly important that the team *reviews the types of GBS* in the different case study countries and *the different objectives and conditions* attached (see also 5.3).

The inception report shall include a *further specified focus of the evaluation in terms of a list of detailed issues and themes*. These issues and themes should be identified on the basis of the Terms of Reference, the literature review, the analysis of the Framework, the causality tree (see 5.2), the data gathered, stakeholder views in country and the analyses conducted in the inception phase. The issues and themes should be consistent across the country evaluations, but allowing for country specific situations to be taken into account.

The evaluation team should also, based on the results of the inception phase, propose a detailed approach and methodology including: 1) appropriate methods for *data and information collection*, e.g. additional literature, interviews both structured and open, questionnaires, seminars or workshops, the use of indicators etc., indicating any limitations; and 2) appropriate *methods of analysis* of the information and data collected, again indicating any limitations and describing how the data should be cross-checked to validate the analysis.

The evaluation team should present an approach, which assures methodological consistency throughout the different country evaluations, and which assures that the evaluation will be able to deliver general lessons and recommendations about the future use and development of the GBS instrument. At the same time it is important that the evaluation is sensitive to each country's unique situation.

It is also important that the evaluation team presents a system of quality assurance across the country evaluations and synthesis work.

The field phase shall not start before the MG has approved the inception report.

5.4.2 Field phase

Following satisfactory completion of the inception phase and formal acceptance of the inception report, the field missions can start. The fieldwork shall be undertaken on the basis set out in the inception report. The fieldwork will mainly include gathering of primary data and interviews with key persons. The studies should rely on carefully applied qualitative and quantitative methods and should be data-intensive. If during the course of the fieldwork any

significant deviations from the agreed methodology or schedule are perceived as being necessary, these should be explained to and agreed with the MG. At the conclusion of the field mission the team shall debrief the partners in the country on their provisional findings (through stakeholder workshops and written reports as appropriate).

The tentative time schedule presented in chapter 7 allows for the country evaluations to be divided into 2-3 phases, and hence the possibility for country team leaders and team members to participate in several country evaluations to optimise the use of the team resources and the experiences gained.

5.4.3 Country report-writing phase

A draft country report presenting the main findings, conclusions, lessons and recommendations should be submitted for each of the eight country evaluations at the latest three weeks after the end of the respective missions. After comments from the SG, and comments and discussion with the MG, the reports should be finalised (see further chapter 6 on reporting). The individual country reports will be published as they are completed to ensure a stream of products.

A note synthesising the main findings of the field phase should be submitted no later than four weeks after the completion of the last field mission. This note will constitute the basis for a SG meeting and will allow for discussions and for a first validation of the preliminary findings before the drafting of the final synthesis report starts.

5.4.4 Synthesis phase

The overall evaluation team leader should start drafting the synthesis report in parallel with completion of the country reports (see further chapter 6 on reporting).

5.5 Communication and dissemination

As mentioned in earlier sections the emphasis of this evaluation is on lesson learning. Hence, it is important that the evaluation is designed in a way such as to allow maximum feedback to the concerned actors throughout the evaluation process. The SG meetings and the end-of-mission debriefings are key elements of the dissemination and feedback strategy. The evaluation should also be designed and organised to ensure that learning opportunities external to the SG, such as workshops in partner countries, are exploited as far as possible. Suggestions for communication should be included in tenders.

An international conference is planned following the completion of the evaluation. The purpose is to disseminate the findings of the evaluation and discuss the lessons and recommendations and their implementation.

The MG, with support from the evaluation team, will be in contact with relevant actors and groups external to the SG such as the SPA¹⁶, the LENPA¹⁷ and the DAC¹⁸ working groups, and will support opportunities to discuss and learn from the evaluation.

¹⁶ Strategic Partnership with Africa

¹⁷ Learning Network on Program-based Approach

¹⁸ Development Assistance Committee

6. Reporting

All reports should be succinct whilst capturing sufficient evidence to justify the findings. More detailed information can be included as annexes. Reports should be submitted as a first draft. After comments from and discussions with the MG and the SG, the reports should be finalised. The evaluators should actively respond to comments received from the MG the SG and other stakeholders. If the evaluators do not agree with some comments they shall explain their reasons in writing if required by the MG.

An Inception Report shall be submitted at the end of the inception phase providing details of the proposed approach and methods and specifying the issues and themes to be studied. The Inception Report shall in particular account for:

- The findings of the first visits to the case study countries, including an overview of GBS support and possible consequences for the focus, approach and methodology of the evaluation.
- The application of the Framework (see 5.3), including the developed causality tree.
- The precise focus of the evaluation, i.e. the key issues and themes to be evaluated specifying any limitations of the evaluation.
- The approach and method, including data gathering and analysis (causality analysis and triangulation), as well as a specification of indicators and identification of key stakeholder groups.
- The approach to assessing the cross-cutting issues.
- The approach to ensure that the different case study countries can be easily synthesised.
- The approach to ensure quality assurance throughout the country evaluations and the synthesis evaluation.
- The detailed work plan, specifying the organisation and time schedule for the evaluation process – allowing sufficient time for consultation with the SG, MG and other key stakeholders.

The evaluation team shall develop Country Reports for each of the case study countries presenting the main findings, conclusions and country specific lessons and recommendations. The Country Reports should be self-standing and include: a self-standing executive summary, introduction and background to the evaluation, the approach and methodology applied, a description of the country context and the development co-operation context, the findings related to the causality tree (different levels of the Framework) and the evaluation issues and themes specified in the inception report, the main overall conclusions, recommendations and lessons learned directed both to the donors and the partner country. A more precise table of contents, common to all country evaluations, should be agreed with the MG later in the process.

The Synthesis Note shall summarise the main findings of the field missions. The note should address all key issues and themes agreed in the inception phase. The note should be succinct

and mainly constitute a basis for a SG meeting to prepare the synthesis phase. The note will not be published as a self-standing report.

The Synthesis Report should be based on the country reports and the thematic reports as well as other relevant documents including the literature review. It is important that the data, findings, conclusions, lessons and recommendations of the country evaluations and the thematic evaluations are effectively used when drafting the synthesis report. The synthesis report should include references to the other reports and clearly account for the evidence on which it is based. Furthermore, the synthesis report should not only summarise the findings of the country evaluations and the thematic evaluations but should add another level of analysis to draw out the more general trends, findings, conclusions, lessons and recommendations about the future use of GBS, both operationally and at the policy level.

The synthesis report should include: an executive summary (which can be published as a standalone summary of the evaluation), introduction and background to the evaluation, the approach and methodology applied (including the causality tree), a description of the development co-operation context, the main findings related to the evaluation issues and themes specified in the inception report, the main overall conclusions and recommendations and lessons learned. A more precise table of contents should be agreed with the MG later in the process.

A note discussing the approaches and methods used in the evaluation, and in particular the experiences of using the Evaluation Framework, should be developed at the completion of the evaluation. This note should provide lessons for future evaluations of GBS and feed into the development of guidelines for evaluation of GBS.

All reports must be of very high quality. The findings, analysis, conclusions and recommendations should be thorough, they should reflect a methodological and thoughtful approach, and the link and sequence between them should be clear.

All reports shall be written in English except; the country report for Burkina Faso, which should be drafted and finalised in both French and English; the country report for Nicaragua, which should be drafted and finalised in Spanish and English; and the country report for Mozambique, which should be drafted in English, with the final version in English and translated into Portuguese. Subject to decision by the MG (informed by the SG), the reports will be published and disseminated. The final reports shall be presented in a way that enables publication without further editing. In particular, the Executive Summaries should be presented in a way that enables publication as standalone summaries for broader dissemination without further editing.

7. Time schedule

It is envisaged that the evaluation will be completed no later than November 2005. Tendering teams may propose a revised timetable, including clear rationales for the modifications: mindful of balancing rigour and quality of the evaluation with pressing policy needs of partner governments and donor agencies.

Contract awarded	Early July 04
Draft Inception Report	Mid Oct 04
SG meeting to discuss Draft Inception Report	End Oct 04
<i>Thematic evaluations start</i>	<i>Nov 04</i>
Final Inception Report	End Nov 04
Country evaluations, field missions	Dec-March 04
Draft Country Evaluation Reports	End March 05
Synthesis note on preliminary findings	End March 05
SG meeting to discuss and validate preliminary findings	End Apr 05
Final Country Evaluations	End May 05
<i>Draft Thematic Evaluation Reports</i>	<i>End May 05</i>
Draft Synthesis Report	End July 05
<i>Final Thematic Evaluations</i>	<i>Oct 05</i>
SG meeting to discuss Draft Synthesis Report	Early Sept 05
Final Synthesis Report	Oct 05
Note on approach and method	Nov 05
Dissemination Conference	Jan 06

8. Specification of tender

8.1 Compulsory elements

In addition to meeting the team and approach criteria as listed in the attached Invitation to Tender, the following issues should be covered in the tender document. These can be seen as further breakdown of the Assessment Criteria for the bids.

8.1.1 The content of the tender

The Technical Bid should include:

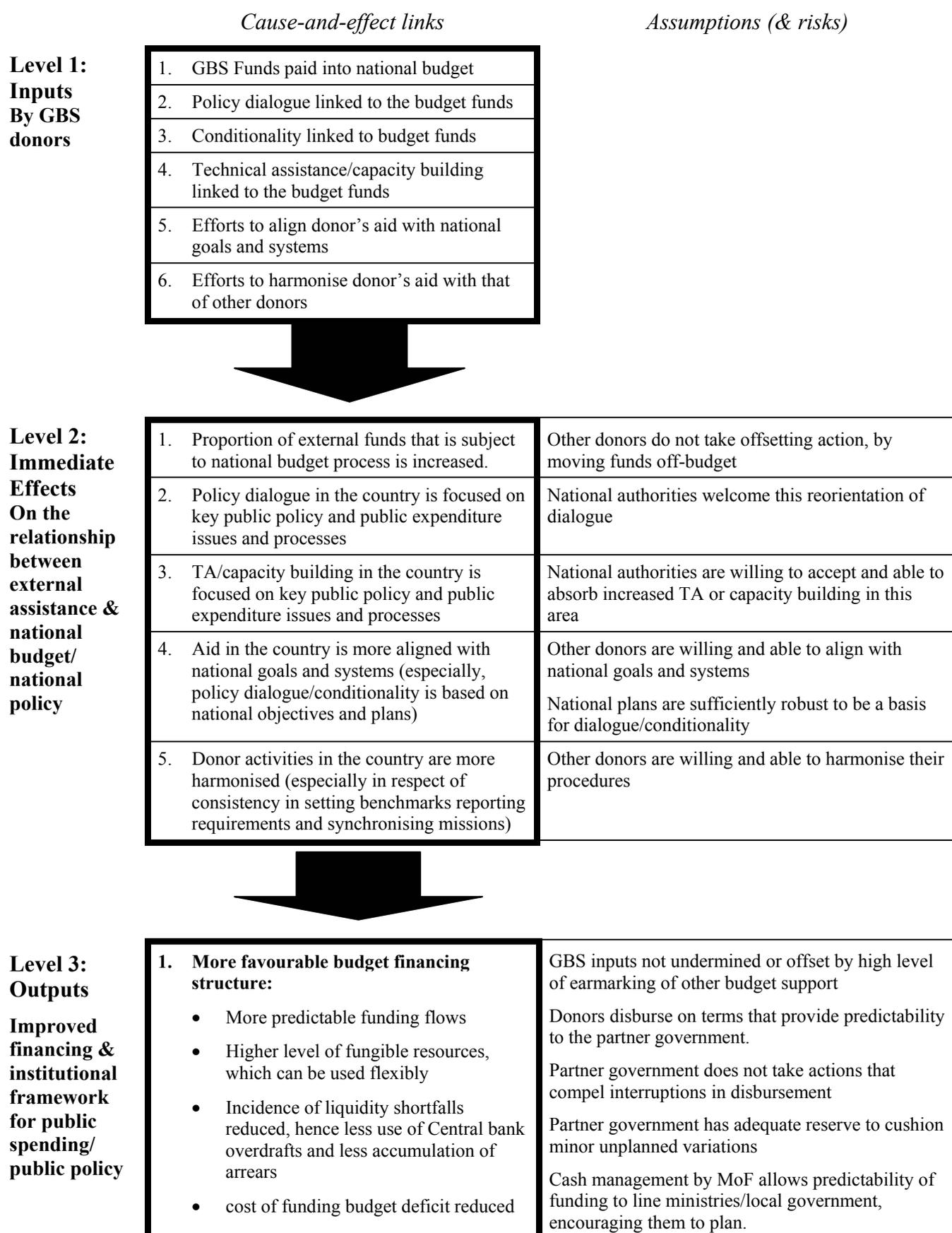
- The approach, methodology and quality assurance to be applied in performing the assignment shall be specified and motivated as concretely and clearly as possible in the tender. Specifically, the tenderer shall:
 - Specify the methods, and related theories to be applied including; the approach to cross cutting issues;
 - Present if and how the country case study approach will be combined with desk studies, questionnaires, econometric analysis and/or other methods.

- The tenderer shall provide a detailed time and work plan for fulfilment of the assignment including a) the roles, functions and responsibilities of the different team members, b) estimates of the time required for the different tasks of the assignment, and c) a staffing schedule that specifies the tasks performed by and the time allocated to each of the team members.

8.1.2 Staff resources and organisational capacity

The successful tender will meet the skill requirement as set out in the attached Invitation to Tender – this information should be clearly presented.

Fig. 4 The complete Evaluation Framework



Cause-and-effect links

Assumptions (& risks)

	<i>Cause-and-effect links</i>	<i>Assumptions (& risks)</i>
<p>2. Partner government is empowered:</p> <ul style="list-style-type: none"> to use the budget to bring public sector programmes into line with government goals (including poverty reduction) to align PRSP processes with government systems and cycles to promote alignment and harmonisation by donors 	<p>Political competition in the country is moving away from use of state resources for patronage, towards a focus on results</p> <p>Political leaders are prepared to take on political costs of new thinking centred on public expenditure management</p>	<p>NOTE: <i>Model of GBS club suggests conditions for predictability:</i></p> <ul style="list-style-type: none"> Partners do not enter into GBS unless they both share key objectives, and understand each other's constraints
<p>3. Efficiency of public expenditure is enhanced:</p> <ul style="list-style-type: none"> by a more effective budget process (results oriented, transparent, participatory; with effective execution and audit) by reductions in certain types of transaction costs to partner government by improvements in allocative efficiency from increased capture of project funds in budget with efficiency gains in public-service delivery in particular 	<p>Government is committed to budget reform, and this has been internalised in the civil service</p> <p>Transaction costs are large with previous aid modalities</p> <p>There were significant inefficiencies in previous allocations</p>	<ul style="list-style-type: none"> <i>Exit (non-disbursement) is limited by Loyalty to this 'club'</i> Effective consultation mechanisms are in place; the Voice that this affords compensates for limitations on Exit
<p>4. Intra-government incentives and capacities are strengthened:</p> <ul style="list-style-type: none"> official reporting lines are more respected (vertical through government to cabinet, not horizontal to donors) public-service performance incentives are strengthened, so that policies are made and implemented, audit and procurement systems work, and corruption is reduced brain-drain effects of parallel project-management structures (permanent 'poaching' + temporary de facto employment of key staff) are reduced 	<p>Official reporting lines are still recognised in public service</p> <p>Government applies pay and performance-assessment policies that contribute to incentives</p> <p>The political balance in the country is shifting towards punishing official corruption</p> <p>Other donors do not increase parallel project management structures</p>	<p>(For fuller argument on this point, see DFID, 2004, Vol.1).</p>
<p>5. Democratic accountability is enhanced:</p> <ul style="list-style-type: none"> greater role of parliament in monitoring budget results accountability through domestic institutions for donor-financed spending is enhanced conditions for all-round democratisation are thereby improved, including the trust of people in their government and hence their level of expectations. 	<p>Constitutional and political conditions exist for Parliament to increase its role</p> <p>There are domestic constituencies and pressures for higher standards of accountability</p>	

**Level 3:
Outputs
(continued)**

Cause-and-effect links

Assumptions (& risks)



**Level 4:
Outcomes**

**Enhanced
influence of
government
on the
proximate
determinants
of poverty
reduction**

<p>1. Macro-economic environment is favourable to private investment and growth</p> <ul style="list-style-type: none"> • inflation controlled • realistic exchange rate attained • fiscal deficit and level of domestic borrowing sustainable and not crowding out private investment. 	<p>There is political commitment to macro stability and pro-poor spending reform</p> <p>Macro conditionalities and recommended reform sequences are well chosen and executed</p> <p>Central bank sterilises inflows so as to avoid negative effects on incentives to firms and households via exchange- and interest-rates</p>
<p>2. Public services effectively delivered and pro-poor</p> <ul style="list-style-type: none"> • Service delivery targets met for key pro-poor services • Evidence of increased use of services by poor (including poor women) 	<p>Key service delivery targets can be established, agreed and monitored</p> <p>Pro-poor services can be effectively prioritised</p> <p>Service personnel are responsive to better and more pro-poor funding and management</p> <p>Access of poor to services can be positively influenced by better targeting.</p>
<p>3. Regulation of private initiative works to ensure business confidence, equity, efficiency and sustainability</p> <ul style="list-style-type: none"> • Policies on corruption, property rights resolutely pursued • Market-friendly institutions developed 	<p>Legitimacy of state is sufficient for regulatory role of public sector to be accepted.</p> <p>Confidence is not powerfully weakened by factors outside national control, e.g. regional instability</p>
<p>4. More effective and accountable government improves administration of justice and respect for human rights, as well as general confidence of people in government</p>	<p>Threats to national security do not become so acute that justice and rights are unable to share in general improvements in accountability and capacity</p>
<p>5. Sector policies include public actions to address major market failures, including those arising from gender inequalities</p>	<p>Sector authorities do not confuse intervention to correct market failures with state interventions that prevent markets developing</p>



**Level 5:
Impacts**

**Empowerment and
poverty
reduction in
all its
dimensions.**

<p>1. Poverty is reduced (in all dimensions)</p>	<p>Private agents accumulate assets, and/or total factor productivity increases, leading to faster economic growth.</p> <p>The pattern of growth is pro-poor and/or effective redistributive mechanisms are in place.</p> <p>The growth is environmentally sustainable</p> <p>The incidence of insecurity, injustice and abuse of human rights is reduced</p>
<p>2. Poor people are empowered and socially included</p>	<p>Ethnic factors that justify exclusion are reducing</p> <p>Gender factors that restrain productivity and welfare of women and children are reducing</p>

Reference list

A literature review is being prepared for the joint evaluation which will be passed to the successful bidder on award of contract. Fuller references will be provided in that document. For the purposes of the tender, the following reports may be of interest.

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Brobäck U, Sjölander S (2001), “Programme Support and Public Financial Management: A New Role for Bilateral Donors in Poverty Strategy Work”, Sida Studies no. 6. 2001.

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Institute of Development Studies (IDS) (2002), “Independent Evaluation of SECO’s Budget Support Programme”.¹⁹

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Ministry of Foreign Affairs the Netherlands, Policy and Operations Evaluation Department (2003 a), “Results of International Debt Relief”, IOB Evaluation nr. 292.

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¹⁹ This publication also includes country reports of Burkina Faso, Fed. Rep. of Yugoslavia, Kyrgyzstan, Mozambique and Tanzania.

Oxford Policy Management (OPM), (2003), “Assessing Aid Effectiveness in Uganda: An Aid-Disaggregation Approach”.

Pavigani E, Sjölander S and Aarnes D (2002), “Moving On-budget in the Health Sector of Mozambique. Requirements, Features and Implications of Future Aid Management and Financing Mechanisms”.

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White H (1999), “Dollars, Dialogue and Development. An Evaluation of Swedish Programme Aid”, Sida Evaluation 99/17.²⁰

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World Bank OED (2003), “Toward Country-led Development: A Multi-Partner Evaluation of the Comprehensive Development Framework”.

World Bank OED (2003), “Debt Relief for the Poorest. An OED Review of the HIPC Initiative”.

Background papers to the evaluation and the Evaluation Framework

DFID (2004), “General Budget Support Evaluability Study Phase I; Volume I: Synthesis Report”, DFID Evaluation Department EV643, Vol 1.

²⁰ This publication also includes country reports of: Bangladesh, Cape Verde, Mozambique, Nicaragua, Tanzania, Uganda, Vietnam and Zambia, thematic reports on: the trends and turns of Swedish programme aid, conditionality, impact on reforms, the modalities of programme aid, assessing aid, and a conference paper.

DFID (2004), “General Budget Support Evaluability Study Phase I; Volume II: Country Case Studies”, DFID Evaluation Department EV643, Vol 2.

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The Five DAC Evaluation Criteria

Effectiveness: “The extent to which the development intervention’s objectives were achieved, or are expected to be achieved, taking into account their relative importance.”²¹

Efficiency: “A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.”²²

Relevance: “The extent to which the objectives of a development intervention are consistent with beneficiaries’ requirements, country needs, global priorities and partners’ and donors’ policies.”²³

Impacts: Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.”²⁴

Sustainability: “The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.”²⁵



²¹ OECD/DAC (2002) “Glossary of Key Terms in Evaluation and Results Based Management”, p. 20.

²² OECD/DAC (2002) “Glossary of Key Terms in Evaluation and Results Based Management”, p. 21.

²³ OECD/DAC (2002) “Glossary of Key Terms in Evaluation and Results Based Management”, p. 32.

²⁴ OECD/DAC (2002) “Glossary of Key Terms in Evaluation and Results Based Management”, p. 24.

²⁵ OECD/DAC (2002) “Glossary of Key Terms in Evaluation and Results Based Management”, p. 36.