EVD2

EVALUATION OF GENERAL BUDGET SUPPORT

Inception Report
June 2005

A Joint Evaluation of General Budget Support

Joint Evaluation of General Budget Support

June 2005

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Nicaragua

Rwanda

Uganda

Vietnam

JOINT EVALUATION OF GENERAL BUDGET SUPPORT 1994-2004

Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda, Vietnam

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Acronyms

AAP	Assessment and Action Plan
APR	Annual Progress Report
ARV	Anti-Retroviral
BoP	Balance of Payments
BS	Budget Support
CABS	Common Approach to Budget Support
CB	Capacity Building
CCI	Cross Cutting Issues
CDC	Community Development Committee
CDF	Comprehensive Development Framework
CEPEX	Central Projects and External Finance Bureau
CFAA	Country Financial Accountability Assessment
CG	Consultative Group
CIDA	Canadian International Development Agency
CoB	Central Bank (Mozambique)
COM	Council of Ministers
CPAR	Country Procurement Assessment Report
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CPV	Communist Party of Vietnam
CR	Country Report
CRS	Credit Reporting System
CSLP	Cadre Strat gique de Lutte contre la Pauvret (Burkina Faso)
CSO	Civil Society Organisation
CSR	Civil Service Reform
CT	Country Team
CTL	Country Team Leader
DAC	Development Assistance Committee (of OECD)
DCI	Development Cooperation Ireland
DFID	Department for International Development (UK)
DIC	Department for International Funds (Mozambique)
DNPO	National Directorate of Plan and Budget (Mozambique)
DP	Development Partner
DRC	Democratic Republic of Congo
EC	European Commission
ECM	Economic Council of Ministers (Mozambique)
EEF	Enhanced Evaluation Framework
EF	Evaluation Framework

EIA	Environmental Impact Analysis
EIU	Economist Intelligence Unit
EQ	Evaluation Question
ESAF	Enhanced Structural Adjustment Facility
ESP	Economic and Social Plan
FCFA	Franc of the African Financial Community
FRDP	Fiscal Restructuring and Deregulation Programmes (Malawi)
G16	Group of Development Partners providing GBS to Mozambique
GBS	General Budget Support
GDP	Gross Domestic Product
GFATM	Global Fund for AIDS, Tuberculosis and Malaria
GNI	Gross National Income
GoM	Government of Mozambique
H&A	Harmonisation and Alignment
HIPC	Heavily Indebted Poor Countries
IADB	Inter-American Development Bank
IDD	International Development Department (University of Birmingham)
IFI	International Financial Institution
IMF	International Monetary Fund
IMR	Infant Mortality Rate
INSD	National Bureau of Statistics and Demography (Burkina Faso)
IP	International Partner
I-PRSP	Interim Poverty Reduction Strategy Paper
IR	Inception Report
IR1	First Draft Inception Report[1]
IR2	Revised Inception Report[2]
JA	Joint Agreement
JP	Joint Programme
LENPA	Learning Network on Program-Based Approaches
LG	Local Government
LTEF	Long Term Economic Framework
M&E	Monitoring and Evaluation
MADER	Ministry of Agriculture (Mozambique)
MDG	Millennium Development Goal
MFPED	Ministry of Finance, Planning and Economic Development
MG	Management Group

[1] *Joint Evaluation of Budget Support – Inception Report, First Draft,* January 2005. Birmingham: IDD.

[2] *Joint Evaluation of Budget Support – Revised Inception Report,* March 2005. Birmingham: IDD.

MIDED	Ministry of Education (Mozambique)
MISAU	Ministry of Health (Mozambique)
MOU	Memorandum of Understanding
MPF	Ministry of Planning and Finance
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
n.a.	not available
NDP	National Development Plan
NEMA	National Environmental Management Agency
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
Norad	Norwegian Agency for Development Cooperation
NRM	National Resistance Movement (Uganda)
ODA	Official Development Assistance
ODI	Overseas Development Institute
OE	State Budget (Mozambique)
OECD	Organisation for Economic Cooperation and Development
OHCHR	Office of the High Commissioner for Human Rights
PAF	Poverty Action Fund (Uganda) / Performance Assessment Framework (elsewhere)
PAP	Project Aid Partners
PARPA	Plano de Ac ‹o para a Redu ‹o da Pobreza Absoluta (Mozambique's PRSP)
PBA	Programme Based Approach
PE	Public Expenditure
PEAP	Poverty Eradication Action Plan
PEFA	Public Expenditure and Financial Accountability
PES	Plano Economico e Social (Economic and Social Plan) (Mozambique)
PFM	Public Finance Management
PGBS	Partnership General Budget Support
PIP	Public Investment Programme
PIU	Project Implementation Unit
PM	Prime Minister
PND	Plan Nacional de Desarrollo (National Development Plan)
PPA	Participatory Poverty Assessment
PR	Poverty Reduction
PRGF	Poverty Reduction and Growth Facility
PROAGRI	Sector Wide Approach to the Ministry of Agriculture (Mozambique)
PRS	Poverty Reduction Strategy

PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSR	Public Sector Reform
PTA	Parent Teacher Association
PWT	Penn World Tables
QA	Quality Assurance
ROPE	Results Oriented Public Expenditure
RSA	Republic of South Africa
SAF	Structural Adjustment Facility
SAI	Supreme Audit Institution
SB	State Budget
SBS	Sector Budget Support
SECO	State Secretariat for Economic Affairs (Switzerland)
SG	Steering Group
Sida	Swedish International Development Cooperation Agency
SISTAFE	State Integrated Financial Management System (Mozambique)
SME	Small and Medium Scale Enterprise
SN	Synthesis Note
SOE	State Owned Enterprise
SPA	Strategic Partnership with Africa
SR	Synthesis Report
ST	Synthesis Team
SWAp	Sector Wide Approach
TA	Technical Assistance
TFDP	Task Force on Donor Practices
TL	Team Leader
TOR	Terms of Reference
U5MR	Under Five Mortality Rate
USAID	United States Agency for International Development
USD	United States Dollar
WAEMU	West African Economic and Monetary Union
WB	World Bank
WDI	World Development Indicators
WTO	World Trade Organisation

PREFACE

The joint evaluation of General Budget Support (GBS) has been commissioned by a consortium of donor agencies[1] and 7 partner Governments under the auspices of the DAC Network on Development Evaluation. The evaluation follows a DFID GBS Evaluability Study which established an Evaluation Framework for GBS. This Framework was agreed with DAC Network members in 2003. A Steering Group (SG) and Management Group (MG), both chaired by DFID, were established to co-ordinate the evaluation. The study is being carried out by an evaluation team led by the International Development Department, University of Birmingham (IDD)

The purpose of the evaluation is to assess to what extent, and under what circumstances, GBS is relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth. The evaluation is expected to identify evidence, best practice, lessons learned and recommendations for future policies and actions.

This synthesis inception report is based on a series of inception visits to seven case study countries (Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam), which were undertaken by the evaluation team in October-December 2004. The report provides details of the proposed approach and methods and specifies the issues and themes to be studied during the main phase of the evaluation. The report was approved by SG and MG in May 2005.

The main phase of fieldwork in the seven case study countries will be finalised by the end of July 2005. Country reports will be submitted thereafter. A final synthesis report will be presented at an International Dissemination Conference in March 2006.

[1] The consortium is composed of the governments of Australia, Belgium, Canada, Denmark, France, Germany, Ireland, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and the USA, plus the European Commission (EC) and the Inter-American Development Bank (IADB), the IMF, OECD/DAC and the World Bank. The Evaluation is undertaken in collaboration with the governments of Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam, who are also represented on the SG. The study is designed to interact closely with aid agencies and with government and other stakeholders at country level. There are government and donor contact points in each country.

1. INTRODUCTION

Purpose and Scope of the Evaluation

1.1 This study, commissioned jointly by donors in collaboration with partner governments, is the first systematic cross-country evaluation of General Budget Support (GBS). The full Terms of Reference (TOR) are in Annex A. Details of the management structure for the study and the study team are in Annex B.

1.2 As summarised in the TOR (§3.1):
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. The evaluation should be forward looking and focused on providing lessons learned while also addressing joint donor accountability at the country level.

1.3 The evaluation is to cover the implementation and the results of GBS during the period 1994–2004 (TOR §3.3). The seven case-study countries are Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam. These have been selected as an illustrative rather than representative sample of countries that receive GBS. Moreover, the particular focus of the evaluation is on "partnership GBS" ("new GBS" and "poverty reduction GBS" are equivalent terms). The characteristics and evolution of partnership GBS, generally and in the study countries, are discussed in Chapter 2. In all cases, however, partnership GBS was an innovation in the latter part of the review period. The study is not required to evaluate the forms of GBS that preceded partnership GBS, but it is expected to use the earlier experiences of programme aid as a point of comparison in assessing partnership GBS.

1.4 Eventual outputs of the study will include seven free-standing country-level Evaluation Reports, a Synthesis Note (SN) summarising the findings from the seven country studies, a final Synthesis Report (SR) which will extend the scope of the evaluation's conclusions, and a Note on Approach and Methods.[3]

1.5 The study is based on, but is also required to improve, a specially developed Evaluation Framework (EF). Annex C is the Executive Summary of the EF (Booth and Lawson, 2004).[4]

1.6 This report draws on a series of inception visits to the study countries (details in Annex B, summary timetable in Box 1.1 below). A first draft inception report (IR1),[5] was discussed at a Steering Group (SG) meeting on 1–2 February 2004. This was thoroughly re-drafted in the light of comments and a revised inception report (IR2)[6] was submitted in March. The present Final Inception Report responds to comments on the previous drafts. The main substantive changes are in Chapter 4.

[3] The revised timetable for delivering these outputs is described in Chapter 5.
[4] Booth, D. and Lawson, A. (2004). *Evaluation Framework for General Budget Support*. London: ODI. Throughout this report, Evaluation Framework (with initial capitals) always refers to the EF developed by Booth and Lawson. For the complete list of all references, please see Annex D.
[5] IDD, *Joint Evaluation of Budget Support – Inception Report, First Draft, January 2005*.
[6] IDD, *Joint Evaluation of Budget Support – Revised Inception Report, March 2005*.

Box 1.1: Inception Period: Key Events and Dates

Key Events	**2004**
Contract Start Date (mobilisation)	August 23
Team Workshop	September 13–14
Contract Signature	October 15
Country Inception Visits	October–December
Vietnam	*Oct 10–23*
Mozambique	*Oct 16–30*
Rwanda	*Oct 31–Nov 16*
Malawi	*Nov 1–12*
Nicaragua	*Nov 1–14*
Uganda	*Nov 14–Dec 2*
Burkina Faso	*Nov 28–Dec 13*
	2005
Draft Inception Report	January 24
SG meeting to discuss Draft Inception Report	February 1–2
Team workshop	February 23–24
Revised Draft Inception Report	March 14
Team Workshop	April 26–27
Final Inception Report	May 20

Purpose of the Inception Report

1.7 The TOR (§6) specify the Inception Report as follows:

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 [Evaluation Framework], 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.*

Inception Report Structure

1.8 This Inception Report responds to these requirements as follows:

Chapter 2 describes the origins and distinguishing features of the partnership GBS that is the principal focus of this evaluation; it then provides an overview of partnership GBS in the case-study countries. (A more extensive inventory of GBS in these countries appears in Annex E.)

Chapter 3 reviews the GBS Evaluation Framework and other key aspects of the approach and methods for the study, and explains the Enhanced Evaluation Framework (EEF) that has been developed during the inception phase.

Chapter 4 draws on the EEF and on the findings from the inception visits to the case- study countries to propose the key evaluation questions to be addressed in the Country Reports (the study content). As anticipated, this is the chapter that has developed most since the submission of the Revised Inception Report.

Chapter 5 describes the work plan for the remainder of the study (the study process), including measures for quality assurance and to ensure comparability of findings across countries.

1.9 These five chapters comprise the concise main part of this Inception Report. They are supported by Annexes (see Box 1.2) which include additional background material and initial findings, along with other material that is principally intended as detailed guidance for the study teams undertaking the field phase. Annexes G, J and K (new) have been substantially revised since IR2.

Box 1.2: Guide to the Annexes

Title	Comment
A. Terms of Reference	Full TOR (25 pages).
B. Structure and Organisation of the Study	Details of Steering Group and Management Group; country contacts; the IDD consortium; team members and responsibilities; timetable to date; study website.
C. Evaluation Framework (Executive Summary)	Concise version of the Evaluation Framework for GBS – a methodological guide that forms an adjunct to the TOR.
D. Bibliography	Part 1 collects general references for the study. Part 2 highlights relevant cross-country studies in which the GBS case-study countries feature.
E. GBS Inventory in Study Countries	A working summary of data collected by country teams on GBS and other relevant aid programmes in each study country for 1994–2004.
F. Terminology	Standard definitions for key terms used in the evaluation.
G. Enhanced Evaluation Framework (Detailed Questions)	Detailed logical framework developed during the inception phase (to supersede the version associated with the original Evaluation Framework).
H. Cross-Cutting Issues	Explains the treatment of the four cross-cutting issues identified in the TOR (gender equality, environment, democracy & human rights, and HIV/AIDS).
I. Country Field Studies	Teams, timing and particular areas of focus for the country field studies.
J. Country Report Structure	Detailed guidelines for the format of the Country Reports.
K. Key Evaluation Questions	Key evaluation questions with guidelines on judgement criteria, causality chains, counterfactuals, relevant evidence and data sources.

2. PERSPECTIVES ON PARTNERSHIP GBS

Introduction

2.1 This evaluation focuses on General Budget Support (GBS) as a particular form of programme aid. A defining characteristic of GBS is that it provides unearmarked funds to the government budget, but it is not the only form of programme aid that does this, and it is distinguished from these other forms of programme aid by the purposes and the manner of the transfer. The current form of GBS took shape in the late 1990s, and is variously known as "new GBS", "poverty reduction GBS" and "partnership GBS". We have adopted the latter term as the one that best captures the intended change in aid relationships that this form of GBS embodies.

2.2 This chapter (a) explains the definition of GBS, (b) notes the origins and objectives of partnership GBS, and (c) provides an overview of GBS in the study countries.

The Definition of General Budget Support

2.3 Box 2.1 shows the definition of GBS, and its relationship to other forms of programme aid, as specified in the TOR (Annex A). A budget support programme comprises not only the funds themselves, but also the policy dialogue and the conditions linked to their disbursement, and related technical assistance and capacity building. The Evaluation Framework extends this further to include as additional inputs the alignment and harmonisation activities of the GBS donors.

2.4 Other forms of programme aid (including debt relief and other balance of payments support) may have similar effects in terms of generating resources that can be used to finance the government budget (and could therefore also be legitimately described as budget support), but different types of budget support are distinguished on the basis of the intent of the programme and on the accompanying inputs. An historical perspective is therefore essential to understand what distinguishes partnership GBS from the earlier forms of programme aid.

The Origins and Characteristics of Partnership GBS

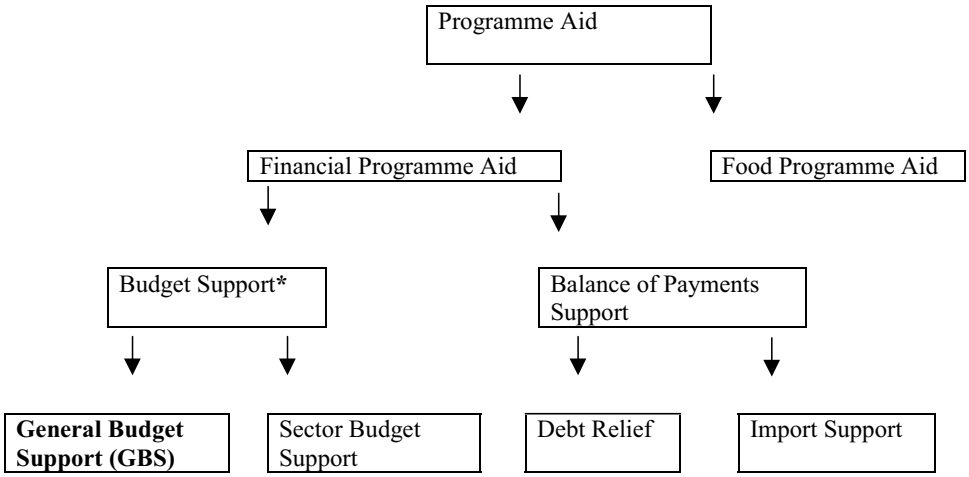
Broad Types of GBS

2.5 Programmatic (non-project) forms of aid have a very long history. The dominant form of financial programme aid during the 1980s and 1990s was structural adjustment finance provided mainly by International Financial Institutions (IFIs). In many ways (see below), partnership GBS has been a reaction to the perceived shortcomings of structural adjustment GBS, but both may be contrasted with unconditional GBS, as shown in Box 2.2.

2.6 The three broad types of GBS, depicted in Box 2.2, each consist of concessional finance to government that is not earmarked for a particular use, plus the conditions attached to this finance. It is the difference in attached conditions, linked to the purpose of the non-earmarked transfers, which distinguishes the three types. Distinguishing these broad types of GBS helps to resolve the paradox that some major donors of non-earmarked financial transfers to governments during the decade of our study period have also been sceptics regarding partnership GBS.

Box 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).



* Referred to as direct budget support in the *Evaluation Framework*.

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 the levels and focus of the policy dialogue and conditionality.

Sector Budget Support is distinguished from **General Budget Support** by being earmarked to a discrete sector or sectors, with any conditionality relating to these sectors. Additional sector reporting may augment normal government accounting, although the means of disbursement is also based upon government procedures.

Source: TOR and Evaluation Framework. For more detailed explanation of the terms involved (e.g. the distinction between real and notional earmarking) see Annex F (Terminology).

Box 2.2: A Stylised Classification of GBS

(non-earmarked concessional finance in all cases)

Type	Purpose	Conditionality
1. Unconditional GBS	To fill a temporary gap in public finances.	No specific conditions, often related to broader political, historical and trade ties, e.g. support to countries attaining independence (1960s-70s), US Marshall Aid to Europe (1940s), Japanese assistance to neighbours after Asian financial crisis (1990s). Essentially bilateral.
2. Structural Adjustment GBS	To reduce external and internal imbalances and raise economic growth.	Specific conditions focused on deregulation, privatisation, inflation and public sector deficits, e.g. numerous structural adjustment programmes. Led by IFI credits with bilateral support.
3. Partnership GBS *(also known as 'poverty reduction GBS' and 'new GBS')*	To raise the capacity of government to attain agreed poverty reduction targets.	Specific conditions related to performance in governance, service delivery to the poor, as well as inflation and public sector deficits. Led by IFI credits with bilateral support.

Origins and Purposes of Partnership GBS

2.7 The purposes, and the approach to conditionality, of partnership GBS are rooted in perspectives on the role and effectiveness of aid that emerged in the latter half of the 1990s. These derived from the following interacting impulses:

- Revised assessments of aid effectiveness, which argued that aid works in good policy environments but that necessary reforms cannot be bought through conditionality (Dollar et al, 1998, *Assessing Aid,*[7] was seminal). Hence an emphasis on ownership, and on being more discriminating in allocating aid to countries and governments that are able to use it effectively.
- Growing concerns for debt relief and a more direct focus on poverty. Hence the direct link between the Heavily Indebted Poor Countries (HIPC) initiative and Poverty Reduction Strategy Papers (PRSPs), and the focus on the adequacy of government systems to allocate HIPC resources to pro-poor expenditures. Hence also the adoption of the Millennium Development Goals (MDGs). Although debt relief is not formally part of what is being evaluated (see Box 2.1), it was extremely important in developing the PRSP framework for GBS, while, for many bilateral donors, debt relief funding was a direct precursor of GBS.[8]
- Greater scepticism about standard policy prescriptions and more recognition of differences in country environments. Allied to the increased concern for ownership, this creates a greater concern for aid to support effective *processes* – not just the particular policies espoused and budgets announced, but the underlying systems for macroeconomic management, planning and budgeting, and associated systems of internal accountability. Again this is epitomised in the PRSP approach.
- A perception (also highlighted in the *Assessing Aid* literature) that inappropriate aid modalities had become part of the problem. Efforts to bypass weaknesses in government systems were seen to have further weakened them, to have fragmented national decision making, and to have raised the transaction costs of aid. Hence efforts to support greater coordination and harmonisation of aid reflected, inter alia, in the Comprehensive Development Framework (CDF), work by the OECD's Development Assistance Committee (OECD DAC), the Strategic Partnership with Africa (SPA) and other bodies on harmonisation and alignment, the trend towards Sector Wide Approaches (SWAps) and the adoption of the principles of Programme Based Approaches (PBAs).[9] PBA principles (which apply equally to PRSPs, to sector approaches and to lower levels of engagement) ownership, alignment and harmonisation, the use of government systems, and so forth.[10] Concern to disburse aid through government systems increases the focus on the quality of public finance management as well as on sound macroeconomic management.
- An additional factor is the Monterrey commitment to scale up aid substantially. In the light of the other concerns cited (harmonisation, ownership, the preferences of recipient governments), and because achieving MDGs may require the financing of recurrent costs, GBS is seen by its advocates as a particularly relevant modality for the channelling of increased aid flows.

[7] Dollar, D. et al. (1998). *Assessing Aid: What Works, What Doesn't and Why.* New York: Oxford University Press for World Bank.

[8] In terms of the stylised classification of Box 2.2, HIPC resources represent a form of unconditional budget support after the completion point is reached, since there is then an irrevocable flow of debt relief.

[9] See Annex F (Terminology) for definitions.

[10] As signatories to the Paris Declaration (*Paris Declaration on Aid Effectiveness,* High Level Forum, March 2005) donors have agreed that increased use of PBAs should be adopted as an indicator of progress in harmonisation.

2.8 Altogether, the range of expectations from GBS is extraordinarily wide. Its ultimate objectives may be relatively clear (at its simplest, poverty reduction – though there is not much that is simple about that!), but how this is expected to occur involves a much wider range of expectations. The TOR (§2.2) draw attention to:

- 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.*
- *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.

Implications for Evaluation

2.9 Project evaluation methodology is well established, and relatively straightforward (although such evaluations frequently abstract from the problems of fungibility – see the discussion of counterfactuals in Chapter 3). PBAs are inherently much more complex because of their breadth, the provision of joint inputs, and the nature of their objectives. GBS, as the form of PBA with the broadest scope, is also the most challenging to evaluate. We take up these challenges in Chapter 3. First, we consider how trends towards partnership GBS have been manifested in the case-study countries.

Overview of GBS in the Case-Study Countries

Approach

2.10 Because of its scale, GBS is inherently lumpy, and there has been a finite set of budget support operations in each of the study countries between 1994–2004. Our approach has been to identify them all individually, and to build up a comprehensive inventory for each study country based on programme-level information. (The possibility of complementing country-level information with an econometric analysis of standard international data has been considered but rejected – see Box 2.3.)

Box 2.3: Feasibility of an Econometric Approach

The subtleties of the distinctions involved, the lack of standard definitions, and the novelty of partnership GBS as a major form of programme aid, mean that standard international data on aid are of limited value for charting trends in the types and levels of GBS flows.[11] As part of the inception phase of this study, the feasibility of an econometric analysis of GBS performance was explored.[12] Although there appeared to have been significant recent improvements in the principal (OECD DAC) data sources, it has been decided not to pursue this line of enquiry within the present study because of remaining doubts about the reliability of the data, because the proposed approach would not have yielded robust country-level conclusions (it would have incorporated the seven case-study countries within a wider 42-country panel), and because it could not have provided any insights on the differential performance of different designs within the category of partnership GBS.

[11] See Lanser, P. (2003). *Inventory of Programme Aid 1992 – 2001. Preparatory study for the planned joint evaluation of General Budget Support*. Rotterdam/The Hague: ECORYS-NEI (Working Document).

[12] Barassi, M. and Ercolani, M. Feasibility Study for Quantitative Analysis, Annex H of IDD (2005). *Joint Evaluation of Budget Support – Inception Report, First Draft, January 2005*. Birmingham: IDD. (IR1).

2.11 We have deliberately sought to capture all forms of budget support, not just what is unambiguously partnership GBS according to the TOR definition. This approach recognises that different donors have different terminology and definitions (partly for presentational reasons) and that identifying partnership GBS on the basis of donors' own classifications and programme labels would therefore be treacherous. Furthermore, even with detailed programme-level knowledge it is difficult to draw sharp distinctions between different types of programme aid and budget support. For example the difference between GBS and Sector Budget Support (SBS) – see Box 2.1 above and the fuller discussion in Annex F – can turn on a subtle interpretation of the difference between real and virtual earmarking. In practice there is a spectrum of related aid instruments, and the drawing of sharp boundaries between different types is likely always to be somewhat arbitrary.

2.12 In addition, many of the design elements of GBS also feature both in earlier forms of programme aid and in current co-existing modalities. Even though the focus of the present study is on partnership GBS, there is potential for useful insights from comparisons with other forms of programme aid, particularly when considering different design elements (e.g. conditionality, performance indicators) that are common to GBS and the earlier and other contemporary versions of budget support. The TOR endorse the pragmatic approach to field work that we have adopted, and it is reflected in the scope of information being collected for the inventory (Annex E).

2.13 Country contexts are different. Even countries which are quite similar in many dimensions may have a different pattern and history of the aid relationships out of which GBS has evolved. This will be an important theme to pursue in the country reports themselves, and in the synthesis phase of this study. For the purposes of this Inception Report, the next paragraphs briefly characterise some of the most striking features of the case-study countries, before we provide an overview of the inventory and its contents.

Relevant Characteristics of the Case-Study Countries

2.14 The most obvious grouping of the case-study countries is that the five African countries represent a relatively homogeneous group in terms of economic and social structure, state of development and patterns of development aid, while Nicaragua and Vietnam are clear outliers. But beyond this starting point there are distinct political and economic contexts by country:

- While all are classified as 'poor' countries, each country has distinct poverty levels and characteristics, and significantly different recent trends in poverty reduction.
- Each country also has a particular history of aid relationships, and of budget support intent and practice during the period 1994–2004, involving very different levels of experience in partnership GBS (over time, by donor plurality, and by the quantity and relative significance of GBS funds involved).

Burkina Faso

2.15 In 2003, 46.4% of the population were living below the poverty line,[13] while in the same year Gross National Income (GNI) per capita[14] was $200. Burkina Faso is heavily dependent on Official Development Assistance (ODA): net ODA/GNI in 2003 was 10.8%.[15] A democratic government has been in place since 1991. The last two presidential elections have been won by the present incumbent, who faces another election in 2005. Legislative elections in 2002 resulted in an enlarged opposition presence in parliament. Government-donor relations have at times been affected by governance issues (e.g. concerning arms-dealing activities and episodes of human rights abuse).

[13] Poverty line defined as 82,672 FCFA in 2003. INSD household survey 2003.

[14] All GNI per capita data are USD, Atlas method.

[15] Source for GNI and ODA/GNI statistics for all seven case-study countries is OECD DAC, *Aid at a Glance* (http://www.oecd.org/countrylist/0,2578,en_2649_34447_25602317_1_1_1_1,00.html).

2.16 Two periods of aid relationship are identifiable during the study period 1994–2004:
(i) the 1990s: characterised by structural adjustment programmes; and
(ii) from 2000: elaboration and implementation of the CSLP (Burkina Faso's PRSP), with Burkina Faso applying for HIPC initiative debt relief.

2.17 GBS is provided through the World Bank's Poverty Reduction Support Credit (PRSC, now in its fourth phase since 2001) and a group of bilateral donors (Belgium, Denmark, EC, France, Netherlands, Sweden, Switzerland and others), who have been supporting the Poverty Reduction Strategy (PRS) since 2001 and have adopted the first protocol for joint budget support. At the same time, non-GBS donors (namely Canada, Germany, Japan and USAID) continue to be important aid providers.

Malawi

2.18 Over 60% of the population live below the poverty line.[16] GNI per capita was $170 in 2003. Malawi is heavily aid dependent: net ODA/GNI in 2003 was 29.5%. Malawi has been an elective democracy since 1994, but government-donor relations have been affected by the lack of fiscal discipline evident throughout 1994–2004. In this context, the new presidency as a result of the 2004 elections is seen as a potentially positive change.

2.19 Two periods of aid relationship are identifiable during the study period 1994–2004:
(i) the 1990s: dialogue led by the IMF and the World Bank, focusing on trade liberalisation and structural reforms; and
(ii) from 2000 onwards: transition to a focus on the IMF Poverty Reduction and Growth Facility (PRGF) agreement, with key bilateral donors (Denmark, EC, Norway, Sweden and UK) promoting a coordinated approach with the PRGF under the CABS (Common Approach to Budget Support) framework.

2.20 However, with a lack of fiscal discipline evident throughout the period, the PRGF was off track at the point of signing in 2000, and actual releases of GBS have been limited. There has been some mutual recrimination between government and donors as a result.

Mozambique

2.21 53.6% of the population live below the poverty line.[17] GNI per capita was $210 in 2003. Mozambique is heavily aid dependent: net ODA/GNI in 2003 was 25.2%. Since the pre-1992 situation of civil turmoil and the severe disruption of government operations, there has been a democratic multi-party regime with the last elections held in December 2004. Governance issues have affected government–donor relations (particular crises have stemmed from corruption-related banking scandals and episodes of human rights abuse).

2.22 Three periods of aid relationship are identifiable during the study period 1994–2004:
(i) 1992–1996: preparation for peace, with emergency and food aid dropping off sharply between 1993–94;
(ii) 1996–2000: gradual decrease in multilateral and non-governmental organisation (NGO) roles, with growing donor participation in recurrent expenditure; and
(iii) 2001–2004: introduction of partnership GBS.

[16] As defined by the WB.
[17] As defined by INE/Republic of Mozambique 2004.

2.23 Of the large numbers of donors operating in Mozambique, 17 of them now collaborate in offering budget support, with coordination of GBS formalised in 2000 in a joint donor programme. The PRSP (PARPA – Plano de Cacao Para a Reduce ad Pores Absolute – in Mozambique) approved in 2001 by IMF and the WB, has been followed with a common Performance Assessment Framework in 2003. Except for the USA, all the large donors and many of the smaller bilaterals now participate in the principal grouping, the Group of 16 (G16), that have joined together to provide general budget support. Even 'outsiders' like the USA and Japan participate as 'observers' in G16 meetings, and the volume and proportion of aid that is channelled through the budgetary process has increased consistently over the last seven years.

Nicaragua

2.24 In 2001, 45.8% of the population were living below the poverty line,[18] although GNI per capita was $730 in 2003 – much the highest among the case-study countries. Nicaragua is nevertheless also heavily aid dependent: net ODA/GNI in 2003 was 21.3%. Political life was extremely polarised between the Sandinista Front and the Liberal Alliance until the relatively recent pact between the parties' leaders. In the last decade the context of government–donor relations has been the economic fallout from natural disasters (Hurricane Mitch) and political crises (the prosecution of former government officials on charges of corruption).

2.25 Two periods of aid relationship are identifiable during the study period 1994–2004:

(i) 1990s: the first IMF Enhanced Structural Adjustment Facility (ESAF) expired in 1997 without a single one of the three annual programmes keeping on track, while the second ESAF, in 1998, went off track the same year; and

(ii) from 2000: dominated by the HIPC initiative (decision point 2001 and completion point 2004) and its requirement for a PRSP to be drawn up. The World Bank PRSC started in 2004 and there is now a vigorous effort by donors (led by bilaterals – Finland, Norway, Sweden, Switzerland and others) to agree a Joint Financing Arrangement on GBS with performance conditions based on the PND (Plan Nacional de Desarrollo).

Rwanda

2.26 60.3% were living in poverty in 1999/2000.[19] GNI per capita was $220 in 2003. Rwanda is heavily aid dependent: net ODA/GNI in 2003 was 20%. The watershed marking Rwanda's modern history and its relationship with donors is the genocide of 1994. Immediately afterwards there was a period of extreme chaos in the 'aid market' with large numbers of donors active – multinationals, bilaterals and NGOs. Rwanda is currently governed by a democratic multi-party regime; elections were last held in 2003. Government–donor relations have been affected by the crisis prompted by the war with DRC in 1998 and then more recently by over-spending including on allegedly unjustified items (2003). A new crisis may be in the making with clashes in Eastern DRC (end 2004).

2.27 Three periods of aid relationship are identifiable during the study period 1994–2004:

(i) 1994–1997/98: characterised by virtually no government accountability or consultation with the population;

(ii) 1997/98–2002: the government (re-)shaping itself, the emergence of Vision 2020 closely followed by the preparation of the PRSP; and

(iii) from 2002, when the PRSP was endorsed. There has been a progressive shift of budget

[18] Standard of Living Survey 2001.

[19] PRSC 2004.

support operations towards the partnership GBS paradigm, with the Rwanda Government strongly stating its wish to see more donors providing a greater proportion of aid through GBS. Key GBS donors are DFID, EC, Sida and the World Bank, among others. GBS and GBS partnerships are at a relatively early stage, and 2005 will be a test period, especially as the Government plans to undertake a thorough revision and updating of the PRSP in this year.

Uganda

2.28 Headcount income poverty[20] reduced from 56% in 1992 to 44% in 1997 and further to 35% in 2002; however this indicator increased to 38% in 2003. GNI per capita was $240 in 2003. Uganda's present constitutional framework was established by the National Resistance Movement (NRM) government which came to power in 1986. Subsequent Presidential and Parliamentary elections on a non-party basis (1996 and 2001) have been won by the NRM, and Uganda has yet to experience a democratic change of government. The run-up to forthcoming presidential elections may well mark another phase in donor–government relations. This is likely to depend on a variety of factors, including progress towards multi-party democracy and whether the presidential term limits embodied in the present Constitution are adhered to, and the human rights record in the run-up to the elections.

2.29 Uganda is notable for the extent of government leadership in the poverty reduction strategy and in innovative approaches to aid management. Three periods of aid relationship are identifiable during the study period 1994–2004:

(i) 1994–1997 pre-PEAP (Poverty Eradication Action Plan)[21]: establishment of a stable macroeconomic environment and fiscal discipline through the introduction of cash budgeting and the Medium Term Budgetary Framework (MTBF) in 1994, following an earlier lapse in fiscal discipline. Liberalisation and privatisation policies quickly followed, sponsored by the World Bank and IMF, and supported by Structural Adjustment lending.

(ii) 1997–2000 (PEAP I): implementation of the Poverty Eradication Action Plan, and the introduction of the Medium Term Expenditure Framework (MTEF) in 1997. During this time Uganda first benefited from HIPC debt relief, prompting the formation of the Poverty Action Fund (PAF) by government. The combination of MTEF, SWAps and the PAF facilitated donors' move towards the provision of budget support, much of which was notionally earmarked to the PEAP via the PAF. Towards the end of this period the second iteration of the PEAP was developed, with a deeper, more evidence-based and participatory process than the original PEAP. PEAP II acted as the Government of Uganda's PRSP and qualified Uganda for debt relief under the enhanced HIPC initiative.

(iii) 2000–2004 (PEAP II): the period of implementation of the PEAP, and the development of the current modalities for General Budget Support, centred on the World Bank's PRSCs, the first of which was provided in 2001. Towards the end of this period the third iteration of the PEAP was finalised.

Vietnam

2.30 Vietnam experienced a remarkable growth-led decline in the incidence of poverty in the 1990s, from 58.2% in 1992/93 to 37.4% in 1997/98.[22] GNI per capita was $480 in 2003. However,

[20] Based on the national poverty line.

[21] The Poverty Eradication Action Plan was a Ugandan initiative and became the prototype of PRSPs.

[22] Glewwe P, Gragnolati M, and Zaman H. (2002) *Who gained from Vietnam's boom in the 1990s? An analysis of Poverty and Inequality Trends*. Economic Development and Cultural Change (volume 50).

if present trends continue, Vietnam will graduate to Middle Income Country status within the foreseeable future. Vietnam is not heavily aid dependent; net ODA/GNI in 2003 was 4.5%. The Doi Moi economic reforms began in 1986, but it was not until the lifting of the US embargo in 1994 that the International Financial Institutions (IFIs) were able to begin lending to Vietnam (policy advice not linked to funding had been given previously). The previously small group of donors in Vietnam is now much larger.

2.31 Three periods of aid relationship are identifiable during the study period 1994–2004:

(i) 1994–97: the first Consultative Group meeting was held in 1994, followed by a decree on aid management in 1998;

(ii) 1998–2000: as a response to the Asian crisis, further reforms were initiated and ,from 1999, substantial budget support was provided by Japan through the Miyazawa initiative; in mid-2000 the preparation of an Interim Poverty Reduction Strategy Paper (I-PRSP) began, as a route to accessing PRGF and PRSC funding, although debt relief was not sought; and

(iii) from 2001: the development of the Comprehensive Poverty Reduction and Growth Strategy.[23]

2.32 The IMF PRGF programme began in 2001 but was suspended in 2002, while the WB PRSC I began in 2001/02, followed by PRSC II (2003) and PRSC III (2004). The original PRSC I was co-financed by the UK, Netherlands, Denmark and Sida. By PRSC IV this had expanded to a more diverse group of potential co-financiers including Japan, France and the EC. At the same time, the government continues to be comfortable with a project-focused approach. This mirrors its own approach to implementation, involving discrete capital projects run by project management units which are semi-integrated into government systems; partnership GBS remains a relatively small, as well as recent, component of aid flows.

The GBS Inventory

2.33 Our inventory of GBS (summarised in Annex E)[24] attempts to capture the main features of successive general budget support (and closely related) programmes in each case country. The primary purpose of the inventory is to identify programme intentions, procedures and inputs so that their outputs and outcomes can then be examined in the evaluation. By taking a broad view of the programmes that are relevant to this evaluation, it also supports the historical and comparative perspective that has been stipulated (¶1.3 above). Moreover, as we discuss in Chapter 3, entry conditions for GBS and the interactions among donors and among aid modalities, both at input level and prior to GBS commencement, have emerged as important subjects for this study, and the inventory helps in characterising these.

2.34 Apart from the identification of the different international partners involved in each programme and the scale of assistance involved, the inventory seeks to capture the following aspects of the programmes:

(a) **Programme intent**: as we have noted, the intention behind the provision of unearmarked budget support is one of the principal distinguishing features of partnership GBS. The inventory seeks to capture changing intentions over time as well as the differences in emphasis between donors simultaneously involved.

[23] Comprehensive Poverty Reduction and Growth Strategy (Vietnam's PRSP).

[24] Annex E is a snapshot of work in progress. The information it summarises will be reviewed and revised during the preparation of Country Reports; refined inventory information will be incorporated in the Country Reports themselves.

(b) **Alignment with national strategies**: alignment with national goals and strategy for poverty reduction is fundamental to partnership GBS.
(c) **Disbursement procedures**: disbursement via government systems is a defining characteristic of GBS, but other aspects of the transfer (tranching, conditions and predictability of disbursement) may have an important bearing on the consistency between the intentions behind GBS and the form that it takes.
(d) **Conditionality and performance indicators**: as already noted, partnership GBS is ostensibly based on a different approach to conditionality than under structural adjustment programmes; it is important to review whether the evidence bears out claims that the nature of the government–donor relationship has changed, and to what extent. The indicators linked to a programme are directly related to its conditionality, and are also very revealing about the intent of the programme. We attempt to capture such aspects as the number of indicators, and their nature (e.g. whether they are process or results oriented, whether they are drawn from the partner country's PRS, whether they are linked to performance indicators for sector programmes and so forth).
(e) **Links to technical assistance (TA) and capacity building**: whether the programme content is oriented to capacity building in core government services, and whether the programmes are explicitly linked to TA and capacity building inputs, e.g. for strengthening public finance management.
(f) **Procedures for dialogue**: the structure and content of dialogue for partnership GBS is supposedly characterised by orientation to government leadership, capacity building and long-term commitment to poverty reduction. We seek to identify the specific arrangements for dialogue related to GBS programmes, set in the context of pre-existing and wider institutions for interaction between the government and its international partners.
(g) **Donor harmonisation and alignment (H&A)**: within partnership GBS, donor harmonisation and alignment with recipient country systems, as well as policies, are regarded as essential for increased ownership by government, and lower costs and greater effectiveness of core government services. As with dialogue arrangements, we seek to locate GBS-related H&A in a wider context and to understand their evolution.
(h) **Experience in implementation**: perceptions, as well as documented reviews and evaluations, are important here, since it is clear that GBS has evolved, and continues to evolve, on the basis of learning and interpretation of past experiences.
(i) **Sources of evidence**: these are important to record for further reference and additional detail; also, in some cases, as important secondary source material on the main themes of the present evaluation; and further, as a means of checking on possible biases in the sourcing of information.

2.35 This last point is an important one. Programme by programme, donor records are more systematic than governments' records tend to be. However, attempting to reconcile financial data, in particular, between donor and government sources is both difficult and revealing. Donors' records regularly indicate higher aid flows than governments register, and, despite the aspirations of budget support to align with government systems, it is extremely difficult to get reliable, donor-sourced disbursement information that matches governments' fiscal years and budgetary classifications. Equally, donors are more systematic than governments in reviewing and evaluating such programmes, and it is important to triangulate donor-sourced information with the experiences of other stakeholders. Written records are biased to the formal and intended dimensions of GBS, whereas the way GBS operates informally and in practice may show substantial variance. Nevertheless, the information assembled in this inventory is an essential base for the GBS evaluation. Country by

country, it provides evidence for constructing the history and establishing the current dimensions and likely future trends in GBS to be set in the context of aid flows and relationships more generally.

Implications for the Evaluation of GBS

2.36 In the remainder of this chapter, we reflect on the issues arising for this evaluation from the perspectives on GBS, internationally and at country level, that we have developed during the inception phase.

2.37 All the study countries show changing approaches to budget support. Much of the change is incremental, suggesting scope for tracing the evolution of newer forms and for assessing the extent to which the pace of change, and the new forms adopted, reflected particular country contexts.

2.38 At the same time, strong international influences are at work: most notably, the evolution of PRSP approaches directly linked to the context of debt relief and the HIPC initiative in particular. One of the study countries (Uganda) was clearly ahead of the international trend towards partnership GBS (a pioneer). In other cases, the introduction of partnership GBS is at least partly an attempt to create an institutional context that in Uganda appeared as a precondition. This raises important issues for investigation, concerning the sequencing of reforms, the balance between demand and supply factors in the propagation of partnership GBS, and the consequent implications for ownership. The salience of HIPC as a motivation for governments to adopt PRSs raises questions about the degree of government ownership and the commitment involved, given the strong financial incentive to meet HIPC criteria.

2.39 Case-study countries show very different degrees of penetration of partnership GBS (in terms of the length of the partnership GBS history, the absolute and proportional volumes of aid involved, and the range of donors engaged). In at least three of the case-study countries (Vietnam, Nicaragua and Malawi) partnership GBS initiatives are so recent, or unconsummated, that there is no possibility at all of tracing any effects all the way to impact on poverty reduction. Here the appropriate focus for evaluation would seem to be on the relevance of moves towards partnership GBS, and what can be learned about entry conditions and interactions among stakeholders, by the early experiences of GBS. (Failures as well as successes can be instructive.) In some others (Mozambique, Uganda) partnership GBS dominates the aid landscape, at least in terms of aid management institutions and dialogue, though not necessarily overshadowing other aid modalities in financial terms. There is much more scope in such cases to take the evaluation to the level of outputs and outcomes, at least. Also the range of experience represented invites investigation of the extent to which the evolution of GBS reflects lesson learning within and across countries.

2.40 Compilation and inspection of the inventory also suggests patterns across countries in individual donors' characteristic approaches to partnership GBS. It will be important to understand the factors behind different donors' predispositions, and to check the extent to which they may be modified at country level through interaction with the preferences of governments (in different political and economic contexts) and through interaction with other donors (coalition formation and peer pressure are clearly significant factors in modifying donor approaches).

2.41 A further line of enquiry is suggested, in order to try to understand the different rates of adoption of partnership GBS across countries: to what extent do donors respond to partner country preferences in respect of the aid modalities that they adopt (including GBS) and more particularly, do donors apply the same criteria consistently across countries in their use of GBS and the conditions they apply to it?

2.42 Donors clearly do not all operate with identical perceptions about the objectives or the instrumentalities of GBS. It is obviously impractical to evaluate separately the financial GBS inputs of different donors (hence this joint evaluation), but GBS-contributing donors may nevertheless (a) have significantly different intentions and expectations in providing GBS, and (b) whether or not for that reason, also adopt significantly different designs of GBS in terms of the conditions, approach to dialogue, TA inputs and H&A concerns. At the least, this study should not assume that such differences are immaterial; most likely a careful examination of these differences of detail will yield significant lessons about the more and less effective ways of approaching partnership GBS.

2.43 The suggestion that disaggregation may be appropriate on the donor side, so as to explore differences among and interactions between different donors, has its counterpart on the government side. It is clearly inappropriate to regard governments as monolithic: indeed the analysis proposed by the Evaluation Framework centres on the way that GBS may influence incentives within governments and the wider political process. But there is a further point: it is too simplistic to view aid and donors as external influences on country systems. They clearly also operate as actors within those systems, but the degree to which this occurs or is made explicit varies enormously across the study countries. At one end of the spectrum, the government of Uganda invites its donor partners to participate directly in the budget formulation process (an explicit quid pro quo codified in a set of partnership principles), while, at the other, budget formulation processes in Vietnam are opaque even to many insiders. At both ends of this spectrum donors seek to influence both the short-term allocation of resources and the long-term evolution of resource allocation systems. There appears considerable scope to learn lessons from the contrasting experiences of ostensibly similar instruments (e.g. PRSCs) across such different institutional environments.

2.44 Against this background, we turn in the next chapter to a consideration of the approach and methods by which such enquiries may most fruitfully be pursued.

3. APPROACH AND METHODS – ENHANCED EVALUATION FRAMEWORK

Introduction

3.1 A key requirement for the Inception Report is to present an elaboration of the approach and methods for the study. The Evaluation Framework provides a foundation for the study, but the study team is required, in the light of its work during the inception phase, to propose improvements to the EF and incorporate them in a revised causality framework.[25] This chapter (a) notes the methodological challenges inherent in the evaluation of GBS programmes; (b) outlines the main features – and the strengths – of the Evaluation Framework; (c) describes the study team's approach during the inception phase (the systematic exploration of evaluation issues in the study countries while checking the ability of the EF to address them); (d) describes the Enhanced Evaluation Framework (EEF) that has been developed through this process, and how it addresses certain limitations of the EF; and (e) addresses some additional issues in methodology.

Challenges in GBS Evaluation

Complexity

3.2 The evaluation of GBS programmes is exceptionally complex, in a number of ways:

(a) The initial inputs are themselves complex – a combination of funds with associated dialogue and conditionality, technical assistance and capacity building, harmonisation and alignment.

(b) Most of the initial inputs are not discrete (the GBS funds may be clearly and separately identified, but the other inputs are frequently bundled with non-GBS inputs).

(c) The desired ultimate effects are complex (poverty reduction in a number of dimensions across diverse countries).

(d) Changes in outcome and impact indicators will be partly (and sometimes dominantly) the effects of other causes (deliberate effects of non-GBS inputs, or exogenous factors).

(e) The chain of causality is a long one, both conceptually and temporally. Following a results chain all the way from inputs to impact is known to be challenging, particularly in moving from outputs to outcomes and impact (see the discussion of the "attribution gap" in ¶3.6 below). In any circumstances, the intervals between inputs and their immediate effects and outputs, outcomes and impacts will be significant. When effects are expected to result from processes of institutional change, the plausible interval for effects to be manifested is longer still. Moreover, results may be such that they are measurable only periodically and with difficulty; this lengthens the interval, in practice, before results can be ascertained. In some cases, moreover, confidence in the reliability of a link from hypothetical causes to observed effects may require repeated observations and evidence that the effect is persistent.

(f) In the case of GBS, many of the intermediate effects postulated are not in themselves straightforward to measure, let alone to attribute proportionately to multiple causes particularly in a dynamic context where GBS is only one of the influences on systems that are continually changing.

(g) The logic of causation is often itself controversial (for example, even if it could be demonstrated that GBS leads to the adoption of a particular policy designed to reduce poverty, the appropriateness and efficacy of the policy – either generally or in a particular

[25] The TOR refer to a "causality tree" but MG comments on the first draft of this IR acknowledge that "causality framework" is a more appropriate term. See ¶3.14 below.

country context – may well be disputed).

(h) Last, but not least, the choice and the construction of appropriate counterfactuals (what would have happened if GBS had not happened?) is both difficult and controversial.

Basic Evaluation Principles

3.3 Complexity, in itself, does not make the basic principles of a sound evaluation any less relevant. Thus:

- The DAC evaluation criteria (Box 3.1) remain essential.
- It becomes even more important to distinguish as rigorously as possible, at all stages of the enquiry, between *findings* (facts), *conclusions* (interpretation of the facts, drawing on the judgement of the evaluators), and *recommendations* (reasoned advice based on the evaluation findings and conclusions).[26]
- Assessment has to be made against an appropriate and explicitly identified counterfactual. This has both a conceptual dimension (what is the relevant alternative to the with-programme situation that the evaluators should consider?) and a practical one (is it practically possible to reconstruct a plausible without-programme situation?).[27]

Box 3.1: The DAC Evaluation Criteria[28]

The five DAC evaluation criteria are:

- *Effectiveness*: The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
- *Efficiency*: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
- *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.
- *Impacts*: Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
- *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.

Causality and Attribution[29]

3.4 When causality is complex, the characteristic challenge for an evaluator is that of *attribution*:

- Can a particular observed effect be attributed to a particular observed cause?
- If so, to what extent? (Is it a major or minor cause? Is it a sufficient or a necessary cause? and so forth.)
- What degree of confidence in the attribution is justified?

3.5 The standard approach requires a careful construction of the logic of the programme (this

[26] This is reflected in the reporting structure adopted (see Chapter 4 and Annex J).

[27] Appropriate counterfactuals are considered further in the final section of this chapter.

[28] As appended to the GBS study TOR (all taken from *Glossary of Key Terms in Evaluation and Results Based Management*. OECD-DAC (DAC Working Party on Aid Evaluation), Paris 2002).

[29] See Mayne, J. (1999). *Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly.* Ottawa: Officer of the Auditor General of Canada (Discussion Paper). Attribution analysis and causality analysis are not (as implied in some of the comments on IR2) alternative techniques but two sides of the same coin.

may be variously termed a logical framework, a causality tree, a results chain, a logic chart, etc.). The logic chart spells out what a (project or) programme is trying to achieve, and enables the logic to be systematically (and consistently) tested. Crucially, by spelling out the links in the chain of results, this approach allows the different links to be separately tested.

3.6 GTZ have noted in the context of projects and programmes that an *attribution gap* exists: *Up to the level of 'use of outputs' attribution is relatively easy in most cases. However as we climb the levels of 'outcomes' and 'impacts' external factors that cannot be influenced by projects and programmes become increasingly important. The attribution gap widens up to an extent where the observed changes cannot be directly related to project inputs any more.*[30]

3.7 The attribution gap is arguably more problematic for an intervention such as General Budget Support than it is for projects. Whereas with projects the immediate effect of project activities can often be readily discerned, with GBS the immediate effects may not always be clear since the intended effects lie at a system-wide level. Thus the problem of attribution becomes a serious one at an earlier level of the intervention logic. One response to the attribution gap is to monitor only up to outcome level. In the case of GBS that is unsatisfactory because attribution problems already exist at that level and the goal of GBS is quite clearly at a level beyond that. Rather, the approach must be to recognise that attribution is an issue at all levels, to avoid the trap of equating temporal sequence with causality, to use careful triangulation techniques, and always explicitly to consider the possibility that results observed may be attributable to factors outside the GBS programme.

3.8 Two prime requirements are thus:

- To set out clearly the logic that is being tested, why the particular hypotheses that are embodied in this logic are being tested, the types of evidence that are appropriate in testing them, and the degree of confidence with which particular attributions may be made.
- To be as transparent as possible about the process by which the evaluators proceed from findings to conclusions and (eventually) recommendations.

3.9 A third requirement is to optimise the learning potential from the evaluation by identifying and focusing on a manageable number of main lines of enquiry. The scale and the complexity of GBS programmes mean that the number of possible causal chains is indefinitely large. The evaluation must select a sub-set for close examination based on the concerns of stakeholders, the evaluability of particular sub-chains, and the potential to add significantly to what is already known. At the same time, it must be clear how particular sub-chains fit into the overall logic of the programme, so that they contribute systematically to the overall assessment, both within and across the sample countries. This issue is taken up in Chapter 4, but we first proceed with the construction of a robust overall framework for the evaluation.

Strengths and Limitations of the Evaluation Framework[31]

Origins and Outline of the Evaluation Framework

3.10 The Evaluation Framework was commissioned on behalf of the OECD DAC Evaluation Network. It draws on an earlier GBS Evaluability Study[32] produced for the Evaluation Department

[30] GTZ (2004) *Results Based Monitoring: Guidelines for Technical Cooperation Projects and Programmes.*

[31] Booth, D. and Lawson, A. (2004). *Evaluation Framework for General Budget Support*. London: ODI.

[32] Lawson, A., Booth, D., Harding, A., Hoole, D. and Naschold, F. (2002). *General Budget Support Evaluability Study, Phase 1: Final Synthesis Report*. Oxford and London: Oxford Policy Management and ODI.

of UK DFID. The expectations, priorities and objectives of budget support have been unpacked and discussed in the EF which is:

> *... intended as a practical tool that can be used to guide a number of country-level joint evaluations. The ultimate purpose of these exercises is to assess whether GBS is a relevant, efficient, effective and sustainable mechanism for poverty reduction.*
> *... an effort to set out in a systematic way the principal claims made on behalf of General Budget Support as a modality of poverty-oriented aid, spelling out the implied causal links in Logical-Framework fashion.* (EF ¶S2, and §2)

3.11 The logical framework approach is not new to this field[33] but the Evaluation Framework is an elaborate and rigorous version, based on a very specific set of hypotheses about how GBS is meant to work. Annex C provides a comprehensive summary, and the full Evaluation Framework takes this to an impressive level of detail. Key features are:

- The standard logical sequence of five Levels (Inputs, Immediate Effects,[34] Outputs, Outcomes and Impacts) as depicted in Figure 3.1.
- The identification of two main sets of effects: flow-of-funds effects and institutional effects.
- Provision of detailed guidelines for research questions and approaches at each level of the framework, based on assessing whether postulated effects of GBS are present and asking additional questions relating to attribution and the counterfactual.
- Reliance on a pragmatic combination of quantitative and qualitative approaches, with cross-checking and triangulation.
- Treatment of factors outside the main hypothesised chain of effects as assumptions and risks (though these are to be explicitly considered in asking why/why not questions related to attribution).
- The EF is designed for country-level evaluations, though, by providing a standard methodology, it is intended to facilitate a series of comparable country case-studies.

TOR Requirements for Refinement of the EF

3.12 The TOR (§5.3) make clear that the EF is an essential platform for the present evaluation, but that it is not to be used uncritically:

> *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.*

[34] "Activities" is a common alternative designation for this level.

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.

3.13 In their comments on the first draft of this inception report the Management Group describe the task thus:

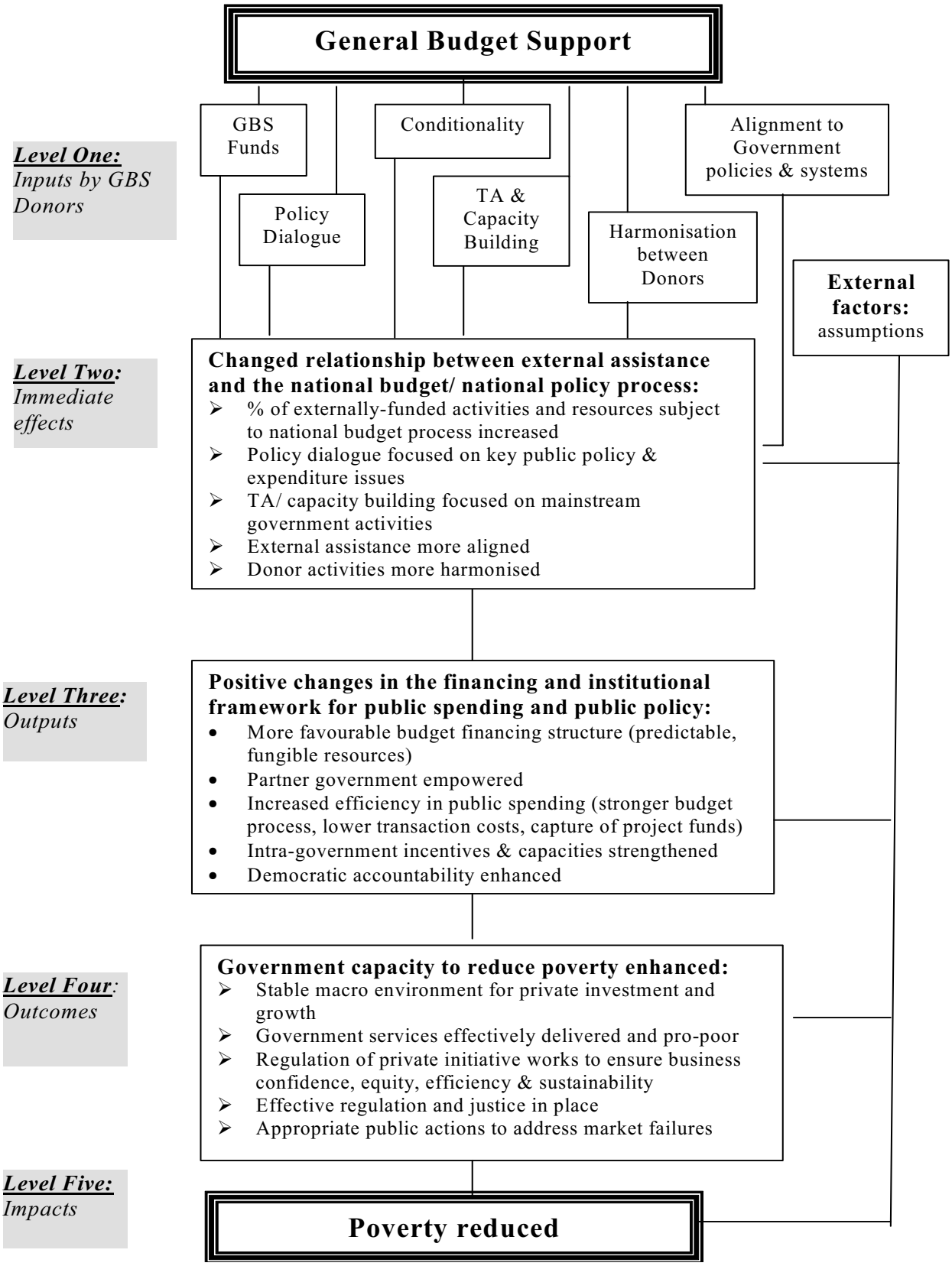
A further elaboration of the approach and methods, including a comprehensive causality tree to be used as a framework (as hypotheses to be tested) during the remainder of the study. Making a 'causality tree' – causality framework is possibly a better name – includes:

(i) Unpacking the GBS inputs,

(ii) Identifying the expected result chains from the inputs to the levels 2 to 5 from the EF, and

(iii) Defining the evidence to be looked for in order to evaluate whether the intended effects, outputs, outcomes and impact did materialise. (Management Group (2005) ¶1.8.)

Figure 3.1: GBS Evaluation Framework (simplified version)



Source: Booth & Lawson 2004.

3.14 We agree that causality framework is a better name, because there are in practice two different, though complementary requirements. The first is actually to take a broader view than the EF does of what elements are relevant to be included within the evaluation.[35] The second (informed by the first) is to spell out, in causality tree fashion, particular, and more detailed results chains that merit special attention, and define the relevant evidence to be looked for accordingly. It thus makes sense to insist (a) on a single overall causality framework to guide all the country evaluations, and (b) that the location of each of the results chains being investigated is clearly mapped onto the overall framework; but (c) it is not practical to depict all relevant sub-chains *in detail* on the same diagram or matrix.

The IDD Approach

3.15 The approach adopted by the IDD team has sought to build on the impressive strengths of the Evaluation Framework, while enhancing it with a number of linked analyses. This approach was outlined in the IDD proposal and has been elaborated in the course of inception work. The IDD team has benefited from, and greatly appreciates, the close collaboration of the ODI team (including the original authors of the Evaluation Framework), which has been undertaking a separate evaluation of GBS in Tanzania based on the EF.[36]

3.16 The IDD team[37] has been organised into interlocking country teams and an overall synthesis team which reflects five main analytical perspectives: partnership analysis, macroeconomic analysis, analysis of public finance management (PFM), institutional analysis, and poverty analysis. The five analyses were selected because each provides a different perspective on the relevance, effectiveness, efficiency, impact and sustainability of GBS. Triangulation among these analyses, as well as triangulation of indicators within them, is intended as a means throughout the study to check findings and to develop a more complex and rounded understanding of the influence of GBS on governmental systems, financial flows, institutional realities, service delivery and poverty. These analytical perspectives are in no sense an alternative to the Evaluation Framework; rather they are a systematic approach (a) to using it and (b) to verifying its utility.

3.17 These five perspectives have been complemented by systematic attention to the four cross-cutting issues (CCIs) identified in the TOR – democracy & human rights, gender, HIV/AIDS and the environment: see Annex H for full details on the approach to, and conclusions from, the review of CCIs at the inception stage. Thus the approach throughout the inception phase has been to use the EF as a platform, and to use the five analyses as perspective, simultaneously checking what the key issues are, and how well the EF works as a means of evaluating them.

3.18 Inception visits to the case-study countries gathered details of GBS and related programmes

[35] The TOR reference to the EF being "more general and broader in scope than the present evaluation" is best understood as referring to the EF's tendency towards operating as a comparative evaluation of competing aid modalities; in other respects, as discussed below, it may actually adopt too narrow an interpretation of the relevant factors to be incorporated within the evaluation.

[36] Booth, D., Lawson, A., Williamson, T., Wangwe, S. and Msuya, M.: *Joint Evaluation of General Budget Support Tanzania 1995–2004. [2004a] Inception Report; [2004b] Phase 2 Report. Preliminary Assessment of Efficiency & Effectiveness of Budget Support and recommendations for improvements; [2004c] Final Report.* Reports to the Government of Tanzania and to the Poverty Reduction Budget Support (PRBS) Development Partners. Dar es Salaam and London: Daima Associates Limited and ODI.

[37] See Annex B for details of the study team and their topics and countries of focus.

(see the inventory of GBS at Annex E), introduced the study to key contacts in government, donor offices and civil society through workshops and individual meetings, collected essential documents (see Annex D for general and specific bibliographical material) and identified the main developments in government–donor relationships in GBS over the last decade. Progress reports and interim country reports (though not formal deliverables of the evaluation) analysed initial information in terms of the five analyses and evaluation framework, recorded initial ideas regarding important causal relations in GBS programmes (as contributions to the causality framework), and suggested priorities for the fieldwork phase.

3.19 In the process of preparing this inception report, we further explored causality relations from the perspectives of the five analyses, using knowledge gained from the inception visits. This influenced our perception of how the EF needs to be further developed, and refined our judgment of the appropriate focus of some of the five analyses (and CCIs). The two results of this process are the Enhanced Evaluation Framework (EEF) that is explained in the next section, and the key evaluation questions (Chapter 4).

The Enhanced Evaluation Framework

Assessment of the Evaluation Framework

3.20 Like any logic chart, the Evaluation Framework is a considered simplification. Simplification is necessary in order to make the task of evaluation more manageable, but there is also a risk of obscuring, or assuming away, elements that it would be better to keep in view. The more debatable simplifications in the Evaluation Framework are as follows:

(a) It does not systematically address entry conditions. By what criteria is a country deemed to be (and remain) eligible for GBS? In practice there is a great deal of debate as to what are and should be such criteria, both for initial provision of GBS and for its possible interruption or termination. What are the different contexts in which GBS may be adopted, and how do they influence the design of GBS?

(b) Although it unbundles the GBS inputs (into funds, dialogue, conditionality, TA, harmonisation and alignment), it does not take into account that the non-financial inputs are commonly themselves bundled with non-GBS inputs and activities. (For example: harmonisation and alignment activities related to GBS are often part and parcel of broader H&A efforts; significant TA that supports GBS objectives is often provided through project modalities and rather tenuously linked to the GBS funds.)

(c) It treats GBS donors as a homogeneous group (almost as a single actor). (This is thus one example where it ignores interactions within a level.) Moreover, its language implies that there are GBS-donors and other donors, whereas in practice the GBS donors themselves also provide aid through other modalities.

(d) It is oriented towards a comparison (and contrast) of GBS with other modalities, but does not systematically explore the interactions between GBS and these modalities. (These can work both ways: the effectiveness of GBS may depend on complementary projects, e.g. for TA and capacity building; at the same time, improvements in policies or in institutions that are attributable to GBS may also make non-GBS aid more effective.)

(e) In keeping with the previous simplifications, it generally treats "new GBS" as a single design. Moreover, it imposes the evaluators' normative logic (what the objectives of GBS should be), and the fact that some of the donors may see the logic differently – both from the evaluators and from each other – is discarded. It might be argued that this is consistent with the joint donor approach to evaluation: donors accept that it is not appropriate or practical to attribute the results of GBS separately to individual donors;

nevertheless (i) their different approaches may influence different designs of GBS, which are a legitimate concern for evaluators, and (ii) their different expectations may affect how they perceive and react to the performance of GBS, and hence its sustainability as an approach.

(f) This last point relates to the issues of feedback and circularity. The Evaluation Framework essentially portrays the logic as one-directional – from inputs to impact. However, GBS is part of policy and budgetary systems (both the government's and the donors') that are characteristically circular: successive inputs are influenced by feedback from earlier inputs. There is an additional circularity within the logic of GBS itself: improvements in many of the factors that are treated as minimum requirements for GBS to be feasible (e.g. a government's basic fiduciary standards) are themselves regarded as part of what GBS can accomplish (its outputs and outcomes).

(g) It is much stronger on the "PFM-focused" aspects of the logic (discretion to formulate and manage budgets, etc.), and on the immediate flow-of-funds effects, than on the less "mechanical" effects; for example, the causality chains for the expected changes in policies that influence growth are not spelt out.

(h) A consequence of these and other simplifications is that many key influences on the performance of GBS are treated as assumptions and not well-specified.

3.21 The EF is also rather weak on the time-scale for effects. There are important leads and lags throughout: at what interval should an input of GBS have an impact on the volume of service delivery? on the quality of service delivery? on income poverty? GBS is meant to stimulate institutional change, but this takes time and requires learning, and so forth. This is an issue that has important design implications for GBS. For example, if donors seek a design that rewards a government's performance in using GBS, it is rather important to take account of the time intervals between elements of the results chain (see earlier discussion, ¶3.2(e)).

Overview of the Enhanced Evaluation Framework

3.22 An Enhanced Evaluation Framework (EEF) is schematically presented in Figure 3.2. In it we address the shortcomings of the original Evaluation Framework as follows:

(a) A new "Level 0" is introduced so that design context and entry conditions can be systematically addressed:
- From a donor perspective, it is important to consider factors that make a partner government eligible for GBS.
- It is also important, though, to consider the criteria that make a donor willing to commence (and to persist with) a GBS programme.
- Where minimum standards are concerned, they may provide a benchmark for later performance evaluation.
- It is important to consider feedback to the donor, and to the donor's constituents, since this will affect the continuity and durability of GBS as a modality.

(b) There is more recognition in Level 1 (inputs) of parallel inputs, both from donors and from government. It is not intended to expand the scope of evaluation to cover all aid or all government inputs, but there are several reasons to make these inputs more visible:
- Some are impossible to unbundle (as already noted).
- Just as it is impractical to separate the effects of different donor inputs, so it may be necessary first to consider the combined effects of GBS and government inputs, before proceeding to attribute (a proportion of) those effects to GBS.
- It highlights the importance of considering the interactions (positive as well as negative)

between modalities.
- It depicts the close link between dialogue and conditionality (it is not helpful to consider formal conditionality in isolation).

(c) The effects from Levels 2 through 4 (Immediate Effects/Activities, Outputs, Outcomes) are conceived as three streams, not just two (funds, institutions, and also policies). It is stressed that these are not seen as separate compartments: as depicted in the diagram, there are systematic interactions between funds, policies and institutions. However, explicit inclusion of policy as a causal mechanism helps resolve some of the difficulties in the EF (for example, that "public actions to address market failures" appear at Level 4 of the EF without any real explanation of the intervening transmission mechanism).

(d) The different poverty dimensions at Level 5 (impact) are unpacked. This recognises that different causal chains may influence some of the different dimensions. Notably, public expenditures may have a direct impact on education, health and other dimensions where government services can play a direct role, while income poverty is less susceptible to such direct effects, and the drivers of empowerment are as much political as economic. The EEF presentation highlights the fact that the different dimensions need to be separately considered.

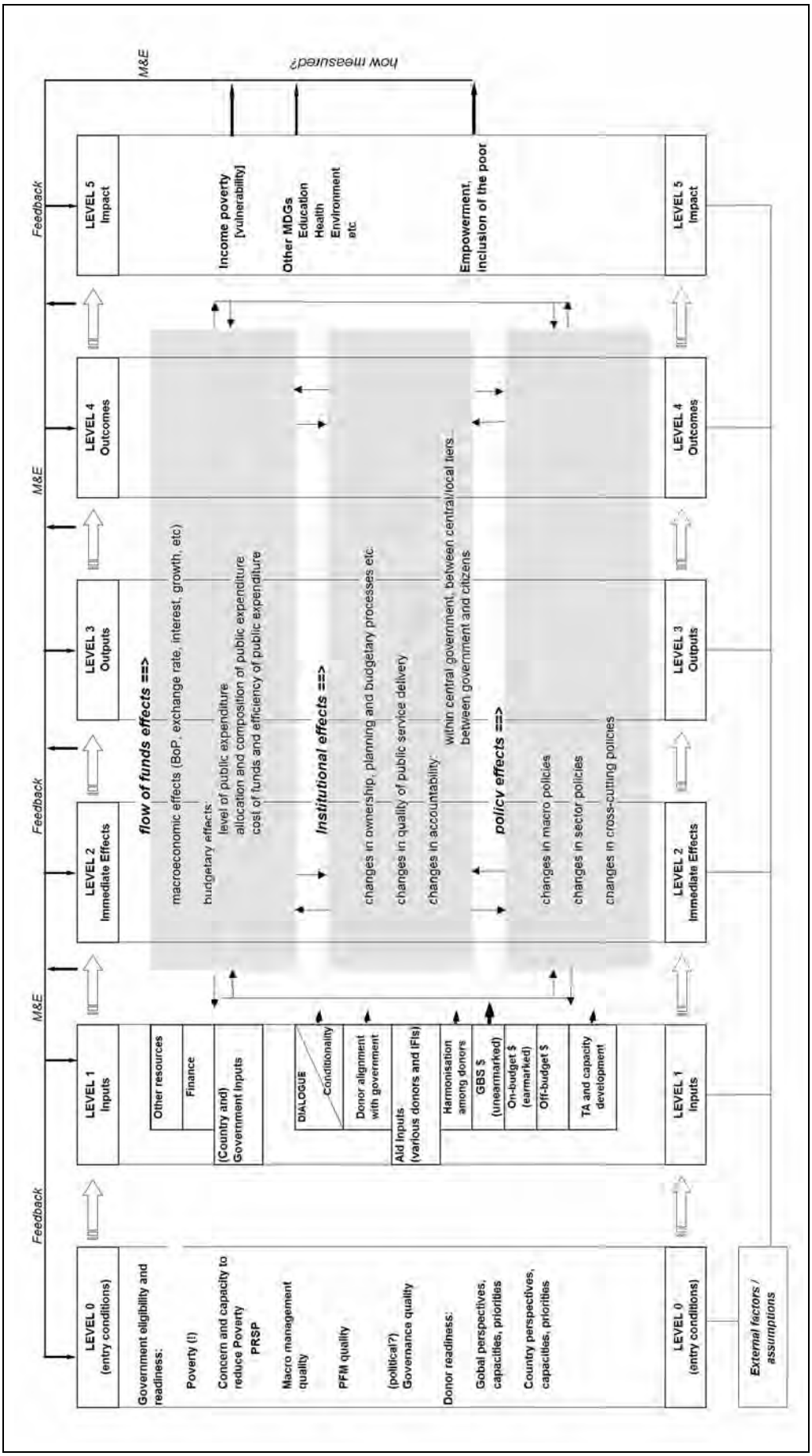
(e) Feedback loops (from Level 5 and intervening levels) are depicted. This is consistent with the earlier observation that GBS programmes are characteristically iterative. Special attention should be paid to the systems for M&E at each level. (The "how measured?" question applies at all levels of the framework.) Such monitoring is of course an important source of information from which to assess the effects of GBS. More immediately, what is being monitored, by whom, and how, are factors that have a direct bearing on the relevance and sustainability of the design of GBS programmes. Although it is impossible to include a time scale within the diagram (because different intervals apply to different components), systematic attention to the feedback loops will bring this consideration to the fore.

3.23 There is still a parallel set of "external factors/assumptions" as in the EF, but a lot has been taken out of it and made more explicit.

Using the EEF

3.24 This Enhanced Evaluation Framework answers to the broader parts of the TOR specifications (¶3.12–3.14 above). It addresses the systemic weaknesses in the Evaluation Framework that were our starting point, and it provides a more comprehensive framework, common to all the study countries, for showing how key sub-chains of the evaluation relate to each other. It does not discard the specific hypotheses that were embodied in the original EF, but allows them too to be set in a broader context, to be more rigorously posed and tested, and to be supplemented by additional hypotheses at different levels of detail. This task is carried forward in the identification of key evaluation questions in the next chapter, and also in Annex G, where we present a comprehensive revision of the detailed Evaluation Framework (corresponding to, and supplanting, the EF's *Chapter 6: The Evaluation Framework in Detail*).

Figure 3.2: The Enhanced Evaluation Framework (schematic view)



Additional Methodological Issues

Standard Terminology

3.25 Inception work has highlighted the lack of standard definitions and common understandings surrounding GBS (not only the definitions of GBS and other forms of programme aid but also those of a wide range of related terms that are employed in the discussion). This clouds the debate, with much talking at cross-purposes. Moreover, a standard approach across the study countries requires care that the IDD study teams are all using the same definitions.

3.26 Annex F (Terminology) provides a common reference point for the study teams. Wherever possible we adhere to standard DAC terminology, but there are important areas that this does not cover. We expect that further refinement of definitions and classifications in certain areas (e.g. conditionality, predictability) will be required as we take the evaluation to further levels of detail.

Counterfactuals

3.27 Any evaluation requires consideration of the counterfactual, and the evaluation will be meaningful only if the counterfactual is a relevant one. In the case of GBS, because it is so complex and the evaluation is many-layered, it would be inappropriate to think in terms of a single overall counterfactual. Rather, it is appropriate to consider what is the appropriate counterfactual for each of the sub-enquiries that make up the overall study.

3.28 For aggregate flow of funds and budgetary effects, it is certainly appropriate to ask if GBS is additional or a substitute for other forms of aid, and frame the counterfactual accordingly. (GBS may be a substitution now but considered as a possible addition in future, in which case both alternatives could be considered.) Of course, deciding what is the appropriate counterfactual, in principle, does not mean necessarily that it is practical to model one in econometric detail. For budgetary effects we should ask – even if we decide we cannot answer – what is the marginal effect of GBS on public expenditure, taking fungibility into account? At the same time, it is important always to consider whether, for the purposes under investigation, GBS is materially different from other forms of aid. (For example, it is not immediately clear, when Dutch disease is at issue, that the effects of more GBS should be considered any differently than the effects of the same amount of aid in a different form.) It is important not to stray towards the Herculean task of evaluating aid as such.

3.29 For assessing relevance and appropriate design of GBS, we have to take account of donor intentions and rationales: if GBS is put forward as a corrective to certain deficiencies in other forms of aid (high transaction costs, say), then a relevant counterfactual is persistence with those forms of aid, and we have to ask both whether the original diagnosis was correct (previous modality did have the characteristics identified) and whether GBS performs better in the relevant dimensions. In doing so we will pay attention, as already noted, to interactions, both positive and negative, between different forms of aid.[38]

3.30 There are also aspects of GBS where the appropriate comparator will be alternative designs

[38] This resonates with the March 2005 Paris Declaration, endorsed by all member organisations of the SG:

We acknowledge that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, we will be guided by development strategies and priorities established by partner countries. Individually and collectively, we will choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.

of GBS itself. Even here, though, we have already noted that many of the dimensions of GBS are common to GBS and other modalities. As the TOR observe:

> *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*. (TOR §2.3)

It is highly likely that GBS-specific findings related to such aspects will also be relevant to the choice and design of a wider range of aid instruments.[39]

3.31 This approach to counterfactuals is reflected in the guidance on key evaluation questions, which are the central concern of the next chapter.

[39] See Annex F (Terminology) for more on the distinction between aid modalities and aid instruments, and for a classification of the most relevant dimensions of aid instrument design.

4. KEY EVALUATION QUESTIONS

Introduction

4.1 This chapter sets out the main evaluation questions to be addressed through the Enhanced Evaluation Framework. The Revised Inception Report noted the need for further refinement and prioritisation of evaluation questions prior to field work. The present chapter has been thoroughly re-drafted in the light of further work prior to and during the Field Preparation Workshop (26–27 April 2005). It deals with:

- Causality hypotheses and the detailed evaluation questions at each level.
- The prioritisation of enquiries within the evaluation.
- Principal causality chains and a causality map.
- Key evaluation questions.
- The structure for country reports.
- Cross-cutting issues and themes.
- The limitations of the evaluation.

Main Causality Hypotheses and Detailed Evaluation Questions

4.2 Box 4.1 shows, for each level of the logical framework, the main effects that are hypothesised to result from GBS. These draw on the hypotheses depicted in the original Evaluation Framework, but have been elaborated to reflect the wider considerations introduced by the Enhanced Evaluation Framework (see Chapter 3 above). These hypothesised effects form the first column (the "logical sequence") of the detailed evaluation questions which are presented in Annex G.

4.3 As well as the logical sequence depicted in Box 4.1, Annex G sets out:

- the general questions appropriate to each level of the EEF (these are linked to the OECD DAC evaluation criteria);
- specific questions (and relevant indicators) related to each of the numbered links in the logical sequence;
- the principal assumptions to be checked by the evaluators at each level.

4.4 Annex G thus corresponds to Chapter 6 of the original EF ("The Evaluation Framework in Detail"). It has been thoroughly revised to reflect the causality hypotheses in this chapter, to sharpen and streamline the associated evaluation questions and indicators, and to incorporate the evaluation questions suggested by the review of cross-cutting issues (Annex H). Annex G nevertheless remains a work in progress (as is normal in such cases – the equivalent section of the original EF makes the same point).

Box 4.1: Enhanced Evaluation Framework – Logical Sequence of Effects

Level 1 (the design)

1. **Adequate quantity and quality of inputs are provided by new GBS:**
   - **1.1 Funds**
   - **1.2 Policy dialogue**
   - **1.3 Conditionality**
   - **1.4 TA/capacity building linked to**
     - PFM
     - Pro-poor sectoral policies and good governance
   - **1.5 Alignment and harmonisation**
     - IPs' alignment to government goals and system
     - IPs' harmonisation

Level 2 (the immediate effects/activities)

- **2.1 More external resources for the government budget (additionality)**
- **2.2 Proportion of external funds subject to national budget process increased (increased fungibility)**
- **2.3 Increase in predictability of external funding of national budget**
- **2.4 Policy dialogue and conditionalities focused on pro-poor policy framework and improved PFM**
- **2.5 TA/capacity building established to:**
  - improve PFM processes including budgeting, accounting, financial control, audit
  - improve the linkage between PFM and pro-poor sectoral policies and good governance
- **2.6 Actions to ensure IPs' alignment are in place**
  Actions and agreements to improve IPs' harmonisation are in place

Level 3 (the outputs)

- **3.1 Increased resources for service delivery:**
  - External resources are treated as additional
  - Cost of funding budget deficit reduced
- **3.2 Partner government is encouraged and empowered to strengthen PFM and government systems:**
  - To use the budget to bring public sector programmes into line with government goals, systems and cycles (PRSP/MTEF)
  - To set up performance monitoring systems to measure the effectiveness of public expenditure at the level of the final beneficiaries
  - To promote alignment and harmonisation by IPs
- **3.3 Partner government is encouraged and empowered to strengthen pro-poor policies:**
  - To establish and execute an adequate sequence of reforms to ensure macro-economic stability and private sector development
  - To establish and execute pro-poor policies and targeting in health, education, agricultural and rural development
  - To enhance social inclusion policies, through decentralisation and participation of the civil society, reform of the administration of justice and respect for human rights
- **3.4 Improved aggregate fiscal discipline:**
  - More predictable funding flows
  - Incidence of liquidity shortfalls reduced, hence less use of Central Bank overdrafts and less accumulation of arrears
- **3.5 Operational efficiency of public expenditure is enhanced:**
  - By reductions in certain types of transaction costs to partner government (e.g., non-standard procurement systems, brain-drain effects of parallel project management structures)
  - Better planning, execution and oversight reduces wasteful spending, controls corruption better, spreads positive lessons across the public sector

3.6 Allocative efficiency of public expenditure is enhanced:
- By a more effective budget process: multi-year, results oriented, transparent, participatory; with effective execution and audit; with an adequate tracking system
- By increased capture of project funds in budget
- By stakeholders taking the domestic budget more seriously (because that's where the money is)

3.7 Intra-government incentives and capacities are strengthened:
- Official reporting lines are more respected (vertical through government to cabinet, not horizontal to IPs)
- Public-service performance incentives are strengthened, so that policies are made and implemented, audit and procurement systems work, and corruption is reduced

3.8 Democratic accountability is enhanced:
- Greater role of parliament in monitoring budget results
- Accountability through domestic institutions for IP-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

Level 4 (the outcomes)

4.1 Macroeconomic environment is favourable to private investment and growth:
- Inflation controlled
- Realistic exchange rate attained
- Fiscal deficit and level of domestic borrowing sustainable and not crowding out private investment

4.2 Regulation of private initiative works to ensure business confidence, equity, efficiency and sustainability:
- Policies on corruption, property rights resolutely pursued
- Market-friendly institutions developed

4.3 More resources flowing to service delivery agencies

4.4 Appropriate sector policies include public actions to address major market failures, including those arising from gender inequalities

4.5 More effective and accountable government improves administration of justice and respect for human rights, as well as general confidence of people in government

4.6 More conducive growth enhancing environment

4.7 Public services effectively delivered and pro-poor:
- Service delivery targets met for key pro-poor services
- Evidence of increased use of services by poor (including poor women)

Level 5 (the impact)

5.1 Income poverty reduction

5.2 Non-income poverty reduction

5.3 Empowerment and social inclusion of poor people

Focusing and Prioritising the Evaluation

4.5 Box 4.1 follows from the main causal hypotheses proposed or implied by advocates of GBS. It is clear that these are potentially very broad in scope, and give rise to a very large number of possible lines of enquiry when detailed causal mechanisms (causality sub-chains) are taken into account. It is neither practical nor appropriate to investigate all the possible sub-chains with the same intensity.

4.6 In prioritising among possible enquiries within the overall evaluation it is appropriate to consider:

- *Significance of the issue* (potential value-added from the evaluation): how interested are stakeholders in the issue, and can the lessons learned potentially make a difference to the

effectiveness of future GBS?

- *Susceptibility to evaluation*: this may relate to methodological issues, to the availability of data (and cost of collecting it), and also to whether there is a sufficient history of GBS (altogether or in a specific country) to support an evaluation to the level implied.
- The available *resources and time-scale* of the study.

4.7 The precise focus and emphasis of the evaluation may differ between study countries, according to their different circumstances and interests (indeed, as discussed in Chapter 2, this is essential given the range of GBS experience and the particularly short history of partnership GBS in some of the study countries), but all will be related to the common structure of the EEF. The rest of this chapter sets out a common causality map and detailed evaluation questions which are common to all the study countries and which are tightly linked to the structure for the Country Reports.

Principal Causality Chains and Causality Map

4.8 The Revised Inception Report noted:

Particular issues to be investigated will correspond to causality sub-chains within the EEF, and such sub-chains may function both within and across levels. In each case, we will identify the levels involved and locate the sub-chain on the overall "map" that is provided by the schematic view of the EEF in Figure 3.2 (previous chapter).

4.9 This is done in Figure 4.1, which maps the causality hypotheses implicit in Box 4.1 (and Annex G) onto the schematic EEF of Figure 3.2. The arrows do not show every possible causal link but are used to highlight what we judge to be the principal ones for investigation. In turn, the key evaluation questions (see below) are cross-referenced to particular causality sub-chains depicted in Figure 4.1. We must stress that this identification of principal sub-chains is preliminary: it may well be that other sub-chains, or particular variants within a sub-chain, will emerge as particularly important in some or all of the study countries, while some sub-chains that are prominent in the rationale for GBS will turn out not to be significant in practice. Figure 4.1 is a guide to enquiry, not (yet) a presentation of results.

Key Evaluation Questions

4.10 Box 4.2 summarises the nine key evaluation questions (EQs), which will structure the field work and the country reports. These EQs have been deliberately framed so as to (a) follow an appropriate sequence through the levels of the EEF, (b) cover all areas of the EEF as depicted in Figure 3.2, with a minimum of overlap, and (c) to focus on the principal causality sub-chains depicted in Figure 4.1. Annex K, which complements Annex G, provides much fuller details: it sets out judgement criteria, relevant evidence and sources of data for each EQ. It also suggests the appropriate counterfactuals for each EQ, consistent with the approach to counterfactuals described in Chapter 3.

Structure for Country Reports

4.11 The structure for reports needs to strike a balance between the rigour imposed by any logical framework and the natural boundaries of the topics under discussion. As noted, this has been taken into account in framing the EQs. Annex J sets out the detailed report structure for the Country Reports, and this is summarised in Box 4.3.

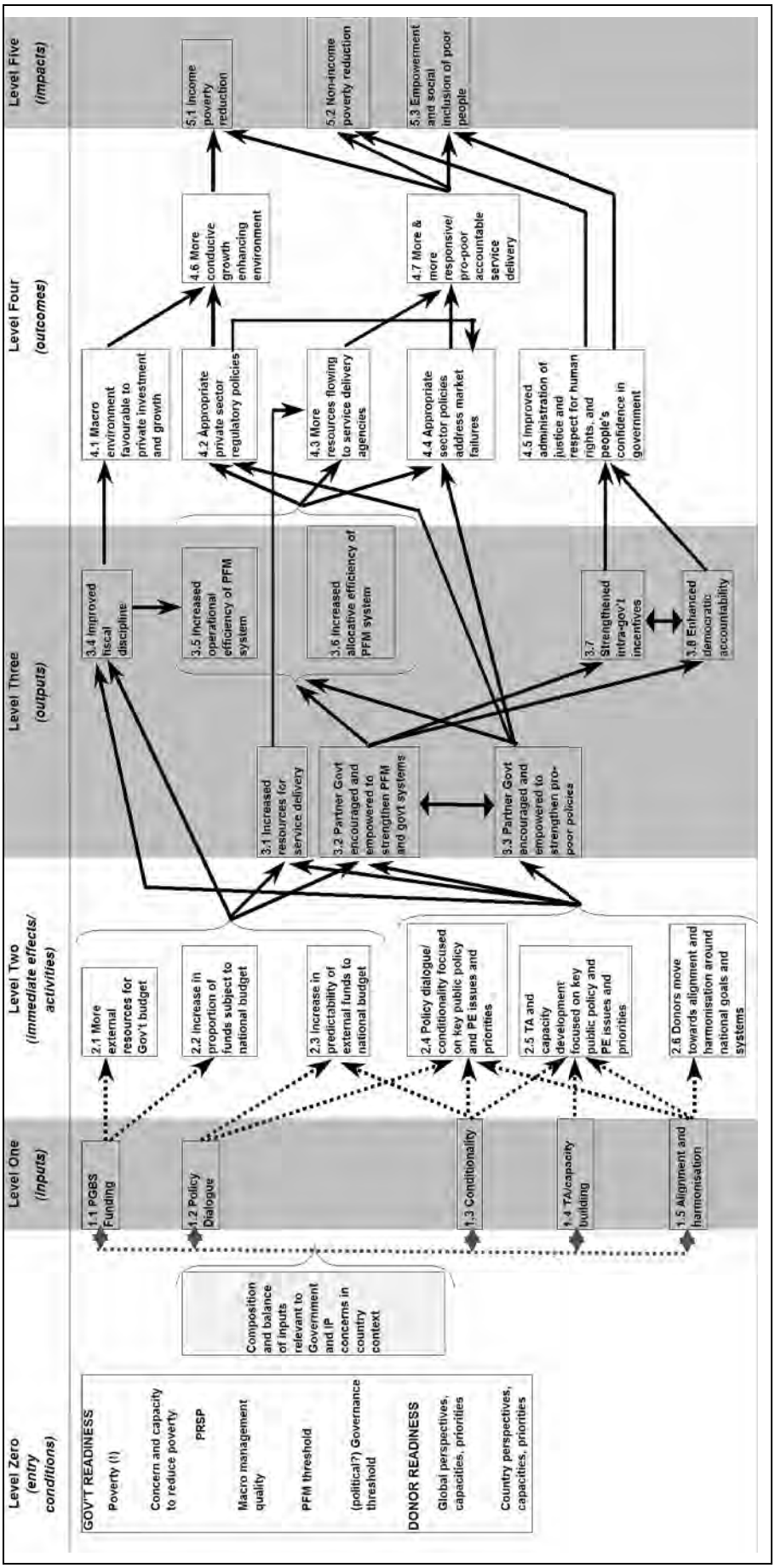
4.12 Part A of each Country Report provides the context for partnership GBS, including identifying relevant GBS and related programmes and describing their evolution in the light of the attitudes and expectations of national and international partners (Level Zero of the EEF).

4.13 Part B is the analytical section (there will be no recommendations in this Part). The first nine chapters in Part B each respond to one of the key Evaluation Questions summarised in Box 4.2. In each case the chapter will (briefly):

(a) Relate the scope of the chapter to the EEF (which levels and streams of the EEF is it *mainly* concerned with?).
(b) Note the main causal hypothesis (hypotheses) that is (are) being tested (cf. the causality sub-chains identified in Box 4.2).
(c) Note any special challenges in attribution associated with the hypothesis(es).
(d) Present relevant findings (facts).
(e) Draw overall conclusions based on the judgement criteria of the EQ matrix (Annex K). In doing so, evaluators will indicate both.
  - The strength of the apparent causal link from partnership GBS (PGBS) to a particular effect (no effect, weak, moderate, strong);
  - The evaluators' confidence in the attribution (high confidence, medium confidence, low confidence).

4.14 A tenth analytical chapter (not based on a separate EQ) requires teams to draw together findings relating to a number of cross-cutting issues and themes, based primarily on the analysis performed for each of the EQs (see the next section for discussion of the principal cross-cutting issues and themes identified).

Figure 4.1: Causality Map for the Enhanced Evaluation Framework



Box 4.2: Key Evaluation Questions

Evaluation Questions	Levels / *DAC Criteria*	Principal Causality Chains
1. How does the evolving PGBS design respond to the specific conditions, strengths and weaknesses of the country, to government priorities and to the priorities and principles of the international partners?	Levels: 1←0 *Relevance*	(Relevance question from Level 0 to Level 1; considerations of internal consistency)
2. Has PGBS contributed to greater harmonisation and alignment of the aid process?	Levels: 2←1 *Effectiveness and efficiency*	1.5 (and other inputs) → 2.6
3. How efficient, effective and sustainable has been the contribution of PGBS to the performance of the public expenditure process?	Levels: 3←1 (flow of funds) *Effectiveness, efficiency and sustainability*	2.2/2.3→3.2→3.5/3.6 2.4/2.5→3.1
4. How efficient, effective and sustainable has been the contribution of PGBS to improving government ownership, planning and management capacity, and accountability of the budgetary process?	Levels: 3←1 (institutional effects) *Effectiveness, efficiency and sustainability*	2.4/2.5/2.6→3.2→3.5/3.6/3.7/3.8
5. How efficient, effective and sustainable has been the contribution of PGBS to improving public policy processes and policies?	Levels: 3←1 (policy flow) *Effectiveness, efficiency and sustainability*	2.4/2.5/2.6→3.3→3.5/3.6
6. How efficient, effective and sustainable has been the contribution of PGBS to macroeconomic performance?	Levels: 4←1 (flow of funds) *Effectiveness, efficiency, sustainability*	2.1/2.2/2.3→3.4→4.1→4.6 2.4/2.5/2.6→3.4→4.1→4.6
7. How efficient, effective and sustainable has been the contribution of PGBS to improving government performance in public service delivery?	Levels: 4←1 (institutional effects) *Effectiveness, efficiency and sustainability*	3.5/3.6→4.4→4.7 3.3→4.4→4.7 3.1→4.3→4.7
8. How far has PGBS strengthened government impact on poverty?	Levels: 5←1 *Impact and sustainability*	3.2→3.7→4.5→5.2/5.3 3.2→3.8→4.5→5.2/5.3 4.6→5.1 4.7→5.3
9. Is the PGBS process itself sustainable?	Levels 5←0 (feedback loops) *Sustainability*	Feedback loops as illustrated in EEF diagram (Figure 3.2)

Source: Extracted from Annex K – the full matrix of key Evaluation Questions, including judgement criteria, evidence, data sources, counterfactuals.

Box 4.3: Chapter Structure of Country Reports

Executive Summary

Part A: Context/Description

A1. Introduction and Conceptual Framework for the Evaluation
A2. The Context for Budget Support in [*Country*]
A3. The Evolution of Partnership GBS in [*Country*]

Part B: Evaluation Questions: Analysis and Main Findings

B1. The Relevance of Partnership GBS
B2. The Effects of Partnership GBS on Harmonisation and Alignment
B3. The Effects of Partnership GBS on Public Expenditures
B4. The Effects of Partnership GBS on Planning and Budgeting Systems
B5. The Effects of Partnership GBS on Policies and Policy Processes
B6. The Effects of Partnership GBS on Macroeconomic Performance
B7. The Effects of Partnership GBS on the Delivery of Public Services
B8. The Effects of Partnership GBS on Poverty Reduction
B9. The Sustainability of Partnership GBS and its Effects
B10. Major Cross-Cutting Issues and Themes

Part C: Synthesis – Overall Conclusions and Recommendations

C1. Synthesis of Evaluation Conclusions

Annexes

Source: Annex J.

4.15 Part C of each Country Report (CR) will develop an overall assessment of partnership GBS in the case-study country, built up from (and systematically cross-referenced to) the component assessments in Part B. The focus will be on which approaches to GBS appear to have worked/not worked at country level and why: it is the Synthesis stage which will address the *"in what country contexts"* element of the TOR. This part will include preliminary recommendations at country level, together with tentative suggestions towards the cross-country synthesis. The draft CRs are, in the first instance, an input to the Synthesis Note workshop (see Chapter 5 for full explanation of the study sequence). Country level recommendations will be finalised only after the SN workshop and the SG review of the SN and CRs.

4.16 Annexes will be used to present detailed supporting evidence, where necessary, in order to keep the main text as concise as possible.

4.17 It is anticipated that the Synthesis Report will follow a similar structure, but this will be subject to review at the Synthesis Note workshop (see Chapter 5).

Cross-Cutting Issues and Themes

4.18 The TOR identifies four cross-cutting issues (CCIs) – gender, environment, HIV/AIDS, and democracy & human rights. The approach to these CCIs within the evaluation is fully described in

Annex H, and they will be considered, as appropriate, under each of the EQs. The final chapter in the analytical section of the Country Reports will be used to draw together, and if necessary amplify, findings on these CCIs.

4.19 The same chapter will also be used to provide a consolidated treatment and additional analysis of a number of other major issues and themes which cut across several EQs, and/or which have been highlighted as especially significant. These include:

- *Decentralisation* (in particular how decentralisation affects and is affected by different designs of GBS).
- *Government capacity and capacity building* (considered both as a prerequisite for and an objective of partnership GBS). This links to the issue of absorptive capacity and implications for GBS as a modality for the proposed scaling up of aid.
- *The balance between public and private sectors* and how this may be influenced by GBS.
- The effect of GBS on *transaction costs* in aid management. (It is important to take an overall perspective on transaction costs, including the relevant transaction costs of expenditure and implementation at levels 2 and 3, and not only the negotiation and management transaction costs at levels 0 and 1.)
- *Corruption* and its implications for the sustainability of GBS and the risks attached to it.
- *Ownership* (including a disaggregation of ownership issues – e.g. who on the government side is the owner and what does this imply for relationships and effectiveness of partnership GBS?).
- *Democratic accountability* and whether/when accountability to donors detracts from or reinforces the strengthening of institutions for democratic accountability.

Limitations of the Evaluation

4.20 It is important to keep in mind the following inherent limitations of this evaluation:

- While it is important for evaluators to validate whether there has been an increase in poverty-related budgeting, and to review its effectiveness at local levels, it is neither practical nor appropriate to undertake original analyses of the determinants of poverty, and we also have to rely for the most part on secondary sources for our analysis of poverty levels and trends, and indeed many other relevant indicators.
- The evaluation is not about the effectiveness of aid per se. It about whether GBS is an effective way of delivering aid (in which contexts and with which designs).
- As already noted, given the time-scale (the short period during which partnership GBS has been in place, even in the countries where it is well established), the study will clearly be able to say rather more about relevance and design than about effectiveness and impact.
- Taking the preceding points together, in considering the relevance of GBS and particular approaches to it, the study will draw on standard theories (about drivers of poverty reduction, about effective PFM, and so forth), e.g. the theories embodied in DAC guidelines and other standard sources to which (by and large) the GBS donors subscribe.
- This links to a general point: it is appropriate for the study to focus largely on second order issues (e.g. how do CCIs enter the dialogue? how is poverty monitored? are private sector issues considered in dialogue, in policy analysis, in monitoring? and so on) since it is at this level that it will be possible to consider whether the dynamics of GBS address such issues directly and indirectly.

4.21 We are mindful that this is not intended to be a comparative evaluation of GBS against other aid modalities, and we have already indicated that such a stark question is in any case at odds with

the subtleties and dynamics of the aid relationships that we observe. However, it is important also to check that the evidential standards by which GBS is evaluated are not substantially more (or less) demanding than the standards that it is possible to apply to the evaluation of other forms of aid.

4.22 A final note is in order on the limitations of the type of evaluation framework that forms the core of the methodology for this study. As one of the internal quality assurance reviewers for this study has noted:

The wish to impose a formal structure could be taken too far:

a. *For reasons set out in the inception report, it is in the nature of GBS that it is supposed to have systemic effects on government activities and programmes which are subject to numerous other influences – perhaps unfortunately, but inevitably this means that attribution must always require an element of judgment which must take account of the macro setting, and that judgment must be in light of the particular national conditions.*
b. *Even if this were "narrow" economics, attributing cause and effect of such a general intervention would be very difficult. However, at its very core, GBS is about political economy – the key intention (and question) relates to shifts in political behaviour (government decision-making quite broadly defined) as a result of a change of mode of aid delivery. This involves interpretation of political/administrative processes; the use of a log-frame or causality tree approach may prove to be too mechanical to pick up the subtleties of institutional change.*

[It is important therefore] not to push the effort for a formal, more or less rigid, framework too far, which might lead [the study] to miss the complexities that result from the diversity of institutional arrangements and political economy in the countries being studied.

5. WORK PLAN

Introduction

5.1 Work during the inception phase (described in ¶3.15–3.19 of Chapter 3) has provided a strong platform for the remainder of the study. A wealth of country-level and more general material has already been collected. This includes, but is not limited to, what appears in the (informal) country inception reports.[40] The present chapter explains the work plan – the process for producing the remaining outputs of the study in a way that adequately addresses the issues highlighted in Chapter 4 on the basis of the methodology described in Chapter 3. This chapter (a) presents the revised timetable for delivering the major outputs of the study; (b) explains the process aspects of ensuring the quality and comparability of the study's findings; and (c) discusses the remaining stages and outputs in more detail.

Overall Timetable

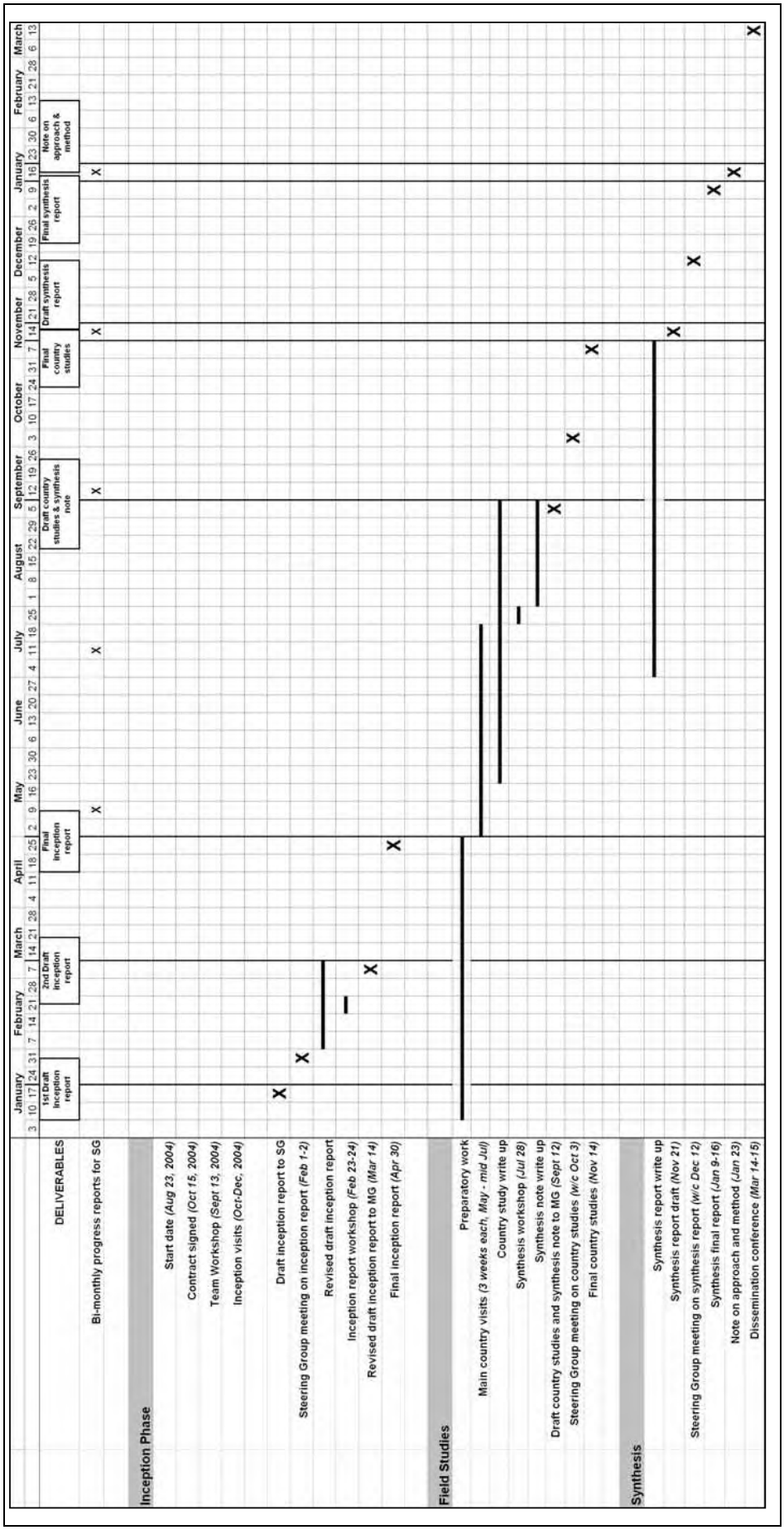
5.2 Figure 5.1 shows the revised timetable for the remainder of the study, as agreed by the study team with the Management Group. The stages following the submission of the revised inception report are summarised in Box 5.1 below. As shown in Figure 5.1, there is some overlap in the dates of these stages, and activities within stages are often concurrent.

Box 5.1: Main Study Phases and Activities, Post-Inception

Stage (dates)	Activities
Preparation for Field Studies (14 March – 30 April 2005)	• MG and SG review of revised Inception Report; final revision of IR in response to comments • Further preparation of detailed field study guidelines • Field study preparation workshop (26–27 April)
Country Field Studies (May – July 2005)	• 7 country field visits between May and July (see Annex I for details of proposed country timing and focus) • Submission of draft country reports
Field Study Synthesis and Overall Synthesis Report (July – November 2005)	• Review and quality assurance of draft Country Reports (CRs), and submission to MG (all submitted by 12 September) • Synthesis Note (SN) workshop (28 July) • Drafting of SN; submission to MG by 12 September • SG meeting on CRs and SN (week of 3 October)
Study Finalisation and Dissemination (December 2005 – March 2006)	• Finalisation of Country Reports (all submitted by 14 November) • Drafting of Synthesis Report (submission to MG by 21 November) • SG meeting on Synthesis Report (week of 12 December) • Final draft SR to MG (week of 9 January 2006) • Preparation of Note on Approach and Methods (submitted by 23 January 2006) • Dissemination Conference (14–15 March 2006)

[40] The first draft of this Inception Report included more detail of this country-level material. Subsequent drafts have focused more strictly on the study methodology and the main issues that emerge from the inception work.

Figure 5.1: Revised Timetable



Quality Assurance and Comparability

Internal Quality Assurance

5.3 The following quality assurance measures are in place:[41]

(a) A core team of subject specialists, which interlocks with the country study teams, so that country work plans and drafts are systematically reviewed from all the different analytical perspectives represented in the core team, while all the core team members also participate in field work in at least one of the study countries.

(b) An additional panel of specialists in the cross-cutting issues (democracy and human rights, gender, HIV/AIDS, and environment) has helped to develop the study methodology, and will also review the Synthesis Note and the Synthesis Report.

(c) The core team includes a decentralisation specialist, who will participate in one of the field studies and advise on all aspects of decentralisation issues.

(d) A two-person panel of distinguished experts reviews all substantive drafts before their formal submission to MG/SG. (In practice, the study also submits drafts for informal peer review to other experts, from within and outside the organisations that constitute the study consortium, at no cost to the client.)

(e) The study is also supported by two evaluation specialists (one of whom also acts as a quality assurance reviewer of substantive drafts). One of these specialists focuses particularly on the evaluation methodology embodied in the EEF. The second will participate in, and facilitate, the field preparation workshop and the synthesis note workshop with particular attention to standardising approaches across countries.

(f) The study team leader is committed virtually full-time to the study throughout its core period (from May through September 2005). A full-time research assistant provides additional support, and the study is also able to draw on corporate support from IDD and other members of the consortium.

(g) The study team regards close consultation and cooperation with the Management Group, based on transparency, as a further important aspect of quality assurance.

Ensuring that the Country Studies can be Synthesised

5.4 The country studies are required to be high-quality reports in their own right and of practical value to partner governments and other stakeholders at country level. This means that they must take into account the particular context and concerns of each participating country. At the same time it must be possible to synthesise the country reports so as to draw valid conclusions that transcend individual country experiences. Measures to ensure both the quality and the comparability of the country reports include:

(a) Application in all cases of the common EEF (Chapter 3, and detailed in Annex G).

(b) The common set of key Evaluation Questions and the common report structure described in Chapter 4 and detailed in Annexes J and K.

(c) The use of consistent terminology (see Annex F).

(d) Workshops for the core team prior to field work to ensure that study guidelines and research instruments are standardised and understood the same way (see Box 5.2).

(e) Particular attention in the field study workshop to the adoption of the standard methodology and the rigorous observance of good practice in evaluation (with reference to DAC and other guidelines).

(f) Reference to standard international benchmarks where these are relevant (including the

[41] See Annex B for full details of personnel and their assigned roles.

Public Expenditure and Financial Accountability (PEFA) indicators for PFM, OECD DAC guidelines on donor harmonisation and alignment, and the summary governance indicators published by the World Bank). However, such benchmarking systems need to be used very judiciously: they should inform, but cannot substitute for, the evaluators' considered assessment.

(g) A standard format for the country reports (see Annex J).

(h) Testing the draft country report format by the preparing a "prototype" for Uganda.[42]

(i) Country team leaders will be required to prepare a "zero draft" (a country-specific detailed outline) of the country reports prior to commencement of the field visits. This will ensure a thorough stocktaking of what material is already available (both from secondary sources and from the initial field visits), and what may need to be followed up during the country visits (in addition to the particular additional areas of focus identified for each country). It will also enable the full draft country reports to be prepared more rapidly after the field visits.

Stakeholder Consultation

5.5 Consultation with appropriate stakeholders is an essential aspect of the study. Their views and experiences are not only an important part of what is to be researched, but an important guide in ensuring that the study focuses on lesson-learning in the areas that concern them. Formal consultations with the MG and SG are built into the study timetable already described. Additional consultation and interaction will occur at country level:

- Informally, through interviews and meetings as part of the research.
- More formally, through systematic liaison with the country reference groups that have been established.
- Through workshops during the field visits: these have to be guided by the wishes and availability of the country stakeholders (led by the government), but the field teams will aim, as a minimum, to provide a detailed briefing on the study so far at the beginning of the field visit, and to hold a more formal workshop (or workshops) towards the end of the field work. The latter workshops will be designed to allow the study team to present its work in progress, to highlight key issues or controversies, and to promote further detailed discussion by a range of stakeholders.[43]
- Through the sharing of draft working papers and reports with the country reference groups. (The team notes that formal dissemination of all reports requires the prior approval of the MG, particularly if any preliminary recommendations are included, and expects that SG members will liaise with their country-level staff to ensure that appropriate protocols are followed in the distribution and citation of any drafts.)

Field Studies and the Country Reports

5.6 The key steps involved in the field studies and Country Report (CR) preparation are shown in

[41] See Annex B for full details of personnel and their assigned roles.

[42] It was not possible to prepare a complete prototype before the field preparation workshop, but work on it revealed potential problems in the detailed EEF and in the IR2 country report structure, and fed directly into the elaboration of the EEF, the report structure and the EQs now reflected in Annexes G, J and K respectively.

[43] As noted in Annex H, the CCIs will feature systematically in such workshops.

[44] CT = Country Team; CTL = Country Team Leader; TL= [overall study] Team Leader; QA = Quality Assurance.

Box 5.2: Main Steps in Field Studies and Country Report Preparation

Steps	By	Comment
Preparation for Field Work		
• **Scheduling of country visits**	CTLs, liaising with country contacts	Country preferences are decisive with regards to the timing of visits. Tentative schedules shown in Annex I to be confirmed once IR is accepted.
• **Finalising field study guidelines**		
– Final revision of IR	TL	Upon receipt of MG/SG comments (IR itself is an important manual for the study teams).
– Refinement of Annex G (EEF in detail)	QA and Synthesis Team	Further refinement/elaboration, prior to and at the Field Preparation Workshop.
– Refinement of CR outline	TL [and Uganda team]	Outline to be tested with Uganda "zero draft" and refined on the basis of experience and workshop comments.
• **Field preparation workshop**		*This draws on the experiences of the initial workshop (13-14 September 2004), and the inception workshop (23-24 February 2005).*
– Plan workshop	TL, Synthesis Team and QA	Planning team to include evaluation specialists and workshop facilitator.
– Participate in workshop	Synthesis Team and CTLs	
• **Additional central support**	TL and Synthesis Team [plus]	
– Work on PEFA indicators	[PFM team, liaising with CTs]	Collate basic minimum sub-set of PFM indicators across all study countries [in liaison with PEFA].
– Web site	[Web site manager]	Reorganise web site, and place on it copies of (or links to) all key documents, at both country and synthesis levels.
• **Additional preparation by country teams**		
– Review country-level secondary material	CTLs	Linked, inter alia, to cross-country studies identified in Annex D, and to development of internal web site.
– Prepare detailed country outline	CTLs	For review by TL prior to field visit.
Field Work		
• **Country Research**	CTs	Special country focus indicated in Annex I
• **In-country consultation**	CTs	In-country workshops, etc.
Country Report Drafting & Review		
• **Report drafting**		
– Full draft CR	CTL [with CT]	To be submitted to TL within 3 weeks from completion of field work.
– Revised draft CR	CTL	After MG/SG comments and after Synthesis Note stage (see Box 5.3).
• **Report review**		
– Informal circulation to country reference group	CTL to circulate	(At or prior to submission of full draft) following guidelines agreed with MG and country reference group.
– Internal team review	Synthesis Team	Formally, on submission of full draft (ST also to provide informal support during drafting).
– Quality assurance	QA	Comments on full draft.
– MG and SG	MG	See schedule in Figure 5.1.

Box 5.2.[44]

The Synthesis Note

5.7 The Synthesis Note (SN) is an important bridge between the Country Reports and the Synthesis Report. As described in the TOR (§6, §5.4.3):

> *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.*
>
> *This note will ... allow for discussions and for a first validation of the preliminary findings before the drafting of the final synthesis report starts.*

5.8 Steps concerning the Synthesis Note are shown in Box 5.3. The SN workshop, scheduled for 28 July, is currently planned as an internal workshop for the core study team. It will take place in Birmingham. It is intended to review the draft country reports and discuss the issues to be highlighted in the SN, as well as those to be further developed in the final Synthesis Report. It will also provide feedback on the draft CRs that will be reflected in their finalisation. The study team considers that there would be considerable added value in expanding the peer review element of the SN workshop by inviting selected additional specialists (e.g. academics, aid agency practitioners), although this is clearly beyond the resources of the study budget itself. Participation by the experts retained to advise the SG during the study would also be welcomed.

Box 5.3: The Synthesis Note Stage

Steps	By	Comment
• **Country Reports**	CTLs	See Box 5.2. Some of the field visits will not be completed before July, and the final date for submission of all CRs to MG is 12 September. CTLs for the later studies will ensure that at least an Executive Summary of Main Findings is available for the SN workshop.
• **Synthesis Note Workshop**		
– Preparation	TL and QA (evaluation specialist)	To prepare and facilitate effective workshop that extracts main lessons from country research and prepares basis for Synthesis Report while also refining and standardising the CRs.
– Participation	Core team [Synthesis Team and CTLs]	
• **Synthesis Note Drafting and Review**		
– Draft SN	TL and Synthesis Team	Internal draft for QA prior to submission to MG.
– Internal QA	QA and CCI	SN draft to be reviewed by Cross-Cutting specialists as well as internal QA.
– Review by MG	MG	To be submitted to MG, along with all CRs by 12 September.
• **SG Meeting on Country Reports**		Week commencing 3 October 2005.
– Presentation of SN and CRs	TL and selected core team members	SN as key focus for discussion of field findings and SR issues and requirements.

The Synthesis Report

5.9 The Synthesis Report (SR) is the most important output of the study. It is intended to be more than a summary of the Country Studies and to provide *global lessons and recommendations to donors and partner Governments at both operational and policy levels* (TOR §5.1). It is further described as follows (TOR §6):

> *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.*

5.10 It does not now appear that thematic studies formally linked to the main GBS evaluation will have taken place by the time the SR is prepared.[45] Nevertheless, there is a great deal of relevant recent and ongoing work, under the auspices of the DAC, SPA and other bodies, by individual agencies, academics and NGOs, that it would be appropriate to take into account. There is scope too for checking the experiences of the seven case-study countries against some others where GBS or similar activities have been the subject of available reports, studies and evaluations. Box 5.4 shows the main steps for preparation and review of the Synthesis Report.

Box 5.4: The Synthesis Report Stage

Steps	By	Comment
• **Synthesis Note and Workshop**		See Box 5.3: this will be the platform from which preparation of the SR will start.
• **SG Meeting**		Week of 3 October – to review SN and CRs and provide further guidance on the SR.
• **Drafting and Review of SR**		
– Preparation of draft SR	TL With Synthesis Team	
– Review of draft SR	CTLs, CCI specialists and QA	Thorough internal review before submission to MG (21 November 2005).
– SG meeting on SR	Presentation by TL and selected team members	Week of 12 December 2005.
– Response to MG/SG comments and final draft	TL	Week of 9 January 2006.
• **Dissemination Conference**	MG/SG	14/15 March 2006.

[45] A parallel SECO study to gather preliminary lessons learned on the best international practice of GBS PAFs is taking place, and its preliminary and final outputs are being shared with the GBS study teams.

The Note on Approach and Methods

5.11 The final output to be delivered by the study team is a *Note on Approach and Methods*:
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. (TOR §6)

5.12 This note will be prepared by the study Team Leader, in consultation with other members of the study team.

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ANNEX A: TERMS OF REFERENCE

1. INTRODUCTION

The preparations for 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 C]) 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.

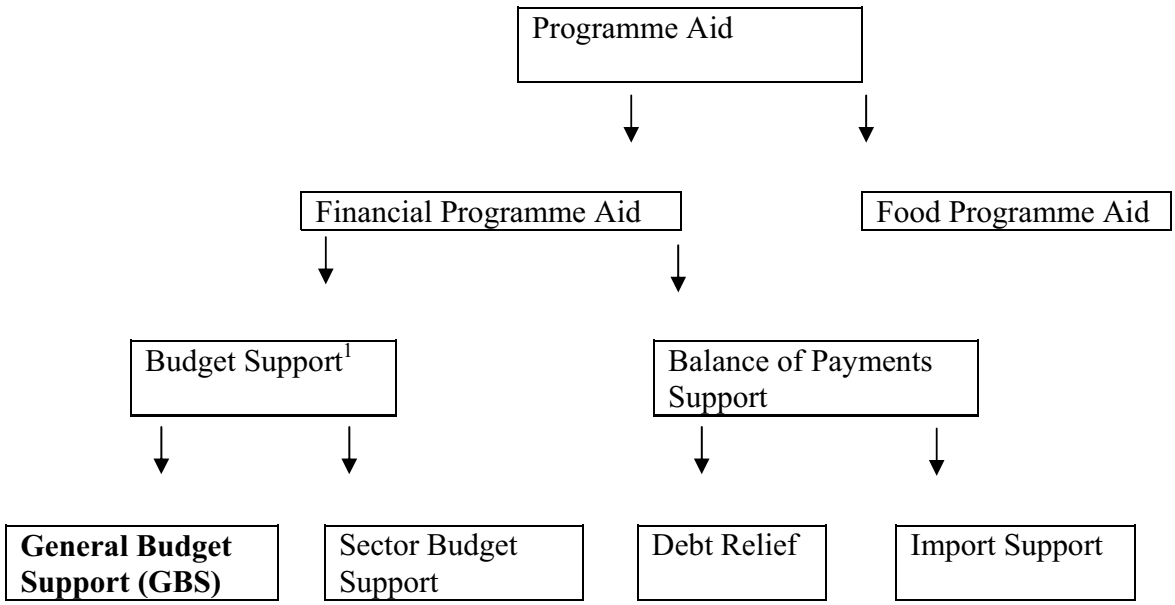
2. BACKGROUND

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 spent.[3] However the precise nature and definition of GBS may differ among donors, among partner countries and over time.[4]

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 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.

[1] *[Referred to as direct budget support in Booth and Lawson, 2004.]*

[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 F.]*

[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*

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

[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.

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 of GBS[8] provided by the different bilateral donors and the IFIs[9] 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

[6] *See the DAC definitions of the five evaluation criteria (effectiveness, efficiency, relevance, sustainability and impact). [Annex F]*
[7] *Ministry of Foreign Affairs the Netherlands, Policy and Operations Evaluation Department (2003 b).*
[8] *To include ODA including grants and concessional loans as appropriate.*
[9] *International Financial Institutions – Regional Development Banks, World Bank and IMF.*

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 C] 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 C], 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.

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

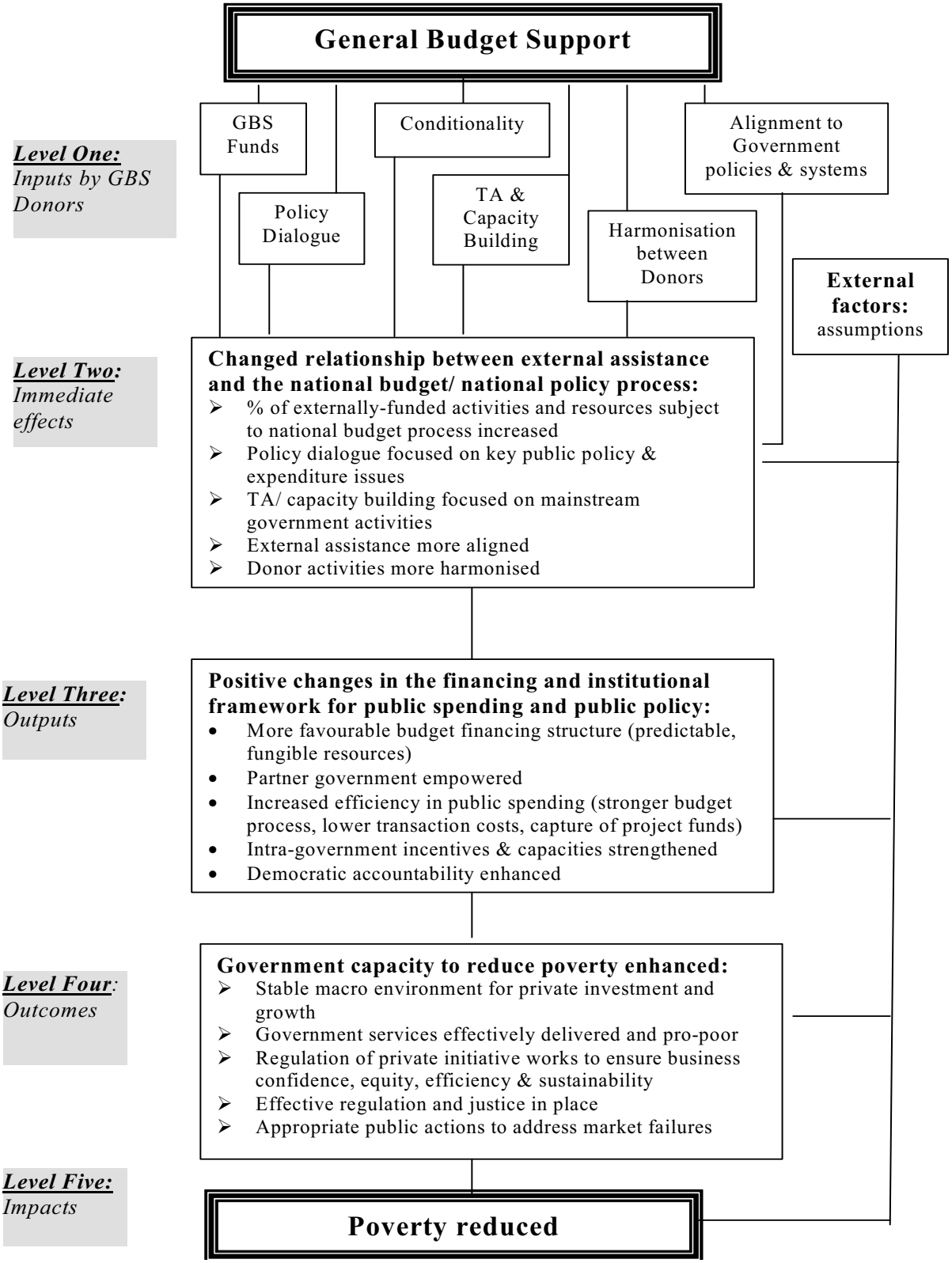
[10] *References to the Evaluation Framework in this Terms of Reference are referring to the chain of causality (the logical framework) as presented in figures in Annex C and in the Terms of Reference, not to the whole report. [See Booth and Lawson, 2004.]*

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.

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



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 effects;[11] 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 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]

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[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?*

[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 F.]*

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 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

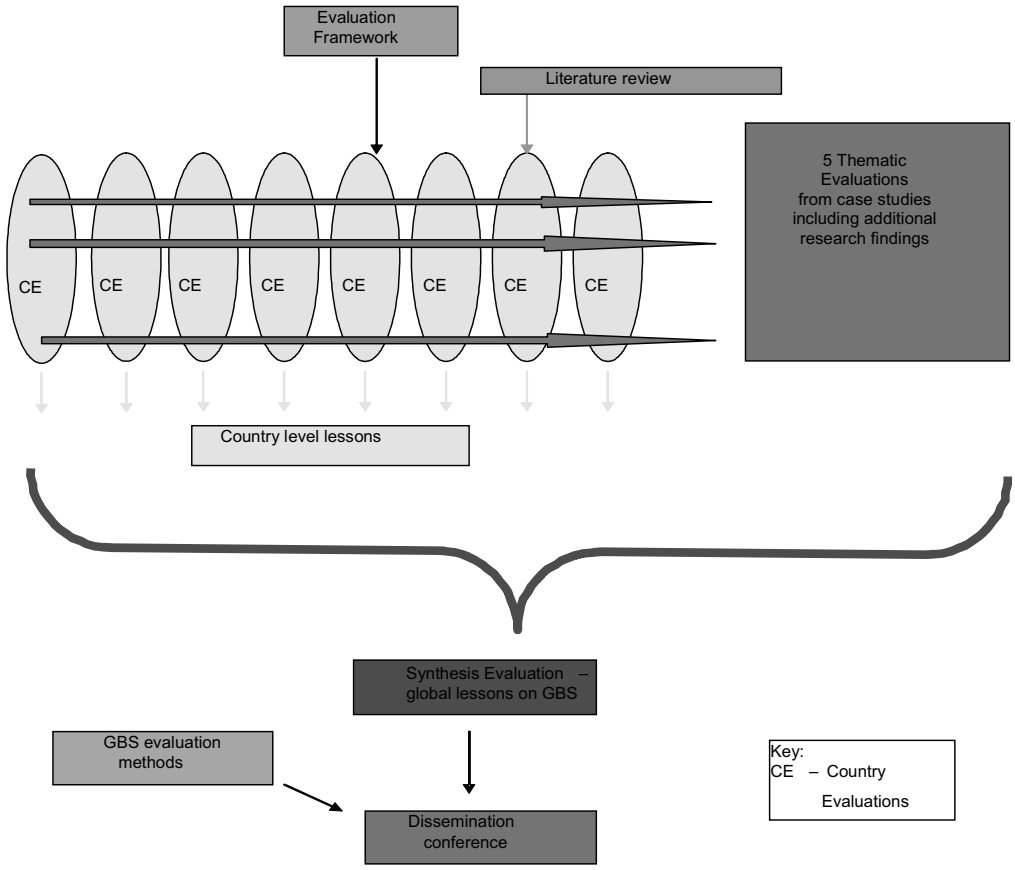
The main elements of the evaluation are: 1) a comprehensive inception phase; 2) eight country evaluations including extensive field work resulting in eight country reports; and 3) a synthesis phase resulting in a final synthesis report including global lessons and recommendations to donors and partner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

[15] *The evaluation questions presented in the Evaluation Framework [in Annex C] 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.*

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.

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 SPA,[16] the LENPA[17] and the DAC[18] working groups, and will support opportunities to discuss and learn from the evaluation.

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.

[16] *Strategic Partnership with Africa*
[17] *Learning Network on Program-based Approach*
[18] *Development Assistance Committee*

- 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 then 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
Thematic evaluations start	*Nov 04*
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
Draft Thematic Evaluation Reports	*End May 05*
Draft Synthesis Report	End July 05
Final Thematic Evaluations	*Oct 05*
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)*
Level 1: Inputs By GBS donors	1. GBS Funds paid into national budget 2. Policy dialogue linked to the budget funds 3. Conditionality linked to budget funds 4. Technical assistance/capacity building linked to the budget funds 5. Efforts to align donor's aid with national goals and systems 6. Efforts to harmonise donor's aid with that of other donors	
Level 2: Immediate Effects On the relationship between external assistance & national budget/ national policy	1. Proportion of external funds that is subject to national budget process is increased.	Other donors do not take offsetting action, by moving funds off-budget
	2. Policy dialogue in the country is focused on key public policy and public expenditure issues and processes	National authorities welcome this reorientation of dialogue
	3. TA/capacity building in the country is focused on key public policy and public expenditure issues and processes	National authorities are willing to accept and able to absorb increased TA or capacity building in this area
	4. Aid in the country is more aligned with national goals and systems (especially, policy dialogue/conditionality is based on national objectives and plans)	Other donors are willing and able to align with national goals and systems National plans are sufficiently robust to be a basis for dialogue/conditionality
	5. Donor activities in the country are more harmonised (especially in respect of consistency in setting benchmarks reporting requirements and synchronising missions)	Other donors are willing and able to harmonise their procedures
Level 3: Outputs **Improved financing & institutional framework for public spending/ public policy**	**1. More favourable budget financing structure:** • More predictable funding flows • Higher level of fungible resources, which can be used flexibly • Incidence of liquidity shortfalls reduced, hence less use of Central bank overdrafts and less accumulation of arrears • cost of funding budget deficit reduced	GBS inputs not undermined or offset by high level of earmarking of other budget support Donors disburse on terms that provide predictability to the partner government. Partner government does not take actions that compel interruptions in disbursement Partner government has adequate reserve to cushion minor unplanned variations Cash management by MoF allows predictability of funding to line ministries/local government, encouraging them to plan.

	Cause-and-effect links	*Assumptions (& risks)*	
	2. Partner government is empowered: • 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	Political competition in the country is moving away from use of state resources for patronage, towards a focus on results Political leaders are prepared to take on political costs of new thinking centred on public expenditure management	NOTE: *Model of GBS club suggests conditions for predictability:* • Partners do not enter into GBS unless they both share key objectives, and understand each other's constraints • Exit (non-disbursement) is limited by Loyalty to this 'club' • Effective consultation mechanisms are in place; the Voice that this affords compensates for limitations on Exit
	3. Efficiency of public expenditure is enhanced: • 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	Government is committed to budget reform, and this has been internalised in the civil service Transaction costs are large with previous aid modalities There were significant inefficiencies in previous allocations	
	4. **Intra-government incentives and capacities are strengthened**: • 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	Official reporting lines are still recognised in public service Government applies pay and performance-assessment policies that that contribute to incentives The political balance in the country is shifting towards punishing official corruption Other donors do not increase parallel project management structures	(For fuller argument on this point, see DFID, 2004, Vol.1).
Level 3: Outputs (continued)	5. **Democratic accountability is enhanced**: • 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.	Constitutional and political conditions exist for Parliament to increase its role There are domestic constituencies and pressures for higher standards of accountability	

Annex A: Terms of Reference

	Cause-and-effect links	*Assumptions (& risks)*
Level 4: Outcomes **Enhanced influence of government on the proximate determinants of poverty reduction**	1. Macro-economic environment is favourable to private investment and growth • inflation controlled • realistic exchange rate attained • fiscal deficit and level of domestic borrowing sustainable and not crowding out private investment.	There is political commitment to macro stability and pro-poor spending reform Macro conditionalities and recommended reform sequences are well chosen and executed Central bank sterilises inflows so as to avoid negative effects on incentives to firms and households via exchange- and interest-rates
	2. Public services effectively delivered and pro-poor • Service delivery targets met for key pro-poor services • Evidence of increased use of services by poor (including poor women)	Key service delivery targets can be established, agreed and monitored Pro-poor services can be effectively prioritised Service personnel are responsive to better and more pro-poor funding and management Access of poor to services can be positively influenced by better targeting.
	3. Regulation of private initiative works to ensure business confidence, equity, efficiency and sustainability • Policies on corruption, property rights resolutely pursued • Market-friendly institutions developed	Legitimacy of state is sufficient for regulatory role of public sector to be accepted. Confidence is not powerfully weakened by factors outside national control, e.g. regional instability
	4. More effective and accountable government improves administration of justice and respect for human rights, as well as general confidence of people in government	Threats to national security do not become so acute that justice and rights are unable to share in general improvements in accountability and capacity
	5. Sector policies include public actions to address major market failures, including those arising from gender inequalities	Sector authorities do not confuse intervention to correct market failures with state interventions that prevent markets developing
Level 5: Impacts **Empower-ment and poverty reduction in all its dimensions.**	▪ Poverty is reduced (in all dimensions)	Private agents accumulate assets, and/or total factor productivity increases, leading to faster economic growth. The pattern of growth is pro-poor and/or effective redistributive mechanisms are in place. The growth is environmentally sustainable The incidence of insecurity, injustice and abuse of human rights is reduced
	▪ Poor people are empowered and socially included	Ethnic factors that justify exclusion are reducing Gender factors that restrain productivity and welfare of women and children are reducing

9. 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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Ministry of Foreign Affairs the Netherlands, Policy and Operations Evaluation Department (2003 b), "Evaluation of General Budget Support (GBS). Inventory of Programme Aid 1992-2002".

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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, Sj lander 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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World Bank (2002), "A Case for Aid. Building a Consensus for Development Assistance".

World Bank OED (2003), "OED Review of the Poverty Reduction Strategy Paper (PRSP) Process" Approach Paper.

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.

The below documents are unpublished documents which are available upon request.

Department for International Development (DFID) Evaluation Department (2003) "Evaluating General Budget Support, Issues Emerging from Evaluation Findings, Workshop Report, Glasgow 3-4 March 2003".

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ANNEX B: STRUCTURE AND ORGANISATION OF THE STUDY

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ANNEX B: STRUCTURE AND ORGANISATION OF THE STUDY

Study Management Structure

B.1 The Joint Evaluation of General Budget Support (GBS) has been commissioned by a consortium of aid agencies, which are all represented on the Steering Group (SG) for this study. The SG is chaired by DFID.

B.2 The consortium is composed of the governments of Australia, Belgium, Canada, Denmark, France, Germany, Ireland, Japan, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom and the USA, plus the European Commission (EC) and the Inter-American Development Bank (IADB), the IMF, OECD/DAC and the World Bank.

B.3 The Evaluation is undertaken in collaboration with the governments of Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam, who are also represented on the SG.

B.4 A smaller Management Group (MG) is also chaired by DFID and is responsible for day-to-day oversight of the study. The study is financed by pooled funds, managed by DFID, which has contracted the study on behalf of the consortium.

B.5 Current members of MG are:

Chairperson		
Kate Tench	DFID	k-tench@dfid.gov.uk
Additional Members		
Alexandra Chambel-Figueiredo	EC	alexandra.chambel-figueiredo@cec.eu.int
Nele Degraeuwe	Belgian Technical Cooperation	nele.degraeuwe@btcctb.org
Susanna Lundström	Sida	susanna.lundstrom@sida.se
Martin van der Linde	(consultant)	mvanderlinde@few.eur.nl
Joe Reid	DFID	j-reid@dfid.gov.uk
Additional Support		
Neil McKie	DFID	neil-mckie@dfid.gov.uk

Country Contacts

B.6 The study is designed to interact closely with aid agencies and with government and other stakeholders at country level. There are government and donor contact points in each country for the study. See Box B1 for the full list of country contacts.

Study Team

B.7 The study is being carried out by a consortium which is led by the International Development Department, University of Birmingham (IDD) and supported by Development Researchers' Network (DRN) (Italy), ECORYS Research and Consulting (Netherlands), Mokoro Limited (UK) and the Nordic Consulting Group (Denmark and Norway), together with local consultants in the study countries. The full list of researchers on the study team, together with their roles and affiliations, is provided in Box B2.

Box B1: Joint Evaluation of GBS: Country Contacts

Country	Main Government contact organisation	Government liaison officer*	Email	Donor liaison*		Email
Burkina Faso	SP-PPF	▪ F M D Zoundi	sp_ppf@river.bf	Cooperation programme, Dutch Embassy	▪ Marian Klokkers	marian.klokkers@minbuza.nl
Malawi	MoF	▪ tbc		DFID	▪ Alan Whitworth ▪ Lindsay Mangham	a-whitworth@dfid.gov.uk l-mangham@dfid.gov.uk
Mozambique	MoPF	▪ Jose Sulemane	josesulemane@dnpo.gov.nz	DFID	▪ Telma Loforte ▪ Karin Andersson ▪ Simon van den Broeke ▪ Caroline Rickatson	telma.loforte@sdc.net karin-anette.andersson@sida.se s-vandenBroeke@dfid.gov.uk c-rickatson@dfid.gov.uk
Nicaragua	MoF	▪ Ovidio Reyes ▪ Juan C Gutierrez	ovidio.reyes@mhcp.gob.ni Juan.Gutierrez@mhcp.gob.ni	SDC Sida	▪ Juerg Benz ▪ Mikael Elofsson	juerg.benz@sdc.net mikael.elofsson@sida.se
Rwanda	MoF	▪ Ernest Rwamucyo	ernest. rwamucyo@minecofin.gov.rw	DFID	▪ Simon Stevens	s-stevens@dfid.gov.uk
Uganda	MFPED	▪ Ishmael Magona	ishmael.magone@finance.go.ug	Norad DCI	▪ Hege Gulli ▪ Justina Stroh	hege.gulli@mfa.no justina.stroh@dfa.ie
Vietnam	MPI	▪ Vu Dai Thang	thangbangbang@fpt.vn	DFID	▪ Bella Bird ▪ Alan Johnson ▪ Nguyen Thi Ngoc Minh	b-bird@dfid.gov.uk a-johnson@dfid.gov.uk nn-minh@dfid.gov.uk

**May be subject to change*

Box B2: Joint Evaluation of GBS: Team List

	Organisation	Role		Email
		Inception Phase	**Post Inception Phase**	
Synthesis Team				
Stephen Lister	Mokoro	Public Expenditure analysis (lead)	Team Leader Partnership analysis	slister@mokoro.co.uk
Mike Hubbard	IDD	Team Leader Partnership analysis (lead)	Partnership analysis (lead)	m.e.v.hubbard@bham.ac.uk
Catherine Dom	Mokoro	Institutional analysis (lead)		cdom@mokoro.co.uk
Richard Batley	IDD	Institutional analysis		r.a.batley@bham.ac.uk
Albert de Groot	ECORYS	Macroeconomic analysis (lead)		albert.degroot@ecorys.com
Charles Harvey	Independent	Macroeconomic analysis		crm_harvey@yahoo.co.uk
Jens Claussen	NCG	Partnership analysis	PFM analysis (lead)	jens.claussen@ncg.no
Simon Delay	IDD	PFM analysis		s.e.delay@bham.ac.uk
Philip Amis	IDD	Poverty Change analysis (lead)		p.amis@bham.ac.uk
Andrew Nickson	IDD	Poverty Change analysis		r.a.nickson@bham.ac.uk
Jesper Steffensen	NCG	Decentralisation Specialist		js@ncg.dk
Quality Assurance				
Brian van Arkadie	Mokoro	Quality Assurance		brvanarkadie@aol.com
Enzo Caputo	DRN	Quality Assurance	Quality Assurance and Evaluation Specialist	enzo_caputo@compuserve.com
Juliet Pierce	Independent		Evaluation Specialist	piercejr@blueyonder.co.uk

Box B2 Joint Evaluation of GBS: Team List (*continued..*)

		Organisation	Role		Email
Country Teams			**Inception Phase**	**Post-Inception Phase***	
Burkina Faso	Pieter Lanser	ECORYS	Country Team Leader		piet.lanser@ecorys.com
	Jean Pierre Ouedraogo	DRN	Local Consultant		jpdraogo@yahoo.com
	François Orivel	DRN	Additional Specialist		forivel@u-bourgogne.fr
	Esther van der Meer	ECORYS	Additional Specialist		esther.vandermeer@ecorys.com
	Catherine Dom	Mokoro		Additional Specialist	cdom@mokoro.co.uk
Malawi	Jens Claussen	NCG	Country Team Leader		jens.claussen@ncg.no
	John McGrath	Imani Dev Ltd	Local Consultant		imanimalawi@sdnp.org.mw
	Philip Amis	IDD	Additional Specialist		p.amis@bham.ac.uk
	Simon Delay	IDD	Additional Specialist	Additional Specialist	s.e.delay@bham.ac.uk
Mozambique	Richard Batley	IDD	Country Team Leader		r.a.batley@bham.ac.uk
	Amelia Cumbi	Independent	Local Consultant		baobab@tropical.co.mz
	Albert de Groot	ECORYS	Additional Specialist		albert.degroot@ecorys.com
	Liv Bjørnestad	Mokoro		Additional Specialist	livbjorne@hotmail.com
	Charles Harvey	Independent	Additional Specialist		crm_harvey@yahoo.co.uk
Nicaragua	Paola Gosparini	DRN	Country Team Leader		p.gosparini@drn-network.com
	Maria Dolores Ocón Nuñez	Independent	Local Consultant		lolaocon@ibw.com.ni
	Mike Hubbard	IDD	Additional Specialist		m.e.v.hubbard@bham.ac.uk
	Andrew Nickson	IDD	Additional Specialist		r.a.nickson@bham.ac.uk
	Rebecca Carter	IDD		Research Support	r.l.carter@bham.ac.uk
Rwanda	Ray Purcell	Mokoro	Country Team Leader		rpurcell@mokoro.co.uk
	Gaspard Ahobamuteze	Independent	Local Consultant		ahobagape@yahoo.fr
	Catherine Dom	Mokoro	Additional Specialist		cdom@mokoro.co.uk
	Charles Harvey	Independent	Additional Specialist		crm_harvey@yahoo.co.uk
Uganda	Stephen Lister	Mokoro	Country Team Leader		slister@mokoro.co.uk
	Wilson Baryabanoha	Kebu	Local Consultant		kebu@africaonline.co.ug
	Tim Williamson	ODI	Additional Specialist		t.williamson@odi.org.uk
	Jesper Steffensen	NCG		Additional Specialist	js@ncg.no
Vietnam	Ann Bartholomew	Mokoro	Country Team Leader		annb@mokoro.co.uk
	Adam McCarty	Mekong	Local Consultant		adam@hn.vnn.vn
	Stephen Lister	Mokoro	Additional Specialist		slister@mokoro.co.uk
	Robert Leurs	IDD	Additional Specialist		r.leurs@bham.ac.uk
	Brian van Arkadie	Mokoro	Additional Support		brvanarkadie@aol.com

Box B2 Joint Evaluation of GBS: Team List (*continued..*)

	Organisation	Role		Email
		Inception Phase	Post-Inception Phase	
Quantitative analysis				
Marco Ercolani	UOB Economics Dept	Econometrics Specialist		ercolamg@sscemail.bham.ac.uk
Marco Barassi	UOB Economics Dept	Econometrics Specialist		m.r.barassi@bham.ac.uk
Harry Koutsolioutsos	IDD	Research Assistant		ckoutsolioutsos@yahoo.com
Cross-Cutting Issues				
Haroon Akram-Lodhi	Institute of Social Studies	Gender		haroon@iss.nl
Tony Barnett	London School of Economics	HIV/Aids		a.s.barnett@lse.ac.uk
Peter Oates	Mokoro	Environment		poates@mokoro.co.uk
Alta Fölscher	Mokoro	Human Rights		altaf@mokoro.co.uk
Other				
Rebecca Carter	IDD	Research Support and Study Coordinator		r.l.carter@bham.ac.uk
Olivia Kew-Fickus	IDD	Project Management		o.m.kewfickus@bham.ac.uk
Carol Solley	IDD	Copy Editor and Website Management		c.solley@bham.ac.uk

GBS Evaluation Study Website

B8 A password-protected website has been set up as an internal resource for the study team to which SG/MG members are also given access. The website contains study outputs and a study archive of relevant documents. This website is also being used to provide the GBS team with shared access to a full library of reference material.

ANNEX C: THE ORIGINAL EVALUATION FRAMEWORK (Executive Summary)

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(Inserted from original document: Booth, D. and Lawson, A. (2004). Evaluation Framework for General Budget Support. London: ODI.)

ANNEX C: THE ORIGINAL EVALUATION FRAMEWORK (EXECUTIVE SUMMARY)

Introduction

S1. This report presents an Evaluation Framework intended to guide the conduct of joint evaluation work on General Budget Support (GBS) at the country level. It was commissioned on behalf of the OECD–DAC Evaluation Network. It draws on an earlier GBS Evaluability Study produced for the Evaluation Department of UK DFID.

Purpose and nature of the Framework

S2. The Framework is intended as a practical tool that can be used to guide a number of country-level joint evaluations. The ultimate purpose of these exercises is to assess whether GBS is a relevant, efficient, effective and sustainable mechanism for poverty reduction. GBS is taken to refer to the channelling of donor funds directly to the partner government's budget, using the government's own allocation and accounting systems, with any conditionality focused on policy measures related to general budget priorities.

S3. The Framework is based on a flow diagram of the Logical Framework type, which spells out the causal linkages posited by the implicit thinking behind recent GBS programmes. This is presented in an elaborated form (Figure 3) and in a simplified form (Figure 1; reproduced on the next page of this summary). Section 2 of the report provides an overview of the simplified Logical Framework.

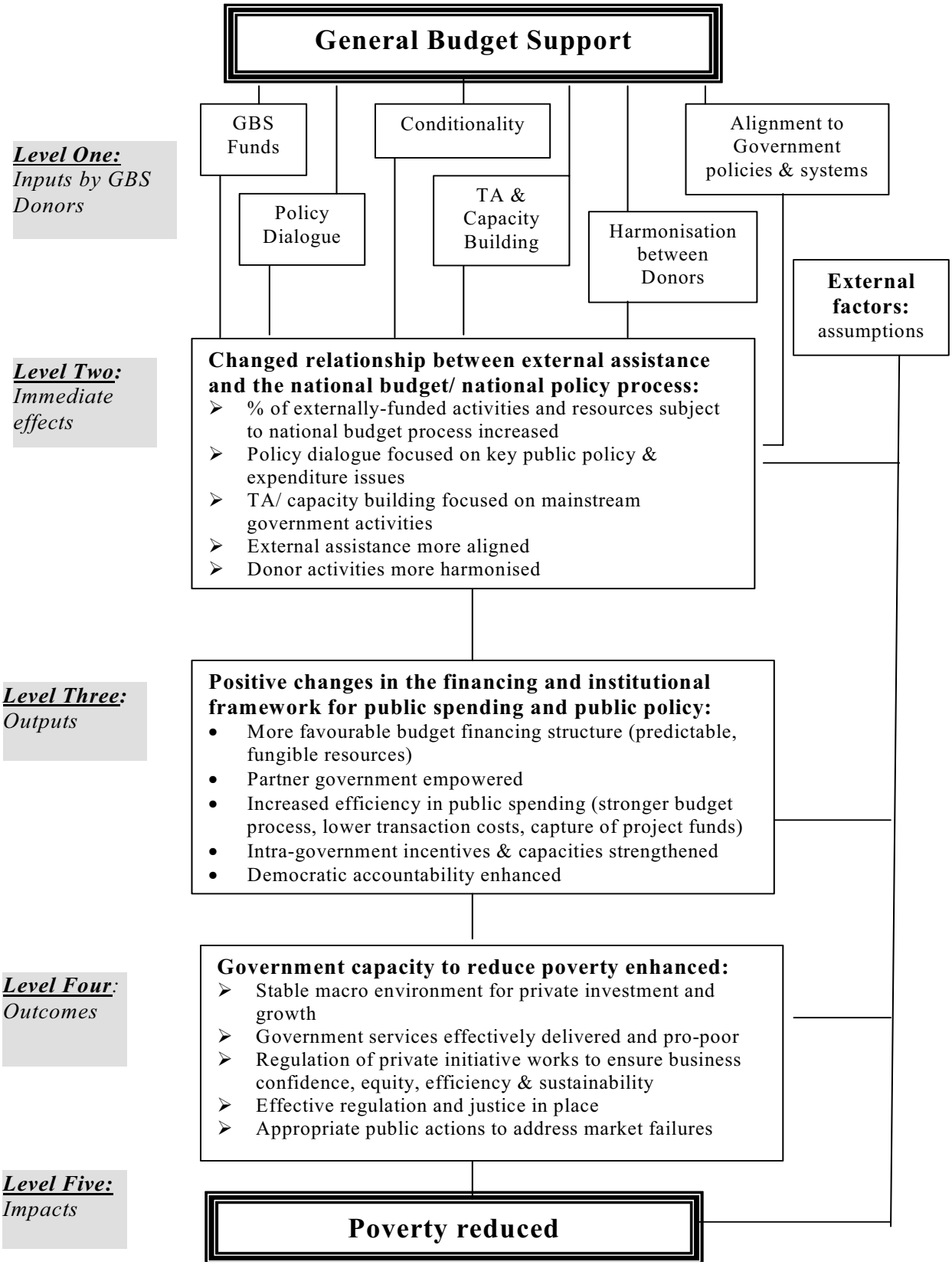
S4. Five levels are distinguished:

- Level One: Inputs by GBS Donors.
- Level Two: Immediate effects (on the relationship between aid, the national budget and national policy processes).
- Level Three: Outputs (consequent changes in the financing and institutional framework for public spending and public policy).
- Level Four: Outcomes (interactions between the public sector and the wider economy and society, specifically with regard to the proximate determinants of poverty reduction).
- Level Five: Impacts (in terms of the empowerment of the poor and the improvement of their real incomes).

Level One: inputs

S5. The first level of the Framework is limited to the GBS operations themselves and to the inputs associated with those operations. Six types of inputs are considered: (1) funds paid into the national budget; (2) policy dialogue linked to the budget funds; (3) any associated conditionality; (4) technical assistance or capacity building linked to the budget funds; (5) efforts to align GBS donor aid with national goals and systems; and (6) efforts to harmonise GBS donors' aid with that of other donors.

Figure 1: Simplified logical framework analysis of General Budget Support



Level Two: immediate effects

S6. Level Two is concerned with the immediate effects of the inputs on the relationship between aid, the national budget and national policy processes. These effects do not always follow from the mere presence of inputs but, subject to simple assumptions which should generally hold, then they should be virtually automatic. At Level Two, the Framework postulates that if GBS inputs are provided and so long as these are not offset by countervailing actions by government or by non-GBS donors, then these will have an immediate effect upon the relationship between external assistance as a whole, the national budget and the national policy process.

S7. The Framework postulates that there will be improved results at subsequent levels of the Logframe in a situation when the following immediate effects are seen:

- An increased proportion of external funding is made subject to national budget processes.
- The form of policy dialogue changes, so as to focus more on national public policy and public expenditure issues and processes.
- Technical assistance and capacity-building efforts are being increasingly re-oriented towards mainstream activities of government (public policy and public expenditure issues rather than project management and administration).
- External assistance is more aligned with national goals and systems.
- Donor activities in the country are more harmonised.

S8. Apart from simply examining whether these immediate effects are present, at Level Two a judgement will also be made on the extent to which these effects are directly attributable to the GBS operations. Also drawing on the analysis in Level One on the balance between conditionality and (partnership-based) policy dialogue, a judgement will be made on what is the driving force behind the change in the nature of policy dialogue.

Level Three: outputs

S9. Over the short to medium term, it is postulated that the immediate effects of GBS inputs will generate positive changes in the financing and institutional framework for public spending and public policy. The financing effects are likely to manifest themselves relatively quickly, whereas the institutional effects will result from the changed incentives generated primarily by the increased importance of the national budget. These largely relate to changes in the nature of the country's governance and will necessarily take longer, whilst also being subject to a wider range of external factors.

S10. It is suggested that these 'outputs' will manifest themselves in five particular ways:

- Through a more favourable budget financing structure, resulting from the improved predictability of budget funding, the increased fungibility of resources coming into the budget and a consequent reduction in the costs of budget financing.
- Through the empowerment of the partner government: a) to use the budget to bring public sector programmes into line with government goals and service delivery targets; b) to align PRSP processes with government systems and cycles; and c) to promote alignment and harmonisation by donors.
- Through enhancements in the efficiency of public expenditure, due to a more effective budget process, reductions in certain types of transaction costs associated with development assistance, and improvements in allocative efficiency resulting from the increased capture of project funds in the budget.

- Through a strengthening of intra-government incentives and capacities due to the fact that official reporting lines and budget procedures are more respected, public service performance incentives are strengthened and the 'brain-drain' effects of parallel project-management structures are reduced.
- Through a strengthening of structures and processes of democratic accountability, including a greater role for parliaments in monitoring budget results, greater scrutiny by domestic institutions over donor-financed spending and a general improvement in transparency and hence in the conditions for democratic accountability.

Level Four: outcomes

S11. The outcomes postulated in the Framework relate to the enhancement of government capacity to influence the proximate determinants of poverty in a positive way. They derive specifically from the interaction of a more efficient, effective and accountable public sector with the wider economy and society. Thus, in the medium to long term, one expects to see the following outcomes:

- The creation of a stable macroeconomic environment, conducive to private investment and economic growth.
- An improvement in the quality of services delivered to the public, particularly in the delivery of pro-poor services and in the targeting of those services to the poor.
- Effective assumption by government of its role as a regulator of private initiative.
- Provision of a framework ensuring justice, law and order and respect for human rights.
- Appropriate public actions to address market failures, including those arising out of gender inequalities.

Level Five: impacts

S12. The desired final impact of GBS is that:

- Poor people should be empowered and socially included; and
- Poverty, in all of its dimensions, should be reduced.

S13. This may be expected to happen, in the long term, so long as the expected outcomes are produced and so long as key assumptions hold true with regard to the growth and development process. Specifically, we assume that private agents accumulate assets and/or total factor productivity increases, leading to faster economic growth; the pattern of growth is pro-poor and/or effective redistributive mechanisms are in place; the growth is environmentally sustainable and the incidence of insecurity, injustice and abuse of human rights is reduced.

S14. The theory behind the linkages in the top half of the diagram arises from the evidence that has accumulated over recent years about the disadvantages of project aid and the advantages of programme modalities, particularly in regard to their effects on the institutional structure of the host country. Another important source is experience and research indicating the relative ineffectiveness of policy conditionality linked to programme aid, and the corresponding expectation that support using national systems to assist national policy processes (e.g. PRSPs) will have better results.

S15. The theory behind the bottom half of the diagram draws on the Poverty Reduction Guidelines of the DAC and other well-known sources on research and policy thinking for poverty reduction. A selection of source materials on outcome and impact linkages is given at the end of the report.

Methods

S16. Section 3 of the report explains how it is intended that the Framework will be used. Four key features of the methodology are explained. First, the sources of information used to test the posited linkages need to be extensive and varied, allowing for a substantial application of 'triangulation'. Second, data will be needed for periods of at least three years, suggesting that evaluations should only be undertaken in countries where GBS is a well established modality. Third, problems of attribution will need to be handled by means of careful reconstruction of case histories, giving detailed attention to the role of 'assumptions and risks'. Fourth, analysis of the counterfactual will normally be restricted to considering the plausibility of well-constructed alternative case histories.

S17. In addition, Section 3 answers four questions about the possible scope of evaluations based on the Framework. They are: Can the Framework evaluate individual donor operations? Why is the Framework focused at the country level? Is the Framework only relevant to ongoing operations? And which types of country and development contexts can it cover?

S18. The Evaluation Framework covers both institutional and 'flow of funds' effects of GBS, and these are considered simultaneously. However, the flow of funds poses some particular technical challenges, which are discussed in Section 4. These are in two main areas, concerning the financial effects and the monetary and exchange-rate effects of the flows respectively. In the first area, evaluators will be interested in changes in the volume and composition of aid; changes in the degree to which aid is predictable and fungible or flexible from the partner government's point of view; and effects on the costs associated with financing the budget. The second area includes managing the potential for inflationary and 'Dutch Disease' effects.

S19. Section 5 provides a brief discussion of equivalent issues in the tracking of the institutional effects of GBS.

The Framework in detail

S20. Section 6 presents the Evaluation Framework in detail, using the more elaborated Logical Framework diagram, and a matrix of evaluation questions and indicators. At the Output level, the full Logical Framework incorporates the flow-of-funds issues, but also deals with the main institutional effects that are identified in GBS programme thinking as providing the link from GBS funds and other inputs to improved poverty-reduction outcomes and impacts. The full Framework includes a detailed mapping of the assumptions under which the postulated causal linkages are expected to hold, and thus the risks that may prevent this happening.

S21. The matrix at the end of Section 6 contains broad evaluation questions for each level, from inputs to impacts. These are then broken down into more detailed issues for investigation, with additional questions that direct the evaluators' attention to problems of attribution and the counterfactual. Where quantification is possible and appropriate, indicators and sources of information are suggested; otherwise 'test questions' are proposed. The matrix provides a guideline, which is expected to be used flexibly and critically by country evaluation teams.

ANNEX D: BIBLIOGRAPHY

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ANNEX D: BIBLIOGRAPHY

Part 1: General References

D.1.1 Two major bibliographical sources for this study are Naschold (2002) and Nilsson (2004). For the present study we are identifying papers of special relevance to the subjects of the GBS Evaluation. This select bibliography is therefore a distillation of the earlier reviews: we are excluding more ephemeral papers and country-specific source documents, and adding more recent papers on which our own analysis can draw. This will be refined and expanded as the study proceeds.

D.1.2 Cross-country studies in which the GBS Evaluation case study countries feature are of particular interest. An annotated list of relevant cross-country studies is provided in Part 2 of this Annex.

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Part 2: Cross-Country Studies

D.2.1 The GBS Evaluation is reviewing seven country cases, and also has the advantage of being able to draw on the recent review of GBS in Tanzania, which is also based on the Evaluation Framework (Booth et al 2004). The study seeks to gain insights from comparing and contrasting experiences across countries. Existing studies, which focus on key elements of the Evaluation Framework as well as focusing on some of our study countries, are potentially of particular value. This section notes some key studies that provide part of the platform for the GBS Evaluation's country studies and synthesis. The team welcomes additional recommendations for this list. Full citations for each study appear at the foot of this table.

Study ↓ Country cases→	**Burkina Faso**	**Malawi**	**Mozambique**	**Nicaragua**	**Rwanda**	**Uganda**	**Vietnam**	**Tanzania**	***Other countries in the sample***
SIDA Programme Aid Evaluations[i]			X	X		X	X	X	*Bangladesh, Cape Verde, Zambia.*
These evaluations of SIDA Programme Aid are supported by a synthesis report and reports on Programme Aid and its Modalities, Programme Aid and Conditionality, and Programme Aid and Reforms. They provide an excellent assessment of programme aid during the first part of our study period (1999) using a methodology that prefigures the Evaluation Framework.									
ODI – Poverty and Budget Priority[ii]		X	X			X		X	*Ghana*
This study examines how public expenditure management has been linked to poverty reduction policy goals. In order for public expenditure to better serve the interests of the poor, the political will to confront difficult choices is necessary but not sufficient. It needs to be allied to more effective public expenditure management, macro-economic and budget stability, and budget systems that turn policy analysis into actual cash releases to implement the intended policies. Involvement of the poor, and advocates on their behalf, can reinforce poverty focus in policy dialogue. With increased attention to HIPC debt relief and donor encouragement of poverty reduction strategies, the case studies also considered the extent to which the donors have had a positive influence in reinforcing the anti-poverty bias in public expenditure decisions.									

Study ↓ Country cases→	**Burkina Faso**	**Malawi**	**Mozambique**	**Nicaragua**	**Rwanda**	**Uganda**	**Vietnam**	**Tanzania**	***Other countries in the sample***
ODI ROPE[iii] (Results Oriented Public Expenditure)	X					X		X	*Bolivia, Cambodia, Ghana, Mali*
This study looks at Results-Oriented Budget Practice. Results-oriented (or 'performance' or 'output') budgeting is the planning of public expenditures for the purpose of achieving explicit and defined results. Several authors have recently expressed scepticism about the applicability and usefulness of performance-oriented approaches to development in low income countries. Their grounds for scepticism relate in the main to weaknesses in these countries' institutional settings, administration, budget management and governance. ODI–CAPE launched a programme of seven case studies of low income countries with PRSPs to establish how far performance budgeting and management are used in practice, and to relate these findings to features of macroeconomic and budget management, accountability structures, and administrative structures and practices.									
ODI MTEF study[iv]	X				X	X		X	*Albania, Benin, Cameroon, Ghana, RSA*
This "Review of Experience in Implementing Medium Term Expenditure Frameworks in a PRSP Context" covers eight country studies, and was published in November 2003. A medium term perspective to budgeting is increasingly recognised as crucial to more effectively linking policy, planning and budgeting. MTEFs are becoming important elements of the latest approaches to budget management and, increasingly, of the new 'comprehensive' approach to international development. The appeal of MTEFs lies in their potential to link the often competing short term imperatives of macroeconomic stabilisation with the medium and longer term demands on the budget to contribute to improved policy making and planning, and to the efficiency and effectiveness of service delivery. An effective MTEF will discipline decision-making and enforcement in support of all three of these objectives. This medium term perspective and focus on the disciplining role of an MTEF is why it is seen as one of the keys to effective poverty reduction strategies (PRSPs) and achievement of the Millennium Development Goals (MDGs). There is also a growing recognition that the effective application of donor programmatic financing through MTEFs will be crucial if national PRSs are to deliver meaningful results.									

Study ↓ Country cases→	Burkina Faso	Malawi	Mozambique	Nicaragua	Rwanda	Uganda	Vietnam	Tanzania	*Other countries in the sample*
World Bank Evaluation of the CDF[v]	X					X +trans-action cost study	X +trans-action cost study		*Bolivia, Ghana, Romania*
This Multi-Partner Evaluation of the Comprehensive Development Framework was published in June 2003, covering six Country Case Studies. A Study of Transaction Costs was carried out in Bolivia, Ghana, Romania, Uganda, and Vietnam as a specific parallel exercise to track changes and trends in government-donor partnerships to identify, and to an extent, possibly quantify the impact of donor practices and procedural requirements on governments and the transaction costs they imply. The evaluation methodology for this multi-country evaluation included many of the same activities as the GBS evaluation (literature reviews, questionnaire surveys, structured interviews, focus groups, field trips). Documents currently held on this evaluation: Synthesis Report, Synthesis Report Management Response, Country Case Study Findings, Uganda Country Study Report, Précis article, Government-Donor Relations in Vietnam Questionnaire Results.									
IMF Evaluation of the PRSP Process[vi]			X	X			X	X	*Guinea, Tajikistan*
The Poverty Reduction Strategy (PRS) approach is designed to encourage broader-based participation in the development of a country-owned, long-term strategy for growth and poverty reduction, which could also be a framework for coordinating donor support. It was accompanied by a transformation of the IMF's concessional lending facility into the Poverty Reduction and Growth Facility (PRGF). It is too early to evaluate the success of the new approach in achieving its longer-term objectives, especially the extent of reduction of poverty; progress in this dimension will become evident only over a longer period of time. The evaluation has, therefore, focused on intermediate stage outcomes, that is, the quality of the broader-based policy formulation process, the nature of the strategy and policy framework that has evolved, the interaction between this framework and the PRGF, and the effectiveness of the IMF's role. .									
ISS PRSP evaluations[vii]				X					*Bolivia, Honduras*
The country reports for 2003 and 2004 provide an in-depth analysis of the PRSP process in Latin America, assessing in particular the process of consultation and policy dialogue with civil society and to what extent these have laid the basis for a broad-based and effective poverty reduction strategy. The analysis of the country reports is supported by a detailed and systematic stakeholder analysis, including the stock-taking of the views of local actors through visits to several municipalities in the three countries. A comparative analysis of the experience in the three countries is presented in the regional report, highlighting lessons to be learned for governments, civil society and the donor community. The thematic report for 2003 focuses on the process of decentralization and participation as part of the PRSP process. The thematic report for 2004 concentrates on the potential of local economic development processes to achieve pro-poor growth.									

Study ↓ Country cases→	Burkina Faso	Malawi	Mozambique	Nicaragua	Rwanda	Uganda	Vietnam	Tanzania	*Other countries in the sample*
Joint Nordic Evaluation of PRSPs[viii]			X	X		X	X	X	*Bolivia, Zambia*
This report is a summary of the first joint Nordic monitoring of the World Bank and IMF support to the PRSP process in seven countries. The objective of the initiative is to strengthen donor coordination and support to the PRSP process at the country level and to obtain more informed discussion in the boards of the Bank and the Fund when country PRSPs or progress reports are discussed. The approach of the monitoring initiative was that the Nordic countries asked their representations in seven PRSP countries to report systematically on a set of six key parameters and questions which were derived from the 2002 Review. The parameters are Alignment, Harmonisation, Public Expenditure Management, Priority Public Actions, Poverty Diagnostics, and Presence at Country Level.									
IDS Helsinki, Politics of PRSPs[ix]		X					X	X	*Honduras, Zambia*
This study comprises five country studies carried out in collaboration between the University of Helsinki (Finland) and the Chr. Michelsen Institute (Norway) under the auspices of a research programme entitled Consultation and Empowerment: Governance Implications of Participatory Public Policy Formulation in Five Developing Countries, funded by the Ministry of Foreign Affairs of Finland, Norad and Sida.									
ODI Politics and the PRSP Approach[x]						X	X		*Bolivia, Georgia*
This study contains four country case studies and background research on the political dimensions of the Poverty Reduction Strategy Paper (PRSP) approach. It aims to make a contribution to the debate on the relevance of politics in order better to understand and improve development and poverty reduction processes, and in particular the new kind of aid relationships promoted by the PRSP approach. It also examines the interaction between political systems, PRSP processes and longer term political development. The research has adopted an institutional approach focusing on the formal and informal 'rules of the game', including formal political systems, the nature and ideology of regimes, the operation of political parties and the impact of electoral rules, relations between executives and the legislature (as well as between central and local governments), and processes within the executive (such as the functioning of cabinets, and relations between presidents and ministries). This state-centric approach is complemented by also analysing state-society relations, such as the nature of civil society, citizens' engagement with the state, and informal political processes and norms.									

Study ↓ Country cases→	Burkina Faso	Malawi	Mozambique	Nicaragua	Rwanda	Uganda	Vietnam	Tanzania	*Other countries in the sample*
IDD Asia Aid Instruments Study[xi]							X		*China, India (AP)*
The Vietnam Country Study is one of three country studies in this review for DFID of the use of aid instruments in Asia. It provides a framework for analysing aid instruments, taking into account several key dimensions of aid instruments themselves and also the context in which they are used by donors (whether donors are operating at policy level (upstream) or implementation level (downstream), and whether donors are acting independently or collaborating). It also provides an analysis of the aid market in Vietnam and analyses the factors behind individual donors' choice of aid instruments and their competitive and collaborative behaviour in Vietnam.									
IDD Donor Practices Studies[xii]			X			X	X	X	*Bangladesh, Bolivia, Egypt, Romania, Samoa, Senegal*
The OECD's Development Assistance Committee has a mandate to propagate good practice among aid donors. In January 2001 it established a Task Force on Donor Practices (TFDP), which aims to develop a series of "good practice reference papers". The main purpose of the task force is to strengthen ownership through identifying and documenting donor practices which could cost-effectively reduce the burden on the capacities of partner countries to manage aid and lower the transaction costs involved. Case studies were conducted, particularly to establish the views of development partners, but also to identify lessons of good practice that may be of wider relevance.									
Mick Foster: Case for increased Aid[xiii]	X		X				X	X	*DRC, Ethiopia, Ghana, Kenya, Nigeria, Bangladesh, India, Pakistan*
This is the final report of a study commissioned by the Department for International Development to explore whether a case can be made for a substantial ($50bn) increase in aid flows, to finance the incremental costs of achieving the Millennium Development Goals. Based on review of secondary sources, it examines the country-level capacity to absorb higher aid flows.									
Joint initiative Operationalising Pro-Poor Growth[xiv]	X					X	X		*Bolivia, Brazil, El Salvador, Ghana, India, Indonesia, Romania, Zambia, Bangladesh*
These case studies use macro evidence and detailed analysis of micro data to assess the extent to which recent growth experience has been pro-poor. Country historical context is reviewed and issues affecting the participation of the poor in the growth process and the trade-offs associated with pursuit of pro-poor versus pro-growth policies are discussed. In the paper, pro-poor growth is used to mean growth that is associated with declines of a given measure of poverty.									

Study ↓ Country cases→	Burkina Faso	Malawi	Mozambique	Nicaragua	Rwanda	Uganda	Vietnam	Tanzania	*Other countries in the sample*
ODI Fiscal Impact of Aid [xv]		X				X			*Zambia*
This paper's basic concern is with aid effectiveness and with the absorption of aid into the economies of recipient countries. It asks how the literature on the fiscal impact of aid adds to an understanding of these issues, and what light fiscal impact studies might shed on the nature and mechanics of the aid-growth relationship. It surveys aspects of the literature on aid and growth, budgetary choice, fungibility and fiscal impact and the empirical methodologies used in the last aspect. In doing so it serves as a theoretical and methodological introduction to fiscal impact case studies of three African countries.									
ECDPM 2003: relating SWAps and Decentralisation[xvi]	X					X		X	*Benin, Bolivia*
This report summarises the findings of a research study that set out to understand the relationship between SWAps, sector programmes and decentralisation processes in different institutional contexts. It seeks to ascertain the role that SWAps do or can play in reconciling sometimes conflicting policy objectives relating on the one hand to enhanced service delivery and on the other to the development of stronger democratic governance processes. In so doing, the study offers insights into the role that SWAps can play in implementing PRSP objectives in the context of decentralisation. The paper draws on the findings of a five-country study carried out between April and November 2002 in Benin, Bolivia, Burkina Faso, Tanzania and Uganda, as well as on a review of recent literature on decentralisation and sector-wide approaches. The paper also draws on the outcomes of an international policy seminar that was held in Maastricht, the Netherlands, from 1 to 3 April 2003.									
OECD Donor Support And Decentralisation[xvii]						X	X	X	*Numerous, including: Botswana, Senegal, Brazil, Philippines, Bolivia*
Based on a review of the official evaluation literature, produced by the members of the OECD/DAC Working Party on Aid Evaluation and selected field observations, this study identifies lessons learned in the areas of donor support to decentralisation and good governance and emerging issues that need further attention in future evaluations. Some of the observations from the study are: i) that strong and cross-sectoral commitment to decentralisation reforms is pivotal for the success and failure in implementation, but not always present when new programmes are launched, ii) that the poverty focus in most decentralisation donor support programmes is weak and often ignored, iii) that donor coordination and donor alignment with government systems and procedures are generally weak, iv) that most decentralisation programmes have a general lack of long-term sustainability, derived from insufficient design features, and v) that the support to decentralisation seems to be most efficient when targeting both the local government institutions and civil society simultaneously and when capacity-building support and extra resources for local government investments are combined in common programmes. The study also points to the need for long-term support and commitment and for a holistic approach towards support to and implementation of decentralisation reforms. The study finally concludes that the official evaluation literature is scarce, especially on the links between decentralisation and poverty reduction, the links between the SWAps, PRSPs and decentralisation, the links between fiscal support to local governments (especially capital grants) and local own source revenues and in the areas of mainstreaming donor support with government systems and procedures.									

Study ↓ Country cases→	Burkina Faso	Malawi	Mozambique	Nicaragua	Rwanda	Uganda	Vietnam	Tanzania	*Other countries in the sample*
Study on Decentralisation in Kenya, Tanzania and Uganda[xviii]						X		X	*Kenya*
The basic objective of the study is to review and assess the key lessons of the decentralisation reforms to date within Kenya, Tanzania and Uganda in a comparative manner. The purpose is twofold: 1) to foster cross-national learning on experiences with decentralisation; and 2) to support and inform the World Bank's strategic approach within its expanding portfolio of activities in the sphere of decentralization in the three countries. Five key dimensions of reforms are analysed: 1) Legal, constitutional and overall policy framework; 2) Local administrative and political structures; 3) Local Government (LG) finance and inter-governmental fiscal framework; 4) LG's relationship with and access to adequate human resources; and 5) Institutional arrangements for reform implementation and coordination. The study takes its point of departure in the countries´ own declared decentralisation objectives, as outlined under the first dimension of the review. The analysis focuses on the extent to which decentralisation reform by devolution has been implemented in practice and whether there has been a conducive environment for the LGs to fulfil their mandates. It reviews the factors which have promoted and constrained the achievement of the decentralisation objectives. The analysis pays particularly attention to the institutional incentives for LGs to perform effectively with focus on the five key dimensions and identifies a number of key constraints in this process. The outcomes of the reforms are not analysed as outcomes in terms of the "end product" i.e. poverty reduction and sustainable development (level 5 in the EF), but rather as *intermediate results* in the form of improved LG *processes* and *institutional arrangements* that are assumed as essential means for achieving such development outcomes (analysis up to level 3). The analysis shows how the central- local government relationship in all three countries has changed significantly since independence. In Tanzania and Uganda the changes during the last 6-12 years have been based on comprehensive reforms towards devolution, whereas such a reform only recently has been signalled in Kenya as part of the 2004 Constitutional reform work. All three countries have faced similar challenges in the five key areas of reform analysed, but responded to these in quite different ways giving rise to a wide range of key lessons and policy recommendations of the study within each of these five reform areas.									
CMI Study of Corruption in the Tanzania and Uganda Revenue Authorities[xix]						X		X	
This study aims to explore in greater detail factors that may explain the observed patterns of corruption within the Tanzania Revenue Authority (TRA) and the Uganda Revenue Authority (URA). Based on this analysis and in light of existing political, economic and administrative constraints, the study aims to identify options available for sustainable tax administrative reforms in the two countries. Issues of particular relevance for foreign assistance towards fighting fiscal corruption and strengthening tax administration are highlighted.									
IOB Study of Results of International Debt Relief[xx]			X	X	X			X	*Bolivia, Jamaica, Peru, Zambia*
This study contains the findings of a literature survey and an econometric study undertaken as part of a comprehensive evaluation of the Netherlands debt relief policy and of the results of international debt relief during the 1990s. The country reports have a section on policy conditionality.									

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ANNEX E: GBS INVENTORY IN STUDY COUNTRIES

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ANNEX E: GBS INVENTORY IN STUDY COUNTRIES

The GBS Inventory

E.1 This Annex is a snapshot of work in progress. The information summaries will be reviewed and refined during the preparation of Country Reports, and refined inventory information including financial dimensions will be incorporated in the Country Reports themselves, which, inter alia, will more tightly define the set of partnership GBS operations in each country that are the direct subject of the evaluation, and set the data on partnership GBS programmes in the wider context of overall aid flows. Meanwhile data from this inventory is not for citation.

E.2 The inventory attempts to capture the main features of successive general budget support (and closely related) programmes in each case country. The primary purpose of the inventory is to identify programme intentions, procedures and inputs so that their outputs and outcomes can then be examined in the evaluation. By taking a broad view of the programmes that are relevant to this evaluation, it also supports the historical and comparative perspective that has been stipulated in the Terms of Reference. Moreover, as we discuss in Chapter 3, entry conditions for GBS and the interactions among donors and among aid modalities, both at input level and prior to GBS commencement, have emerged as important subjects for this study, and the inventory helps in characterising these.

E.3 Apart from the identification of the different international partners involved in each programme, the inventory seeks to capture the following aspects of the programmes:

(a) **Programme intent**: as we have noted, the intention behind the provision of unearmarked budget support is one of the principal distinguishing features of partnership GBS. The inventory seeks to capture changing intentions over time as well as the differences in emphasis between donors simultaneously involved.

(b) **Alignment with national strategies**: alignment with national goals and strategy for poverty reduction is fundamental to partnership GBS.

(c) **Disbursement procedures**: disbursement via government systems is a defining characteristic of GBS, but other aspects of the transfer (tranching, conditions and predictability of disbursement) may have an important bearing on the consistency between the intentions behind GBS and the form that it takes.

(d) **Conditionality and performance indicators**: as already noted, partnership GBS is ostensibly based on a different approach to conditionality than under structural adjustment programmes; it is important to review whether the evidence bears out claims that the nature of the government-donor relationship has changed, and to what extent. The indicators linked to a programme are directly related to its conditionality, and are also very revealing about the intent of the programme. We attempt to capture such aspects as the number of indicators, and their nature (e.g. whether they are process or results oriented, whether they are drawn from the partner country's PRS, whether they are linked to performance indicators for sector programmes and so forth).

(e) **Links to TA and capacity building**: whether the programme content is oriented to capacity building in core government services, and whether the programmes are explicitly linked to

TA and capacity building inputs, e.g. for strengthening public finance management.

(f) **Procedures for dialogue**: the structure and content of dialogue for partnership GBS is supposedly characterised by orientation to government leadership, capacity building and long-term commitment to poverty reduction. We seek to identify the specific arrangements for dialogue related to GBS programmes, set in the context of pre-existing and wider institutions for interaction between the government and its international partners.

(g) **Donor harmonisation and alignment (H&A)**: within partnership GBS, donor harmonisation and alignment with recipient country systems, as well as policies, are regarded as essential for increased ownership by government, and lower costs and greater effectiveness of core government services. As with dialogue arrangements, we seek to locate GBS-related H&A in a wider context and to understand their evolution.

(h) **Experience in implementation**: perceptions, as well as documented reviews and evaluations, are important here, since it is clear that GBS has evolved, and continues to evolve, on the basis of learning and interpretation of past experiences.

(i) **Sources of evidence**: these are important to record for further reference and additional detail; also, in some cases as important secondary source material on the main themes of the present evaluation; and further, as a means of checking on possible biases in the sourcing of information.

E.4 This last point is an important one. Programme by programme, donor records are more systematic than governments' records tend to be. However, attempting to reconcile financial data, in particular, between donor and government sources is both difficult and revealing. Donors' records regularly indicate higher aid flows than governments register, and, despite the aspirations of budget support to align with government systems, it is extremely difficult to get reliable, donor-sourced disbursement information that matches governments' fiscal years and budgetary classifications. Equally, donors are more systematic than governments in reviewing and evaluating such programmes, and it is important to triangulate donor-sourced information with the experiences of other stakeholders. Written records are biased to the formal and intended dimensions of GBS, whereas the way GBS operates informally and in practice may show substantial variance. Nevertheless, the information that is being assembled in this inventory is an essential base for the GBS evaluation. Country by country, it provides evidence for constructing the history and establishing the current dimensions and likely future trends in GBS to be set in the context of aid flows and relationships more generally.

Burkina Faso

Box E2.1: Burkina Faso Programme Information 1994-2004

BURKINA FASO	**Structural adjustment programmes (WB & IMF)** **1994-99**	**Macro-economic support accompanying the devaluation of the FCFA (EC and bilateral donors)** **1994-96**	**Macro-economic support (EC and bilateral donors)** **1996-2000**	**Poverty Reduction Strategy Support Credit (WB)** **2001-**	**General Budget Support (EC and bilateral donors)** **2001 -**
1. Intent of Programme *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	Until 1999 IMF and WB programmes were aimed at structural adjustment. Data in the excel sheets refer to the totals of the different programmes that were aimed at administrative reforms, privatisation, and the agricultural sector.	In 1994, 1995 and 1996 several donors gave substantial macro-economic support to ease the adverse socio-economic effects of the devaluation of the FCFA in 1994.	Between 1996 and 2000 the EC continued to provide macro-economic support. Other donors also gave macro-economic support but to a lesser extent.	In 2001 PRSP-1 was approved and Burkina Faso declared eligible for HIPC support. Since then the WB has supported the PRSP process with an annual credit (or grant in 2003).	In 2001 the EC and three bilateral donors, Netherlands, Sweden and Switzerland, started giving annual general budget support in support of the PRSP.
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*	General adjustment was based on the policy dialogue and the letters of intent. Sector programmes were based on Sector Policy Papers, or inversely, supported the work to elaborate such policies.	No.	Principally based on assessment of the macro-economic framework.	Yes, PRSP.	Yes, PRSP is the main rationale for support. Other elements are the macro-economic stability and progress made in the strengthening of public finance management.
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*	(a) Yes, partly based on sectors and on specific activities within sectors. (b) Unknown. (c) Normally via central bank.	Data to collect.		(a) No. (b) One tranche. (c) Yes, commitments are fixed at the end of the first trimester, so the Government is aware that disbursements will be made at a fixed period. However, this is late for inclusion in the budget.	(a) No. (b) Mostly two tranches, one linked to the IMF assessment of the macro-economic framework, the second one to the progress of the PRSP. Tranches are fixed, except for the EC who apply a variable tranche for the progress made on the PRSP.
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?*	Yes.	Yes.	Yes.	Yes.	Yes.

BURKINA FASO	**Structural adjustment programmes (WB & IMF)** **1994-99**	**Macro-economic support accompanying the devaluation of the FCFA (EC and bilateral donors)** **1994-96**	**Macro-economic support (EC and bilateral donors)** **1996-2000**	**Poverty Reduction Strategy Support Credit (WB)** **2001-**	**General Budget Support (EC and bilateral donors)** **2001 -**
(b) Performance indicators, including: ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? How often?*				Unknown; part of next phase research. WB uses mainly process indicators or 'measures' - partly from PRSP, partly based on macro-economic assessment. Annual progress reports on implementation of measures.	Unknown; part of next phase research. Mainly outcome indicators. Based on PRSP. No, but coherent sector policies are pre-condition for EC before agreeing to disburse any GBS. Yes, annual progress report of PRSP, IMF reports and periodic evaluation of PFM progress.
(c) Types of condition, including: ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?* ➢ *Other policy and performance conditions (cf. performance indicators)* ➢ *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*				Yes. Yes, WB grey covers/contracts. Yes. Mainly input indicators (measures) and some output indicators. Contained in PRSP. Based on policy dialogue.	No but debate with EC to distinguish between more and less essential indicators. Yes, bilateral agreements and agreements with EC. Yes. Mix of output, outcome and impact indicators. Contained in PRSP. Based on policy dialogue. General disclosure in MOU.

BURKINA FASO	**Structural adjustment programmes (WB & IMF)** **1994-99**	**Macro-economic support accompanying the devaluation of the FCFA (EC and bilateral donors)** **1994-96**	**Macro-economic support (EC and bilateral donors)** **1996-2000**	**Poverty Reduction Strategy Support Credit (WB)** **2001-**	**General Budget Support (EC and bilateral donors)** **2001 -**
5. Links to TA and Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *Are any TA/capacity building conditions attached to this programme? Please give details* ➢ *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*				No. Negotiations are ongoing for a new Capacity Building Project to improve administration structures and processes in light of the decentralisation policy, in order to yield measurable impact on provision of services to the citizens of Burkina Faso. Grant USD 7M is awaiting board approval scheduled March 2005.	No. Yes. Strengthening of PFM. Support to strengthening of PFM. Further support to office of statistics, the PRSP office and the Court of Auditors. Limited TA. In past more but results were not conclusive. Yes, Canada is not providing GBS but gives support to PRSP office and analytical unit of University linked to PRSP.
6. Procedures for Dialogue *What is the general context of dialogue (e.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*				Separate dialogue until 2004, but joined the joint donor group as from end of 2004.	Dialogue arrangements are laid down in the MOU with the joint donor group.
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*				Not until 2004 when WB was only an observer in the joint donor group. It becomes full member as from the end of 2004 Limited. Approaching level of other donors with regard to GBS. Efforts to harmonise in other sectors, notably education and health.	Yes, close cooperation through the joint donor group trying to harmonise all aspects of GBS. Yes. There is also increased harmonisation in a number of sectors, which may include other donors not involved in GBS.

BURKINA FASO	**Structural adjustment programmes (WB & IMF)** **1994-99**	**Macro-economic support accompanying the devaluation of the FCFA (EC and bilateral donors)** **1994-96**	**Macro-economic support (EC and bilateral donors)** **1996-2000**	**Poverty Reduction Strategy Support Credit (WB)** **2001-**	**General Budget Support (EC and bilateral donors)** **2001 -**
8. Experience in Implementation *If completed, how was it rated?* *Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*			Donor BS was partly interrupted around 2000 as result of the political stance and the (assumed) role of Burkina Faso in the conflict in Liberia and the murder of a journalist.	PRSC-III was rated satisfactory and sustainability likely No particular problems and no specific reviews.	Delay in IMF report 2004 gave some minor problems Periodic internal evaluations of joint donor approach, government evaluation of the joint donor approach, evaluation of progress on PFM strengthening. Important studies on conditionalities by CERDI and by Canada.
9. Any additional comments that don't fit elsewhere				There is close cooperation between donors in some sectors such as health and education leading to harmonisation of disbursement and implementation procedures (pooled funding, alignment with national procedures, national management).	There is close cooperation between donors in some sectors such as health and education leading to harmonisation of disbursement and implementation procedures (pooled funding, alignment with national procedures, national management).
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate).* *Other sources? (e.g. interviews, GBS questionnaire)*					

Malawi

Box E3.1: Malawi Programme Information 1994-2004

MALAWI	**BOP, debt relief and structural adjustment** *IMF - SAF/ESAF; IDA - EDDRP - Entrepreneurship Development and Drought Recovery Program with Swiss and Japan (OECF co-financing); IDA - FRDP – Fiscal Restructuring and Deregulation Program; Norway, Sweden and Denmark – Import support; Netherlands – debt relief; Norway – debt relief; EC – Food security BOP; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **1994-99**	**New 'partnership' GBS** *IMF – PRGF; IDA - FRDP – Fiscal Restructuring and Deregulation Program; CABS "Common Approach to Budget Support" – EC, Norway, Sweden, UK, Denmark (until 2001); Netherlands – debt relief; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **2000 onwards**
1. Intent of Programme *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	IMF and WB led dialogue with the new elected government from 2004 with emphasis on trade liberalisation and structural reforms, in particular related to privatisation of state enterprises. In addition, the dialogue following PERs, centred on allocation of public resources for pro-poor expenditures. (CR:9) EDDRP: The FY92 EDDRP loan and a supplement in FY94 financed imports of maize to alleviate the adverse impact of successive droughts on the macroeconomic position. (3) FRDP(I): supports government policy reforms in areas of public expenditures, tariff and export policy, civil service reforms, privatisation, and trade liberalization. (8:60) FRDP II: supports policy reforms to accelerate economic growth by further improving expenditure management, undertaking further reductions in tariffs, and promoting private sector development through regulatory reforms in the telecommunications and power sectors, and privatisation. .(8:60)	A lot of emphasis placed on PEM and restructuring based on PRSP (8). FRDPIII: designed to support policy reforms, launched and supported by FRDP I and II since 1995, to improve public sector management, promote private sector growth, and strengthen the social safety net. (9:63) Establishing macroeconomic stability; restructuring and prioritising public expenditures and strengthening public sector management; eliminating remaining obstacles to free and competitive market economy and designing and implementing a social safety net. (8) Discussions for 2003-04 focused on measures aimed at: (i) signalling a substantial turnaround in the fiscal position and prospects, as well as dealing with the domestic debt problem due to continued weakness in Government budget discipline; (ii) improving the environment for the recovery of the private sector; (iii) strengthening the regulatory framework for the financial sector in order to foster competition and reduce interest rate spreads. (10:22) Proposed SAC currently under preparation: (WB Board date envisaged Jan 2004) to focus on 3 areas: (i) agriculture, (ii) parastatal reform and (iii) expenditure management. (10:81)
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*	Medium Term Development Strategy introduced by new elected democratic government 1994 – supported by IMF SAF and ESAF and complemented by WB adjustment lending – EDDRP and FRDP I and II. (CR40) Complementary finance from UK, Norway, Denmark and Sweden with import support (budget support) and debt relief from the Netherlands. USA/ADF focusing on agriculture sector recovery.	PRSP main reference for donor funding – in particular IMF PRGF agreement. PRGF which, when put on hold due to continued weak budget discipline, led other donors to withhold GBS disbursements. PRSP has been reference for CABS donors in dialogue for continued support and led to design of a "performance matrix" of key PRSP targets currently discussed among CABS donors as a trigger for GBS releases.

MALAWI	**BOP, debt relief and structural adjustment** *IMF - SAF/ESAF; IDA - EDDRP - Entrepreneurship Development and Drought Recovery Program with Swiss and Japan (OECF co-financing); IDA - FRDP – Fiscal Restructuring and Deregulation Program; Norway, Sweden and Denmark – Import support; Netherlands – debt relief; Norway – debt relief; EC – Food security BOP; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **1994-99**	**New 'partnership' GBS** *IMF – PRGF; IDA - FRDP – Fiscal Restructuring and Deregulation Program; CABS "Common Approach to Budget Support" – EC, Norway, Sweden, UK, Denmark (until 2001); Netherlands – debt relief; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **2000 onwards**
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*	Funds from above operations have not been earmarked. IMF and IDA tranches have been fixed, bilateral BOP/GBS has been indicative (commitments made but with different sequencing and size of disbursements compared to commitments). No specific arrangement of aligning commitments and disbursements with Malawi fiscal year. All forex is collected at RBM forex accounts and immediately credited treasury revenue account.	Funds from above operations have not been earmarked. IMF and IDA tranches have been fixed tranches. Bilateral BOP/GBS has been indicative (commitments made but with different sequencing and size of disbursements compared to commitments). No specific arrangement of aligning commitments and disbursements with Malawi's fiscal year. All forex is collected at RBM forex accounts and immediately credited treasury revenue account.
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?*	IMF PFP matrix. IDA credit agreements with benchmarks associated with adjustment operations. Bilateral BOP no specific benchmarks.	IMF PRGF matrix. IDA credit agreements with benchmarks associated with adjustment operations. CABS group currently discussing PRSP performance matrix as joint agreed framework for GBS support.
(b) Performance indicators, including: *number of indicators and nature (e.g. process indicators, result indicators)* *Are they drawn from PRSP or other national policy documents?* *Are they linked to performance indicators for SWAps etc?* *Are special reports required? How often?*	IMF – Regular PFP Stabilisation and structural adjustment criteria. IDA – IMF criteria and additional criteria on trade liberalisation and divestment of state owned enterprises (SOEs). No specific performance criteria associated with bilateral donors.	IMF – Regular PFP Stabilisation and structural adjustment criteria in addition to public expenditure allocation for pro-poor expenditure. IDA – IMF criteria and additional criteria on trade liberalisation and divestment of state owned enterprises (SOEs).and public expenditure management. CABS group currently discussing PRSP performance matrix as joint agreed framework for GBS support but not yet formally applied.

MALAWI	**BOP, debt relief and structural adjustment** *IMF - SAF/ESAF; IDA - EDDRP - Entrepreneurship Development and Drought Recovery Program with Swiss and Japan (OECF co-financing); IDA - FRDP – Fiscal Restructuring and Deregulation Program; Norway, Sweden and Denmark – Import support; Netherlands – debt relief; Norway – debt relief; EC – Food security BOP; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **1994-99**	**New 'partnership' GBS** *IMF – PRGF; IDA - FRDP – Fiscal Restructuring and Deregulation Program; CABS "Common Approach to Budget Support" – EC, Norway, Sweden, UK, Denmark (until 2001); Netherlands – debt relief; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **2000 onwards**
(c) Types of condition, including: triggers for tranche release? due process conditions (legally binding requirements for donors and recipients in giving and receiving money) *Is satisfactory IMF status a condition? Other policy and performance conditions (cf. performance indicators)* *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*	Ref. above.	Ref. above.
5. Links to TA and Capacity Building *Is capacity building an explicit objective of this programme?* *Are any TA/capacity building conditions attached to this programme? Please give details* *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*	Complementary TA has been provided first and foremost in introduction of FMIS and capturing "off budget" aid funded public expenditure. TA for FMIS linked to IDA FRDP. Other TA not linked specifically to GBS operations.	Same as prior to 2000.
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*	Annual CG meetings. Annual IMF Article IV consultations. Annual bilateral consultations with donors. No other specific dialogue arrangements.	Annual IMF Article IV consultations. IMF PRGF on hold since 2000 – since June 2004 staff managed programme introduced with frequent reviews. Annual CABS meeting. Annual Joint CABS Donor Reviews. Annual bilateral consultations with donors.

MALAWI	**BOP, debt relief and structural adjustment** *IMF - SAF/ESAF; IDA - EDDRP - Entrepreneurship Development and Drought Recovery Program with Swiss and Japan (OECF co-financing); IDA - FRDP – Fiscal Restructuring and Deregulation Program; Norway, Sweden and Denmark – Import support; Netherlands – debt relief; Norway – debt relief; EC – Food security BOP; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **1994-99**	**New 'partnership' GBS** *IMF – PRGF; IDA - FRDP – Fiscal Restructuring and Deregulation Program; CABS "Common Approach to Budget Support" – EC, Norway, Sweden, UK, Denmark (until 2001); Netherlands – debt relief; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **2000 onwards**
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	Medium Term Development Strategy – supported by IMF SAF and ESAF and WB adjustment lending – served as references for wider donor community, both indirectly as references for their own BOP/GBS and directly by co-financing these operations. (CR40)	A key part o f IDA'S strategy over FY04-06 will be to accelerate the transition from a project-driven development programme in Malawi to a programme that receives budget support. Since the May 2000 Consultative Group meeting in Lilongwe, the Government of Malawi and its partners have been committed to developing SWAps in health, education, and more recently HIV/AIDS. (4) Norway and Sweden initially provided BoP support in the form of import support changing the label used to Macro Financial Support when shifting focus to PEM and subsequently entered into cooperation with EC and UK (2001) under CABS using the new label 'GBS' for their disbursements. Denmark was involved until they phased out their programme with Malawi in 2001. Even before cooperation was formalised into a CABS group some of the same donors conducted joint reviews of PFM as basis for their decision-making. (CR:5)
8. Experience in Implementation *If completed, how was it rated?* *Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*		PRGF already off-track at date of signing. (CR10) Since initial drawing Dec 2000 of SDR6.44m several missions, but owing to recurrent policy slippages, conclusion of first review delayed. Early 2003 agreed on a track-record programme as condition to complete the review. Programme implemented Jan-Jun2003. Subsequent mission Jul-Aug elaborated macroeconomic framework 2003-04. (9:2) A revised programme was formulated in March 2004 based on the approved supplementary budget (which included a revised set of measures), but indications of overspending soon emerged. (12:7) The three year arrangement was approved in December 2000 and subsequently extended until December 2004. Unfortunately, only two of eight scheduled disbursements were made because of spending overruns and delays in completing some of the structural objectives. Because the arrangement is set to expire, the authorities requested assistance in establishing a performance track record within an SMP. A new PRGF arrangement would take into account (i) the IMF Executive Board's views on the EPA, and (ii) strong performance over two test dates (six months). (12:11) According to Norway - PRSP monitoring system not yet fully in place. (6) As PRGF already off-track at date of signing, fact that Malawi would not be able to meet conditions for GBS from CABS group could have been foreseen from the outset. (CR10)

MALAWI	**BOP, debt relief and structural adjustment** *IMF - SAF/ESAF; IDA - EDDRP - Entrepreneurship Development and Drought Recovery Program with Swiss and Japan (OECF co-financing); IDA - FRDP – Fiscal Restructuring and Deregulation Program; Norway, Sweden and Denmark – Import support; Netherlands – debt relief; Norway – debt relief; EC – Food security BOP; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **1994-99**	**New 'partnership' GBS** *IMF – PRGF; IDA - FRDP – Fiscal Restructuring and Deregulation Program; CABS "Common Approach to Budget Support" – EC, Norway, Sweden, UK, Denmark (until 2001); Netherlands – debt relief; USA and ADF - ASAP - Agricultural Sector Assistance Program; USA - GABLE - Girls' Attainment in Basic Literacy and Education Program* **2000 onwards**
9. Any additional comments that don't fit elsewhere		
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate). Other sources? (E.g. interviews, GBS questionnaire)*	(1) (Norway - Malawi GBS agreement 2001 - GBS website). (2) C:\Documents and Settings\carterrl\Local Settings\Temp\World Bank - Documents & Reports - Malawi - Country assistance strategy - Country Assistance Strategy Document.html. (3) Report No. 21395 Malawi Country Assistance Evaluation November 14, 2000 Operations Evaluation Department. (4) Report No. 25906 MA1 Memorandum Of The President Of The International Development Association And The Executive Directors On A Country Assistance Strategy Of The World Bank For The Republic Of Malawi May 14,2003. (6) Norad donor questionnaire - GBS Evaluation Study. (7) The Fiscal Effects of Aid in Malawi Sonja Fagernäs and Cedrik Schurich Economic and Statistics Analysis Unit Overseas Development Institute/Department for International Development, UK September 2004. (8) Malawi 2000 Article IV Consultation and Request for a 3-YR Arrangement Under the PRGF - Staff Report, Staff Statement, Public Information Notice and Press Releases on the Executive Board Discussion and Statement by the Authorities of Malawi IMF 2001 Country Report No. 01/38. (9) Malawi 2002 Article IV Consultation and Economic Program for 2002 - Staff Report; Staff Supplement and Public Information Notice on the Executive Board Discussion. 2002 IMF Country Report No. 02/181. (10) Malawi: First Review under the 3-year arrangement under the PRGS and requests for waiver of performance criteria, extension and rephrasing of the arrangement, and additional interim assistance under the enhanced initiative for HIPC – Staff report; staff statement; press release on the Exec Board discussion; and statement by the Exec Director for Malawi. 2003 IMF Country Report No. 03/344. (11) Food security and transport: the priorities of EU-Malawi cooperation. Country Report: Malawi ACP-EU Nov-Dec 2003. (12) 2004 International Monetary Fund IMF Country Report No. 04/380 ,Malawi: 2004 Article IV Consultation—Staff Report; and Public Information Notice on the Executive Board Discussion. CR - Country Interim Report - Malawi - GBS Evaluation Study 2005.	

Mozambique

Box E4.1: Mozambique Programme Information 1994-2004

MOZAMBIQUE	**General Budget Support** **Late 1990s – present day**	**Earmarked Budget Support** **1998 – present day**	**Technical Assistance for GBS or BS**
Programmes Included	All un-earmarked GBS budget support.	All budget support earmarked to sectors.	TA explicitly linked to GBS or TA which affects PFM.
1. Intent of Programmes *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	Late 1990s a like-minded donor group was formed for coordinated aid provision including Switzerland, Sweden, Canada, Denmark, Finland, and the Netherlands. This group grew into the Joint Programme for Macro-financial Aid, which was the earliest new-GBS programme in Mozambique starting in 2000. Those donors who provided GBS in 2000 were Britain, the Netherlands and Norway. Between 2001 and 2005 many other bi-laterals have joined this group including Belgium, Canada, Denmark, Finland, Ireland, France, Germany Italy, Portugal, and Sweden with observers from the US, Japan and Spain, and multi-laterals World Bank and EC, with observers from UNDP and IMF. 2004: GoM and PAPs contributing GBS aim. *Objectives*: The overall objective of GBS is to contribute to poverty reduction in all its dimensions by supporting the evolution, implementation and monitoring of the PARPA. *Intermediate objectives* a) Building a partnership based on frank and open dialogue on the content and progress of Mozambique's PRS as set out in the PARPA and made operational through the CFMP, the PES (including priority indicators and targets as defined in the PAF) and OE. b) Providing finance to the public sector for poverty reduction, clearly and transparently linked to performance, in a way which improves aid effectiveness and country ownership of the development process, reduces transaction costs, improves allocative efficiency in public spending, predictability of aid flows, increases the effectiveness of the state and public administration, improves M&E and strengthens domestic accountability. Underlying principles - GoM and GBS PAPs consider the GoM's commitments to peace and to promoting free, credible and democratic political processes, independence of the judiciary, rule of law, human rights, good governance and probity in public life, including the fight against corruption, (with reference to commitments in the constitution, NEPAD and international agreements) to be underlying principles of governance for the provision of budget support. In addition, the following are considered by GoM and all PAPs to be underlying principles for the provision of Programme Aid: GoM's commitment to fight poverty (with reference to the MDG and PARPA), including through a pattern of public expenditure consistent with PARPA priorities. GoM's commitments to pursuing sound macro-economic policies (with reference to IMF programme 'on-track' status or an equivalent judgement).	The first sector level programme of budget support was developed in 1998 for the Ministry of Agriculture known as proAGRI. Today there are sector programmes in the Health, Agriculture, Education, Infrastructure and Water and sanitation sectors.	Members of the Joint Donor Programme are providing significant institutional support in the areas of: macroeconomic management coordinated with the IMF (e.g. tax system and administration reforms); implementation of priority programmes under the PARPA (health, education, agriculture and rural development, good governance, and infrastructure); planning and budgeting instruments; monitoring and evaluation of the PARPA, with focus on institutional arrangements and performance-based indicators; and public finance management. IMF provides: L-T and S-T experts on tax policy, budget preparation, treasury management, banking supervision and regulation, monetary and fiscal policy. WB provides/has provided: support to macroeconomic analysis, public finance management including public expenditure reviews, computerisation of budget transactions, expenditure tracking and fiduciary assessments.

MOZAMBIQUE	**General Budget Support** **Late 1990s – present day**	**Earmarked Budget Support** **1998 – present day**	**Technical Assistance for GBS or BS**
CONTINUED **1. Intent of Programmes** *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	While systems have been established to harmonize the objectives and strengthen joint planning between government and donors, the key weaknesses remain in government's capacity to plan and manage public finances and execute budgets. The advances made in donor-government collaboration can be said to have got ahead of the GOM capacity to perform these core functions within the MPF, between sectoral ministries, and between central and decentralized government. Thus provision of GBS and quasi BS has heightened awareness by donors of these deficiencies. A programme for reform of PFM systems has been developed and many donors providing GBS provide money for TA in this area. There is also TA provided to a cross-governmental programme led by a technical unit for public sector restructuring (UTRESP).		
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*	2004 GBS aligned to PRSP/PARPA (see above). The PRSP underlies all planning documents but the intent of donor-GoM collaboration is to unite on a more specific set of shared targets.	2004 earmarked BS aligned to PRSP/PARPA. The PRSP underlies all planning documents but the intent of donor-GoM collaboration is to unite on a more specific set of shared targets.	
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*	2004: there is no general earmarking by PAPs in the MoU; however, there are donors who specify TA support to certain PFM M&E, macro reform areas etc. To be verified by country visit. A disbursement schedule will be agreed upon between GoM and PAPs before the start of the fiscal year at the December Budget Working Group meeting. It will take into account the needs of the budget, as identified by central Treasury planning. GoM/PAPs committed to establishing an agreed disbursement schedule, in order to assist GoM in implementing its PES/PAF commitments. The Joint Donor Programme for GBS follows disbursement procedures and accounting arrangements. Its main features are: the release of foreign exchange commitments into a common foreign exchange account held by the Central Bank of Mozambique; the transfer within two days into a Transitional Account held by the Ministry of Planning and Finance of the equivalent of this foreign exchange, calculated at the ruling market buying exchange rate; and the transfers of funds from this Transitional Account into the Central Treasury Account as resources are required for release within the Government's annual budget.	Funds for proAGRI are earmarked for agriculture, paid into the Bank of Mozambique account and disbursed to the Ministry of Agriculture through the Treasury. Funds from the Health sector FCP are allocated to the provinces by the Ministry of Health and cover all kinds of expenditure. Programming of the funds at provincial level is carried out by provincial health authorities in an integrated planning exercise (for all funds and partners). The arrangement has been considered on-planning but off-treasury. Nonetheless at provincial level, funds are channelled through the provincial finance department and mostly follow the rules and regulations of the OE.	

MOZAMBIQUE	**General Budget Support** **Late 1990s – present day**	**Earmarked Budget Support** **1998 – present day**	**Technical Assistance for GBS or BS**
CONTNUED **3. Disbursement Procedures** *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.*	PAPs commit to use (i) GoM processes and documentation. (ii) Follow GoM cycle for planning, implementation, monitoring, reporting and funding. (iii) Increase the predictability of the flow of donor funds, including by making multi-year agreements on PA. Providing GoM with information on PA commitments in time for the information to be used in policy and budget planning, linking response mechanisms to agreed, realistic targets and indicators, disbursing according to the agreed disbursement schedule and not interrupting in-year disbursement, unless underlying principles are violated. PAPs may choose between making a single response based on the joint view of performance or a split response, with one part (fixed portion) being based on the joint view of performance and the other part (variable portion) being linked to specific, transparent commitments drawn from the PAF and agreed with GoM. PAPs will define their financial contributions in their bilateral agreements with the GoM. PAPs with a split response: will commit the fixed portion as above. Will make indicative commitments for year n+1 for the variable portion within four weeks after the end of the annual review and confirmed commitments not later than 31 August, subject to timely reporting. These commitments may change between indicative and confirmed commitments on the basis of further information about GoM performance on specific indicators in year n-1 and/or performance on specific indicators in year n until the time of the mid-term review. Once commitments are confirmed they cannot be changed and committed funds will be disbursed, except when PAPs believe that there has been a violation of an underlying principle, or as a consequence of a PAP parliamentary decision or when one of the specific conditions for individual PAPs applies. Despite intentions there is often a gap between plan and reality with some donors finding the constraints of the MoU and of the slimmed down 50 PAF indicators too restrictive on their own freedom to decide. On the other hand some donors simply disburse late because of bureaucratic delays.	Pooled funding in the health sector is now being brought on budget. In November 2003, the MISAU and donors signed a MoU establishing the on-planning and on-treasury FCG known as PROSAUDE to start in 2004. The FCP has been made part of PROSAUDE, but the two will be merged only when the conditions are judged appropriate.	
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?*	2000: 'Joint Donor Programme for Macro Financial Support to the Government of Mozambique'. 2004: MoU between GBS partners and GBS.	An Mou was signed in 1999 and then renewed in 2001 for proAGRI. The second MOU was formative in establishing the principles of cooperation, financial management and reporting that were to become a model for other sector-wide approaches in the health PROSAUDE and education PHASE sectors and to be influential in developing the GBS programme. An MoU was signed in 2004 for earmarked sector support to the health sector.	

MOZAMBIQUE	**General Budget Support** **Late 1990s – present day**	**Earmarked Budget Support** **1998 – present day**	**Technical Assistance for GBS or BS**
(b) Performance indicators, including: ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? How often?*	*DFID*: Britain is today the most progressive donor in terms of their commitment to GBS and they have been responsible for the development of the majority of the new and forward thinking about budget support in the last five years. DFID is moving towards 70 to 80 percent of its budget being provided through the GBS mechanism. Britain has large technical assistance programmes in Mozambique to support the Ministry of Finance in a number of directorates including Customs and the Directorate of Planning and Budget. The United Kingdom had explicit bilateral conditions additional to those in the JA in their first 3-year GBS agreement with GoM, namely that GoM had to meet demands from the British State Authorities. However this condition has now been eradicated. DFID continue to provide an annual tranche to GoM but they have committed to disbursing in the first quarter of Mozambique's financial year to improve the predictability of their financing. DFID remains one of the most influential bi-laterals in the GBS Group. DFID is highly committed to the PAF process. *SIDA* has been providing BoP support to Mozambique since the 1970s. Sweden differs somewhat from other members of the group in the level of centralization of their decision making process for the provision or otherwise of GBS. That is, the JDR is not in itself a valid forum for SIDA-Mozambique to approve further disbursements of GBS. SIDA will be moving towards a two-trance disbursement mechanism for their next 3-year bi-lateral agreement. It is envisioned that one tranche will be linked to the outcome of the JDR and another tranche will be linked to overall performance in year. *The Netherlands*: The Netherlands will move to a two-tranche disbursement system and will commit to providing 50 percent of their budget to Mozambique in the form of GBS.		
(c) Types of condition, including: ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?*	Donors have committed to harmonize development assistance around the PARPA in line with the Monterrey Agreement, the Rome Declaration and the principles of good practice agreed by the DAC. As a result the GBS Group along with the World Bank have agreed basic principles for establishing a Performance Assessment Framework (PAF) to reflect these commitments. The PAF expresses all of the key issues facing Mozambique for which GoM is prepared to be held to account. GBS Group's realization that there needed to be a more formalized method to evaluate the implementation and impact of the PARPA a Poverty Assessment Framework (PAF) has been developed serving as a process and outcome basis for assessing performance. Importantly the PAF will be used not only for monitoring by GBS Development Partners, but will also serve as the foundation for the World Bank Poverty Reduction Strategy Credit programme (PRSC) and eventually as part of the monitoring system for sector based programmes, which will help to avoid cross-conditionality and overlapping/parallel arrangements with GoM and Development Partners. The PAF is a multi-year rolling matrix that describes key annual commitments made by GoM in order to achieve the objectives of the PARPA.		

MOZAMBIQUE	**General Budget Support** **Late 1990s – present day**	**Earmarked Budget Support** **1998 – present day**	**Technical Assistance for GBS or BS**
CONTINUED ➢ *Other policy and performance conditions (cf. performance indicators Political conditions* ➢ *(e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*	The PAF is proposed by GoM and then negotiated and agreed with the GBS Group. It is drawn from the ESP (and annual budget) commitments and indicators (which will be annualized for implementation of the PARPA). In 2005 the PAF will be based on existing commitments in the ESP, sector programmes and the issues outlined in the GBS annual review aide memoires. A multi-year framework, providing indications for commitments and indicators for up to 4 years, has been developed. This framework will be updated annually. The GBS matrix will reflect a limited range of critical measures to which GoM is committed for achieving PARPA objectives and to which GoM is prepared to be accountable (50 indicators). The agreed commitments should be policy process and poverty reduction oriented with measurable sectoral and crosscutting outcomes. There will be a single set of prior actions for WB and GBS Group to be used as a common basis to assess GoM performance. In practical terms this implies that the GBS Group and WB will be agreeing the same limited number of PAF measures and agreeing a common view on the adequacy of progress. In spite of the development of a short list of prior actions, the GBS Group are interested in the general process of national development and a holistic view should be maintained in considering the PAF matrix. Those indicators, which are not part of the small subset of prior actions, will still be important to obtain a more comprehensive picture of performance. The PAF is viewed as a dynamic instrument, with dynamic links among these different levels of assessments. IMF ESAF and PRGF ESAF: Macroenomic and structural adjustment policies and specific measures and reforms Structural performance criteria for example: Approval by Council of Ministers of the new code of fiscal incentives; Approval by Council of Ministers of the new codes for corporate and personnel income taxes. Submit new general tax law to assembly - submit law for creation of the Central Revenue authority - implement interim computerized system - introduce tax audit procedures - Establish the CRA - Limit growth of wage bill to projected inflation plus performance-based indicators - expand the coverage of the GFS by including public enterprises and local governments.		
5. Links to TA and Capacity Building *Is capacity building an explicit objective of this programme? Are any TA/capacity building conditions attached to this programme?* *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation?* *Are other donors providing relevant TA/capacity building support in parallel to this operation?*	GBS is seen to enhance the capacity of the GoM to meet its commitments by providing appropriate technical assistance and capacity building. Examples: Sweden provides technical assistance to a number of departments and units in the MPF such as to the administrative tribunal; DFID provides TA to the DNPO, customs and SISTAFE; Switzerland provides TA to Internal tax reform DNIA. Donors and GoM are increasingly aware that the MPF needs urgent capacity building probably in the form of more TA.		

MOZAMBIQUE	**General Budget Support** **Late 1990s – present day**	**Earmarked Budget Support** **1998 – present day**	**Technical Assistance for GBS or BS**
6. Procedures for Dialogue *What is the general context of dialogue (e.g. CG meetings etc.)? Specific dialogue arrangements linked to this programme?*	There are four main platforms for dialogue for GBS: • An annual review of performance over the previous financial year and up to the point of the review against GOM PES, and a joint assessment of PAF and OE. There is a follow-up meeting in June. • Mid-year review focusing on forward planning and budgeting for next financial year, and agreement on the basis of the following year's PAF. • Joint Budget Work Group meeting. To discuss budget execution and disbursement schedules. • Finally there is a Poverty Observatory of GoM, donor and CS representatives to meet annually at the time of the Annual Review. Concerns regarding violation of MoU dealt with through consultation and dialogue between PAPs and GoM at the appropriate level for decision-making, at any moment one of the signatories thinks this to be appropriate. The violation of an underlying principle is understood as concerns raised about under-performance against indicators and targets expressed in the PES/PAF. Balanço do PES (half year and year). Budget Execution Reports, the General State Account and annual audit reports, including the Administrative Tribunal Report on the General State Account and the quarterly reports on the flow of counterpart funds). An annual report on fiduciary risk assessment within public financial management done by or with GoM. Any other reports agreed upon by GoM and PAPs Dialogue is centred on Planning documents including the PARPA, PES (and PAF), CFMP and OE, as well as other information, reports and documentation relevant to these programmes and budgets, especially on macroeconomic and poverty reduction developments. There will be two joint GoM-PAP reviews on Programme Aid: the annual review (following the production of the Balanço de PES) and a mid-year review (prior to submission of the PES and OE to Parliament). The annual review is focused on coming to a joint view on performance – this serves as the basis for commitments. The mid-year review focuses on dialogue on forward planning and budgeting and agreement on the PAF. The joint view on performance may include divergent opinions, where these are acceptable to all signatories. In the exceptional case where a joint view cannot be reached, following increasingly higher-level dialogue, views will be reported separately. The reviews will be linked to other dialogue processes, including the Poverty Observatory. They will be complemented by and build on on-going dialogue throughout the year.		

MOZAMBIQUE	**General Budget Support** **Late 1990s – present day**	**Earmarked Budget Support** **1998 – present day**	**Technical Assistance for GBS or BS**
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	BS seen to lessen administrative burden of their assistance on GoM by increasingly mounting joint missions, undertaking joint analysis, using joint procedures and by reducing the number of visits and overlapping activities. A 'Troika' plus group consisting of previous and present future chairperson of the PAPs plus the EC and WB meets fortnightly and is mandated to act on behalf of HOC. There is further an economists' working group, which meets fortnightly to analyse performance and implementation for the HOC. The monitoring and dialogue processes are joint and follow an annual review process aligned with GoM's planning, budgeting and monitoring cycle. Monitoring and dialogue processes focus on the documents submitted by GoM to Parliament. All formal performance assessments will be undertaken jointly by GoM and PAPs and not bilaterally (except when PAP legislation requires a national or institutional audit authority to undertake their own assessment of PAP operations, in which case the PAP will inform other PAPs and GoM, undertake a joint process where possible, share results and pursue any concerns through the mechanisms of the MoU). PAPs will decreasingly undertake bilateral evaluations of the effectiveness of Programme Aid as an aid modality. PAPs will undertake a single harmonised evaluation by 2006. Outside the Group of 16 donors Japan, USA and Spain coordinate with the group. They coordinate aspects of their aid and participate in some working groups without providing actually GBS funding. The UNDP is at the centre of a lot of aid coordination as it heads the Development Partners Group (DPG), Under the DPG there is a monthly Heads of Mission chaired by UNDP or the WB and a series of specific working groups reflect donor interests. Most TA is provided on a project basis in an uncoordinated ad-hoc way though progress is being made in this area.	The first cases of formal donor harmonization were to be found in the health sector with common pool or basket funding. These funds are held in a common account and transferred directly to Ministry of Health without going through Central Treasury. In 1999 Ireland and the Netherlands joined the Swiss in earmarked budget support to the health sector establishing Fundo Comum Provincial (FCP). Since then many other donors have joined this scheme. The UNDP is at the centre of a lot of aid coordination as it heads the Development Partners Group (DPG), Under the DPG there is a monthly Heads of Mission chaired by UNDP or the WB and a series of specific working groups reflect donor interests. Sector and cross-cutting working groups serving also the UNDP chaired by DPG – meet weekly or as defined by the group. A PAF coordination group meets monthly to consider GoM policy and performance and prepare for dialogue with government. It includes the Troika group and chairs of the sector working groups and the cross-cutting reform groups.	The UNDP is at the centre of a lot of aid coordination as it heads the Development Partners Group (DPG), Under the DPG there is a monthly Heads of Mission chaired by UNDP or the WB and a series of specific working groups reflect donor interests. During these meetings information sharing on TA may take place.

MOZAMBIQUE	**General Budget Support** **Late 1990s – present day**	**Earmarked Budget Support** **1998 – present day**	**Technical Assistance for GBS or BS**
8. Experience in Implementation *If completed, how was it rated?* *Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*	The establishment of the JP for GBS has been one of the most important results of the move to GBS. The movement towards integration of the PRSC and the GBS PAF matrix is a major move forward both for GoM and for GBS donors. In this respect Mozambique is today considered to be a forerunner in the utilization of existing and the setting of new OECD/DAC best practice principles for donor harmonization and coordination. GoM and Development Partners have regarded the JP coordination arrangements to be very effective. GoM has welcomed the reduction in bi-lateral meetings and donor specific reporting requirements, the focusing of dialogue and improved level of transparency in external financing. Given the scarcity of high-level civil servants in Mozambique the reduction of meeting time through increased donor coordination for implementation of the GBS programme may be significant. The 2000 JP agreement ran into problems relating to the unpredictability of GBS programme at the core of the government's finances, funding 40% of its recurrent expenditure. First, the timing of disbursements was not sufficiently predictable, for example, the EC disbursed 40 mn Euros earmarked for 2000 in 2001. Second in response to the banking crisis of 2001 and associated violations of human rights in 2002 some donors temporarily withheld or threatened to withhold disbursement. In the face of the damaging effect of late disbursement on macro-financial management it was agreed that predictability required that the conditions for disbursement needed to be more transparent.	The Swiss were the first bi-lateral donor to provide earmarked BS covering recurrent health expenditures in Mozambique.	
9. Any additional comments that don't fit elsewhere	The main purpose of increasing the predictability of external financing at least from an MPF perspective is to support a movement towards meaningful medium term planning. Mozambique's track record of developing an effective MTEF, linking medium term planning to annual budgets and sectoral plans, enforcing hard sector budget constraints, has to date not been very robust. However, the ongoing dialogue and emphasis of GBS Group on this issue as well as the increased predictability and transparency of the external resource budget as a result of the development of three year financing agreements for the provision of GBS and the movement of significant levels of funding on budget (through GBS) can effectively contribute to ensuring a movement to improved medium term planning and future hard sector budget constraints. Major risks to the success of the GBS programme are 1) the weakness of the financial management system including the weak coordination and coherence of policy instruments and soft sector budget constraints; 2) the risk that increased allocations to achieve poverty reduction objectives will not be achieved because of continued inefficient and non-transparent public expenditure allocations; and 3) the pervasive institutional and human capacity weaknesses in Mozambique continue to undermine performance because there are not adequate measures taken to address these limitations.		
10. Information Sources *Give full citations for source documents –.Other sources?*	Country report; Completed Donor Questionnaires; EC Draft Financing Proposal 9th EDF Poverty Reduction Budget Support (PRBS II); Joint Agreement for Macrofinancial Aid 2000-2003; GBS MoU 2004-6 Source: DAC (2005) "Creditor Reporting System" International Development Statistics Online	Country report Completed Donor Questionnaires	Country report Completed Donor Questionnaires

Nicaragua

Box E5.1: Nicaragua Programme Information Bilaterals and IMF 1994-2004

NICARAGUA	**Bilaterals**	**ESAF 1** **1994**	**ESAF 2** **1998**	**Staff Monitored Programme** **2001**	**PRGF 1** **1999**	**PRGF 2** **2002-5**	**HIPC** **2002-2005**
1. Intent of Programme *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)? What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	Sweden: provided balance of payments support in the early and mid-90s and some budget support since 2002, as well as some debt relief under HIPC. In all cases only a small portion of its total assistance, supporting IFI programmes. Linked to IMF conditionality – but keen to shift to Joint Financing Agreement policy assessment matrix. Keen to expand to more GBS if possible. France: sectoral baskets, projects. Germany: no strategy on GBS yet but feels pressure to follow other bi-lateral trends. Netherlands: wishes to raise GBS up to 60-65% of total aid to Nicaragua over next four years. Japan: diversity of instruments is important. Not in a hurry to increase budget support. Denmark: will do some sectoral support in a couple of years time. Norway: intends to move towards GBS and SBS, but has only just started. Finland: headquarters is chopping and changing on GBS. Overall: very little bilateral GBS, essentially only Sweden to date. But bilaterals support TA, e.g. for PRSC, via their trust funds.	Emphasis on encouraging private sector investment; demanded cut in public sector by nearly 6% of GDP; plus privatisation, banking development and trade liberalisation. It acknowledged government's efforts to provide a social safety net. Suspended during its first year, due to fiscal deviations (IMF, July 6, 2004: 52), i.e. higher public expenditure and lower reserves than agreed). IMF 'bridging programme' put in its place, and IMF persuaded other donors not to suspend since that would threaten economic stability (Dijkstra 1999:64).	Strong fiscal component to reduce size of public sector and increase public savings by 6% of GDP over three years. (IMF Evaluation, July 6 2004). Strict fiscal & monetary targets. Bilaterals complained that this restricted social spending excessively and ignored governance (Dijkstra 1999:74). Final agreement demanded better governance and transparency and banking regulation, and exempted social spending from spending reductions. With completion of I-PRSP, the programme was transformed into PRGF (1999). Significant expenditure overruns in 2000 so off-track for third annual arrangement for 2001.	With continuing fiscal problems, a Staff monitored programme (SMP) was put into place in August 2001 to help stabilise the economic situation in the run-up to the presidential election. This sought some reduction in public sector deficit and implementation of a comprehensive tax reform package. The SMP went off track due to excessive fiscal outlays, with combined public sector deficit in 2001 at over 14% of GDP; associated bank crisis.	According to IMF evaluation, the key features of the PRGF include: broad participation and greater ownership, embedding the PRGF in the overall strategy for growth and poverty reduction, budgets that are more pro-poor and pro growth, appropriate flexibility of fiscal targets ensured, more selective structural conditionality, emphasis on measures to improve public resource management/accountability, and social impact analysis of major macroeconomic adjustments and structural reforms. The briefing paper of March 2002 argued that public expenditure needed to be reduced significantly, while allowing for increase in poverty reducing outlays, and noting that government should strengthen its tracking mechanism for poverty reducing expenditures. Overall, the design of the PRGF supported programme "did not change significantly from previous ESAF supported arrangements, with stabilisation the main priority and less attention to growth." IMF "Evaluation of the PRSP process and arrangements under the PRGF" July 6 2004.		To reduce external debt to a sustainable level; to direct the resulting savings to poverty reduction.

NICARAGUA	**Bilaterals**	**ESAF 1** **1994**	**ESAF 2** **1998**	**Staff Monitored Programme** **2001**	**PRGF 1** **1999**	**PRGF 2** **2002-5**	**HIPC** **2002-2005**
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*	Not really applicable -- but some do intend to make their funds more predictable by increasing the length of their programme. They recognise that GBS has certain advantages for doing this, including that policy discussions and sector budget support are better coordinated than project support. Several bilateral donors seem unwilling to put money directly into the budget, rather than into the FSS, the social fund, which is directed specifically to poverty alleviation expenditure. Experience with the FSS is said to be positive by Finland.		Govt to this point had very little discretion over its capital expenditure since this was virtually all donor projects: Dijkstra (1999) estimates that government controlled no more than 5% of capital expenditure. There appears to have been no public investment plan.		PRGF targets were aligned with PRSP; however, the disruptions of 2001 shifted the achievement of the PRSP targets to 2004-5. Policy alignment was limited, because the macroeconomic framework was superseded by fiscal overspend; the link to the growth pillar was weak (PRGF focused on macro stability issues). Crisis conditions limited the policy space for government, and the PRSP had no operational guidance for the banking crisis and its fiscal consequences. Alternative macroeconomic policy frameworks were not openly debated or considered (e.g. restructuring of domestic debt to relieve the heavy service cost that absorbed much budget resources and, indirectly, HIPC debt relief). But the PRGF supported programme was timely vis-à-vis the domestic budget cycle. (IMF July 6 2004).		HIPC originated the PRSP.
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*			No earmarking. Annual tranches, disbursement subject to review of performance. No (to check). Presumably to Treasury (but note that Ministry accounts tended to be held in commercial banks).		IMF assistance is never earmarked. Annual tranches, disbursement subject to review of performance. Yes. Direct to single Treasury Account at central bank (presumably – since in place from 2002).		Earmarked for poverty reduction expenditure via a social fund within the budget. Fixed tranches subject to completion of conditions. No (check). Direct to single Treasury Acc at central bank (presumably – since in place from 2002).

NICARAGUA	**Bilaterals**	**ESAF 1** **1994**	**ESAF 2** **1998**	**Staff Monitored Programme** **2001**	**PRGF 1** **1999**	**PRGF 2** **2002-5**	**HIPC** **2002-2005**
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?*	They follow the IMF and World Bank.		IMF agreement with Nicaraguan government.		IMF agreement with Nicaraguan government.		Agreement with Nicaraguan government.
(b) Performance indicators, including: ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? How often?*			See PRGF column. Heavy stress on fiscal and monetary targets. Not apparently. Not obviously. Annual reviews?		The total number of structural benchmarks and performance criteria was reduced by half to 17, when compared to previous arrangements (i.e. ESAF). Structural conditionality focused on financial system reform, public sector, legal reform/governance (submission to Parliament of law on domestic and external indebtedness of the public sector, approval of prudential norms to limit risks derived from maturity mismatches, adoption by the central bank of revised national accounts for 1994-2000). Only some. Not obviously. Annual reviews?		8 categories, 13 conditions in total. Mainly process indicators: Develop a PRSP; use budgetary savings for poverty reduction; satisfactory macroeconomic performance under PRGF; pass autonomy laws for schools and hospitals, and start a social protection net programme; implement governance strengthening measures (civil service law to reduce political interference in hiring and firing, better management and inspection of public procurement, stronger comptroller's office, law on penal procedures and public prosecutors); reform pension law and procedures; divest Enitel; divest remainder of ENEL (waived).

NICARAGUA	**Bilaterals**	**ESAF 1** **1994**	**ESAF 2** **1998**	**Staff Monitored Programme** **2001**	**PRGF 1** **1999**	**PRGF 2** **2002-5**	**HIPC** **2002-2005**
(c) Types of condition, including: ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?* ➢ *Other policy and performance conditions (cf. performance indicators)* ➢ *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*			Fiscal and monetary targets.		Primarily related to macroeconomic stability – notably budget deficit/GDP. Poverty related expenditures as % of budget (Govt felt this was particularly onerous, since its growth strategy focuses on infrastructure). No specific explicit political conditions of this sort. (IMF "has gradually become more flexible to political considerations and more inclined to opening the policy space to government-led initiatives", the examples given are some flexibility on fiscal deficit (allowing slightly higher public expenditures than envisaged under the PRGF, compensated by raising of additional revenue), flexibility regarding details of tax reform legislation, and changes in the asset-sale plan for recovery of assets from liquidated banks. None that are explicit.		Prequalification, first stage, decision point, second stage, completion point – each checked by a review Due process conditions do not feature prominently. Satisfactory IMF status is a condition, indicated by embedding of PRGF status into HIPC conditions. Performance indicators do not feature – mainly process indicators (e.g. passing of laws, divestment of assets). No political conditions are explicit.

NICARAGUA	**Bilaterals**	**ESAF 1** **1994**	**ESAF 2** **1998**	**Staff Monitored Programme** **2001**	**PRGF 1** **1999**	**PRGF 2** **2002-5**	**HIPC** **2002-2005**
5. Links to TA & Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *Are any TA/capacity building conditions attached to this programme? Please give details* ➢ *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*	Donor group is not clear that GBS is helping or hindering with regards to TA – However, it has not been discussed at great length to date.				IMF TA has generally supported the priorities highlighted in the PRSP, including a tax reform and the resolution of the banking crisis, and also emphasised the importance of strengthened governments. IMF technical assistance generally matched these priorities, with most activities over the last three years in the fiscal sector (transparency and tax reform) and financial system (bank restructuring and supervision) (IMF 2004:50). TA provided by IMF consists of loans staff on short assignments and longer- term placements. [Probably in association with World Bank's PRSC – to check.] [Ditto – to find out how much TA is going into PFM strengthening.]		No technical assistance and capacity building.

NICARAGUA	Bilaterals	ESAF 1 1994	ESAF 2 1998	Staff Monitored Programme 2001	PRGF 1 1999	PRGF 2 2002-5	HIPC 2002-2005
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*	Concern that there is not a risk mitigation framework yet developed/attached to GBS aid to Nicaragua.		Dialogue led by IMF and World Bank, but with bilateral donors increasingly vocal regarding need to protect social expenditure and strengthen governance. Dialogue regarded as inefficient: "*government was under severe pressure to reach an agreement… As a result, too strict monetary and fiscal targets were set in view of institutional and domestic political constraints.*" (Dijkstra 1999:100)		IMF dialogue with government is mainly with the Ministry of Finance and central bank, with recourse to the President (e.g. when complaining of excessive overnment expenditure target in 2003 budget).		Dialogue takes place via IMF, mainly with Ministry of Finance and central bank.
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	A major concern for the smaller bilaterals is that without projects donors will lose their expertise, so they are resisting.		Not a high priority – cannot find any mention of harmonisation of alignment.		Harmonisation is not a strong priority or feature of IMF activities, though in practice other donors, World Bank and bilaterals, follow IMF conditionality on macro financial issues. IMF attempts to align with PRSP and with government budget cycle. Little attention to harmonisation of donors? Joint Staff Assessments with World Bank mainly.		A strong feature of HIPC and enhanced HIPC is the harmonisation of donors under the leadership of IMF, using IMF diagnostics and performance reviews. HIPC created PRSP so is automatically aligned with it.

NICARAGUA	Bilaterals	ESAF 1 1994	ESAF 2 1998	Staff Monitored Programme 2001	PRGF 1 1999	PRGF 2 2002-5	HIPC 2002-2005
8. Experience in Implementation *If completed, how was it rated?* *Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*			ESAF 2 now recognised as too fiscally stringent. (Dijkstra 1999:100)		Main focus was on financial system and public sector issues. (See discussion above under "intent of programme" which notes that although the programme was in theory to be focusing on growth and poverty reduction, in practice it was little different from its predecessor (ESAF) in focusing on stabilisation, owing to the banking crisis and high fiscal deficit).		
9. Any additional comments that don't fit elsewhere							Nicaragua has attained completion point for enhanced HIPC. The process has been much smoother than with other IMF programmes. But note an important point: "*a significant portion of HIPC resources were used to finance increased domestic debt service and strengthen the central banks reserve position [which was]... essential for restoring growth and achieving sustained poverty reduction.*" (IMF & IDA "Enhanced HIPC initiative completion point document" 6 January 2004: 11). This use of HIPC funds was extremely controversial in Nicaragua**.** Did HIPC then continue a trend? "*In almost all years since 1991, a large part of aid was used to reduce the debt stock or to pay debt service*". (Dijkstra 1999:54)

NICARAGUA	**Bilaterals**	**ESAF 1** **1994**	**ESAF 2** **1998**	**Staff Monitored Programme** **2001**	**PRGF 1** **1999**	**PRGF 2** **2002-5**	**HIPC** **2002-2005**
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate).* *Other sources? (e.g. interviews, GBS questionnaire)*	Mainly from own interviews with bilateral donors.				All the information above is drawn from " Nicaragua: Evaluation of the PRSP process and arrangements under the PRGF" July 6, 2004.		

Box E5.2: Nicaragua Programme Information WB 1994-2004

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
1. Intent of Programme *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	To support the National public administration reform programme by improving service delivery by those institutions restructured under the programme and increases in public savings attributable to the programme.	To expand public sector modernization, improving govern-ment's economic planning, policy and execution capacity. a) 49.2%: extension of SIGFA and financial management reform to central govt ministries, municipalities and entities; b) 9.2 %: deepening of CSR (implementation of the reform and capacity building); c) 31.3%: economic management strengthening: macroeconomic policy formulation - SETEC; building fiscal analysis capacity -fiscal Advisory Unit; strengthening line agencies and key services; d) 10%: deepening public sector reform: implementation of Government Reorganisation Law; strengthening of public sector integrity; implementing state reforms.	Will support implementation of the country's Poverty Reduction Strategy Paper (PRSP) by addressing key structural obstacles to poverty reduction, and assist Nicaragua with the urgent need to strengthen its depleted international reserves position, meet the agreed macro-economic targets, and help reduce the country's vulnerability to a possible balance of payments crisis.	To support the implementation of the PRSP emphasizing the Pillar IV: Building Public Institutions and Governance, as a key factor in the reduction of corruption and the achievement of the necessary fiduciary safeguards for policy-based lending that would allow more poverty reducing assistance. Key areas: Pillar IV: civil service, public investment programme and medium term expenditure framework, public sector financial management, public procurement, civic engagement, decentralization and poverty analysis Pillar III: promote better coordination and an effective use of resources, as well as a series of reforms in basic education, health, population, social protection and water and sanitation Pillar I: support improvements in the investment climate, competition policy, access to land and credit, agriculture and forestry, and access and quality of infrastructure.	The Project seeks to strengthen the public sector's capacity to implement public policies in order to increase the efficiency and transparency in the use of public resources and, in particular, to ensure the implementation of the Poverty Reduction Strategy. PSTAC 'aims at improving governance and strengthening public institutions by supporting: (a) public sector financial and expenditure management; (b) civil service and administrative reform; (c) strategic planning and monitoring as well as dissemination of public policies and constituency building processes; and (d): Project Implementation Unit.	TA Loan to improve access to financial services provided by sound, profitable financial institutions for low-income households and micro and small and businesses.	To bring together donors and lenders to help the Government of Nicaragua implement its National Education Policy, including the Education For All (EFA) goals. To carry this out, the project wishes to: a) increase enrolment for Preschool, Primary and Secondary education; b) improve attention to quality and relevance of learning; c) improve systems of governance and accountability; and d) harmonize donor assistance in the sector.

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)? Please give details.*	With Chamorro President's programme of public administration reform.	Operating on Pillar I (broad based economic growth) and Pillar IV (Strengthen good governance) of PRSP.	Supporting Pillars I, II and IV of the PRSP.	PRSP.	PRSP /PRSC.	The project supports the first and fourth strategic pillars of the PRSP by addressing the need for widespread access to a range of financial services provided by sound commercial financial institutions. One of the components (IV) will provide inputs (data) to the SINASIP (Poverty monitoring system) on micro-finance.	The proposed programme is focused on results, not only those of Education For All (EFA), but others that are important for achieving the National Development Plan (PND) objectives of growth and competitiveness by providing an educated labour force.
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*	Disbursement based on statement of expenditure and IDA procurement procedures. UCRESEP is in charge of it	Yearly instalments	n.a.	Two tranches. First tranche at approval of the credit as pre-conditions were met. Second tranche when conditions indicated in the Performance matrix are met. Foreseen for January 2005, second tranche not yet approved.	PASEN would provide the sector level follow through on the PRSC and the PSTAC projects, including at its core joint financing for the three year Common Work Program (CWP) of the education sector. The proposed operation would finance a portion of the CWP for the education sector, in collaboration with other donors, in a	UCRESEP, which has acquired experience in management of Bank credits will supervise and carry out the management and procurement. Disbursements are linked to process indicators on the implementation of components 2 and 3.	This is first time that IDA financing would be provided directly through the existing institutional structure of MECD rather than through a parallel structure of a Project Coordination Unit (PCU). Payments will be made against specific expenditure categories: (i) Transfers to Autonomous Schools (US$6 million); (ii) Office Equipment (US$2.05 million);

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
CONTINUED **3. Disbursement Procedures** *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*					modified SWAp which would (i) build country ownership; (ii) promote harmonization between donors; (iii) provide alignment with Government's Budget Cycle and (iv) seek greater accountability for results.		(iii) Consulting Services and Auditing (US$1.18 million); (iv) Training (US$2.57 million); (v) Operating Costs (US$2.1 million); and (vi) Student Evaluation Services (US$1.1 million). Information System. Release of funds is monitored through Financial Monitoring Reports; while effect of the disbursement on enrolment is monitored through mid-year collection of data on enrolment through MoED. This data will be used also for projected expenditure necessary for autonomous schools and to ask funds to the Unique Treasury Account.

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?* *(b) Performance indicators, including:* ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? how often?* *(b) Performance indicators, including:* ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?*	Performance review periodically carried out by WB staff and based on activity action plans included in the agreement and defining activities and targets for each area covered; yearly external evaluations and mid-term evaluation were also included.	PRGF and progress in PRSP.	Performance matrix based on a number of process indicators and overall outcomes developed around three main objectives a) basic premises: macro-economic stability and protecting poverty expenditure; b) building public institutions and governance; c) Human capital of the poor and vulnerable population.	As for the PSAC.	(a) A fully functioning integrated financial management system encompassing medium-term and results-based budgets; (b) an integrated accounting of domestic and externally funded public expenditures within the Treasury and integrated project management mechanisms within all executing agencies; (c) a strengthened and de-concentrated Public Investment System with an integrated single registry; (d) a Civil Service Law under implementation encompassing a critical mass of public employees; (e) an improved PRSP in aspects related to governance, economic growth and competitiveness, and the establishment of a participatory monitoring system;	Based on a performance matrix by component and on conditions that have to be in place in order to provide credit, and on a series of overall outcomes indicators.	This project seeks to strengthen the sector wide policy of school autonomy in Nicaragua, a model that is indigenous to Nicaragua, and the mechanism of per student financing has been shown internationally to provide strong incentives to the attainment of the important MDG of Education for All. The project forms part of a coordinated donor effort to finance a CWP for the education sector. The donor agreement to focus on a common set of result indicators and harmonization of procedures goes a long way in reducing the administrative burden on government, while at the same time strengthening the accountability for results.

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
CONTINUED ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? how often?* *(c) Types of condition, including:* ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?* ➢ *Other policy and performance conditions (cf. performance indicators)* ➢ *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*					(f) Sector Wide Approach (SWAP) mechanisms applied and functioning on a pilot basis ensuring appropriate donor coordination; and (g) key development strategies and government plans disseminated among stakeholders and widespread public support for poverty reduction efforts.		

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
5. Links to TA & Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *Are any TA/capacity building conditions attached to this programme? Please give details* ➢ *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*			EMTAC	PSTAC			PSTAC

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*	The dialogue is through a national committee for PA reform CERAP that is formed by the most important ministries and has in the vice ministry of Presidency and vice ministry of finance, the executive secretariat. CERAP is then supported by a PMU in charge of the implement-ation UCRECEP staffed with national and international consultants.	Through the PCU.	n.a.	Based on the MoF letter of Development Policy to the President of the Bank stating the development programme over 2 years, the commitment to maintain the macro-economic framework supported by PRGF and to use the PRSC Matrix as basis for the monitoring of the programme.	UCRESEP, the PCU will be in charge of the implementation and carry out with WB missions the monitoring of the different components. No specific conditionality is defined as the TA is linked to the PRSC. However, approval of the Project Action Plan for 2005 would be conditioned to Government submittal of a Civil Service Reform Implementation Strategy, satisfactory to the Bank.	The project is included in the PRCS Matrix (financial sector). The dialogue with the Government is through a working group created for micro-finance by the Office of the Presidency in 2002. Within the PRSC donors roundtable, there is discussion with other donors about micro-finance.	Under the modified SWAp arrangement being worked out by the Government with the donor community, all donor assistance would be channelled to one or more lines of actions of the CWP – donors would have the flexibility to chose the particular modality of support that they prefer, but the objective of financing would be within the purview of the CWP.

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	UNDP will provide bridge funding and will supervise the implementation and development of management training course representing about 2 M$ from the IDC total amount.	Co-financing foreseen with USAID, SIDA, UNCTAD, IDB, IMF.	n.a.	Co financing by German KfW for 4 M€ using the same policy matrix and Bank's assessment of fulfilment of conditions. The accompanying PSMTAC will be co-financed by DFID and NL and DK, SIDA.	Co-financing with DFID, NL, DK.	Possible parallel grant from NL for 1 M$. Close coordination with COSUDE (Swiss), IMF and IDB.	For the three year project period, in addition to the US$15 million of IDA credit, the same CWP would receive approximately US$15 million of grants from Canada, roughly US$20 million of grants from Denmark, and roughly US$50 million from the European Commission (EC). A sub-set of the donors, which would include Canada, Denmark, IDA, and possibly the European Union, would agree to a Common Fiduciary Framework for their assistance to the education sector. The CFF partners would use a common financing disbursement and reporting mechanism, common procurement arrangements, and joint supervision of operations.

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
8. Experience in Implementation *If completed, how was it rated? Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*	Nn.a.	From previous project: need for a strong coordinating unit, leadership and clear macro-economic framework.	n.a	Based on the progresses made through PSAC and on the assessment carried out of the PRSP implementation progress.	n.a	Based on the previous Bank experience in micro-credits and support to rural sector (Rural Investment Credit)	The project builds on the enabling conditions provided by the previous investments. The previous IDA financed Basic Education Project and Second Basic Education Project have invested considerable resources in the preparation of manuals and operating instructions for autonomous schools, as well as training modules for school communities.
9. Any additional comments that don't fit elsewhere	n.a.	Implementation through a PMU (UCRECEP), which was created in 1994 for the first capacity building credit.	N.a.		Based on the following lesson learnt from previous programmes: strong political commitment to the reform agenda is a key condition prior to moving ahead in the reform effort. There should be a general understanding that public sector reform is a long-term process. Thus, it is important that realistic expectations be agreed from the outset.		

NICARAGUA	**WB Institutional Development Programme – TA 1995**	**WB Economic Management TA 2000-04**	**WB PSAC 2003**	**WB PRSC I 2004-05**	**WB PSTAC (public sector technical assistance) 2004-2008**	**WB Broad Based Access to Financial Services TA 2004-2009**	**WB Education project sector earmarked 2004-2008**
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate).* *Other sources? (e.g. interviews, GBS questionnaire)*	Memorandum of the IDA President on the proposed credit, Report No. T-6534-NI, Feb 1995.	WB, Project Appraisal Report N. 19977 NI, Dec. 99.	WB, Project Information Detail (PID), March 2005.	WB, Programme Document Report No. 27491-NI, Dec. 2003.	WB, Project Appraisal Document, Report No.27967 NI, March 04.		Project Information Document, Report No. AB657, Feb 2004.

Box E5.3: Nicaragua Programme Information IDB 1994-2004

NICARAGUA	**IDB - Modernisation and Strengthening of the General Auditing Office (TA+ EQ)** **2003-06**	**IDB - Support to reforms for Poverty Reduction (policy based loan)** **2002-05**	**IDB - Support to fiscal reform (policy based loan)** **2003-05**	**IDB Strengthening of SECEP (TA)** **2004-09**	**IDB Strengthening of the Ministry of the Family (TA)** **2004-08**
1. Intent of Programme *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	To improve the efficiency and effectiveness of oversight in public administration by modernizing and strengthening the General Auditing Office (CGR) as the supreme audit institution responsible for overseeing the administration of State resources. a) Strengthening of the CGR organizational and management structure (US$1.6 million); b) Strengthening of CGR control mechanisms (US$0.6 million). c) Design and implementation of a training structure (US$1.5 million).	To help the GON implement the ECERP for social sector so to reach the HIPC culmination point. Four areas: a) establishment of specific targets and annual monitoring of key performance indicators for the social sectors through 2005; b) prioritisation and monitoring of spending in social programmes; c) institutional reforms in social sectors: education, health and social welfare; d) Development of technology infrastructure (US$1.1 million).	A policy-based loan (PBL) that is consistent with the State reform process undertaken by the Government of Nicaragua in the area of fiscal reform. Its overall objective is to improve the country's fiscal situation. The programme has three main thrusts: (a) to strengthen the legal framework for tax collection; (b) to strengthen the institutional framework for tax collection; and (c) to improve budget management. The loan will cover areas of reform with regard to revenues, specifically the deepening of tax reform and modernization of customs, and some priority areas on the spending side, such as budget restructuring and the Fiscal Responsibility Act.	The project seeks to strengthen SECEP as an institution in the areas of planning, policy formulation, and implementation of the National Development Plan (NDP) and the Strengthened Economic Growth and Poverty Reduction Strategy (SGPRS), and in particular to help the latter fulfil its functions and mandates. a) SECEP strengthening: TA for carrying out consultation on NDP, training on inter-ministerial consultation (1.5M$); b) M&E: TA and equipment (0.9M$); v) SNIP strengthening: TA, feasibility and prefeasibility studies (3.8M$); d) government management information system (0.9M$).	To strengthen MIFAMILIA's capacity to perform its role as the national agency responsible for social protection in order to improve the delivery of special and social protection service. Two technical components and 1 financial component: a) Institutional strengthening of MIFAMILIA to improve its guiding role to coordinate social protection activities; b) more effective care services through TA and training for MIFAMILIA staff; c) Improvement of infrastructure of Dept Offices and Local management units; d) Project implementation Unit within MIFAMILIA.
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*		PRSP/ECERP in the context of the HIPC initiative.	Follows the PRSP in the sense that looks after enabling conditions for Pillar I and IV of the PRSP.	ECERP based.	Linked to the pillar II and IV of the ECERP.

NICARAGUA	**IDB - Modernisation and Strengthening of the General Auditing Office (TA+ EQ)** **2003-06**	**IDB - Support to reforms for Poverty Reduction (policy based loan)** **2002-05**	**IDB - Support to fiscal reform (policy based loan)** **2003-05**	**IDB Strengthening of SECEP (TA)** **2004-09**	**IDB Strengthening of the Ministry of the Family (TA)** **2004-08**
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*	Signature of an inter-institutional agreement between the borrower and the CGR indicating the terms and conditions for funds transfer and the commitment of CGR to undertake the activities agreed between the borrower and the Bank for the loan. Conditions include also the creation of a monitoring committee and of a PMU.	Policy-based loan. Unrestricted funds that will be disbursed in two tranches of 15 M$. First tranches disbursed based on fulfilment of reform conditions for social sectors and establishment of a baseline for selected indicators and definition of intermediate targets in the social sectors for poverty reduction. Second tranche, attainment of those targets and implementation of connected activities. The disbursement will be also conditioned by the extent of prioritisation of given expenditure within the National Budget.	There are 2 tranches. The first tranche, in the amount of US$15 million, will be disbursed after the Board approves the loan, since the government has already fulfilled the conditions. The second tranche, in the amount of US$10 million, will be eligible for disbursement when the established conditions have been fulfilled. The second tranche emphasizes execution, implementation, and institutionalization of reforms. Implementation is with the MoF and there are no procurement rules to be followed. The loan can be used as BoP support.	Implementation through creation of small CU within SECEP, using the Bank procurement rules for both services, staff and equipment.	Disbursements require prior fulfilment of given agreements among the involved institutions. Procurement is made through Bank procedures, expenditure through the PIU totally financed by the loan.

NICARAGUA	**IDB - Modernisation and Strengthening of the General Auditing Office (TA+ EQ)** **2003-06**	**IDB - Support to reforms for Poverty Reduction (policy based loan)** **2002-05**	**IDB - Support to fiscal reform (policy based loan)** **2003-05**	**IDB Strengthening of SECEP (TA)** **2004-09**	**IDB Strengthening of the Ministry of the Family (TA)** **2004-08**
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?* *(b) Performance indicators, including:* ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? How often?* *(c) Types of condition, including:* ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?* ➢ *Other policy and performance conditions (cf. performance indicators)* ➢ *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*	Disbursements require prior fulfilment of given agreements among the involved institutions. Procurement is made through Bank procedures, expenditure through the PIU totally financed by the loan.	Based on a Matrix of conditions related to: (a) the economic environment; (b) ERCERP-related social indicators; (c) prioritisation and tracking of social spending on education, health, and social welfare; and (d) management by the MECD, MINSA, and MIFAMILIA associated with execution of the ERCERP. They were assessed together by the Bank and GON in mid-2003 in order to verify the conditions for the disbursement of the second tranche. Not clear to what extent the indicators and targets are those set in the ECERP.	Having a macroeconomic climate that is conducive to achieving the programme's objectives will be a condition precedent to disbursement of each of the two tranches of the loan. Conditions for the first tranche are approval and entering into force of the Fiscal Equity Act, draft revenue and custom career development started. For the second tranche: Custom Act entered into force, entry into force of the revenue and custom carrier service act and implementation of regulations consistent with the fiscal act and international practice, custom management system in place, fiscal responsibility and budget restructuring act adopted, MoF would present consolidated accounts of the budgeted central government entities to the CGR within 90 days after the end of fiscal year 2004.	Annual performance review based on the report presented at the beginning of the project. Mid-term evaluation foreseen after 25% of funds are disbursed. Final evaluation foreseen prior last disbursement.	There are a number of outcome indicators to be met by the end of the project for which the targets are not defined yet.

NICARAGUA	**IDB - Modernisation and Strengthening of the General Auditing Office (TA+ EQ)** **2003-06**	**IDB - Support to reforms for Poverty Reduction (policy based loan)** **2002-05**	**IDB - Support to fiscal reform (policy based loan)** **2003-05**	**IDB Strengthening of SECEP (TA)** **2004-09**	**IDB Strengthening of the Ministry of the Family (TA)** **2004-08**
5. Links to TA & Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *Are any TA/capacity building conditions attached to this programme? Please give details* ➢ *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*	n.a.	Included in the project.	There is a parallel technical-cooperation operation (for US$289,000), to support the Government of Nicaragua in the performance of specific activities needed to meet the conditions of the disbursements, financed with resources from the net income of the Fund for Special Operations (FSO) on a non-reimbursable basis. It will be mostly used to carry out data collection, evaluation and impact assessment.	Included in the project.	Included in the project.
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*	n.a.	Through monitoring and assessment of the Matrix of conditions, through dialogue between the MoF (implementing agency) and the PCU, established in the SECEP as technical counterpart. In addition, the loan is based on a policy letter by GON indicating the policy commitments and reforms for the social sectors.	For the preparation of the Fiscal Equity Act, they have undertaken a large national consensus building process.	Directly supporting the SECEP, it is considered as a way to influence the dialogue towards the achievement of the ECERP objectives.	Only indicated dialogue on the project is through the annual and mid term evaluations.

NICARAGUA	**IDB - Modernisation and Strengthening of the General Auditing Office (TA+ EQ)** **2003-06**	**IDB - Support to reforms for Poverty Reduction (policy based loan)** **2002-05**	**IDB - Support to fiscal reform (policy based loan)** **2003-05**	**IDB Strengthening of SECEP (TA)** **2004-09**	**IDB Strengthening of the Ministry of the Family (TA)** **2004-08**
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	n.a.	n.a.	The IDB, the World Bank, and the IMF have followed a coordinated programme in which the IMF has developed the macroeconomic framework, the World Bank has focused its efforts on public sector reform, including the civil service, and the IDB has focused on fiscal reform. Under this framework, the three institutions have worked closely to ensure consistency among their programmes and avoid duplication in the allocation of resources.	Complement the WB support to SECEP (PSTAC and EMTAC).	n.a.
8. Experience in Implementation *If completed, how was it rated?* *Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*	n.a.	n.a.		n.a.	Follow-up of previous CB support to MIFAMILIA.
9. Any additional comments that don't fit elsewhere					
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate). Other sources? (e.g. interviews, GBS questionnaire)*	Executive Summary, NI 01-60.	IDB, Loan Proposal, Sept 2002.	IDB Loan proposal, Nov 03.	IDB Loan proposal, Feb. 2004.	IDB, Sector Loan Facility, Executive Summary.

Box E5.4: Nicaragua Programme Information EC 1994-2004

NICARAGUA	**EC Strengthening SETEC** **1999-01**	**EC Efficiency and transparency in Procurement** **2000-2004**	**EC Health Sector Loan** **2004**	**EC Support to the Education sector policy (PAPSE) (GBS)** **2004-2006**	**EC Institutional Support to NDP implementation (TA)** **2005-2008**
1. Intent of Programme *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	To support integration of the government's social and economic policy, monitor the policy and evaluate its impact on poverty reduction. a) Institutional Strengthening for SETEC (training, management information system, communication development); b) specific studies to prepare sector policies in order to finance investment programmes for poverty reduction; c) impact assessment studies of programmes financed to monitor poverty reduction.	To improve efficiency and transparency in the government procurement system. a) Project inspection will strengthen the Executive Branch's system for internal oversight of government agencies' procurement to ensure transparent use of resources; b) Procurement management support will upgrade and consolidate the capacity for preparing and managing procurement in seven government agencies; c) Development and introduction of training in procurement to establish a sustainable training structure in Nicaragua for ongoing training of personnel involved in procurement.	To improve a set of tracking indicators associated with the effort to expand the coverage and improve the quality of health services, and to provide the institutional strengthening of MINSA in the areas of procurement, financial management and internal control, the programme is structured not by sector of activities, but in relation to intermediate and final outcome indicators related to child and mother mortality and morbidity.	To support the implement-ation of the Education Sector National Plan according to what agreed by the GON in its annual budget, but there is no specific activity financed.	To contribute to the development and implementation of sector policies in the areas supported by the EC and general support to the GON in the implementation of the National Development Plan.. a) Provision of TA through 5 long term experts to support the SECEP in overall planning and coordination of BS, MoF on public finance management, MoED for the management of the SWAP through BS, Ministry of Agriculture for the development of sector policy and Ministry of Justice to support the implementation of the new Criminal Code and the Citizen Security aspects; b) short term experts for ad hoc studies and inputs.
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*	None mentioned.	Linked to the effort of an efficient public expenditure management system and complementary to the development of SIGFA. In line with the commitment undertaken with IMF and the CG meetings.	Linked to ECERP and to the Ministry of health development policy.	Linked to the PND and PNE.	Linked to the PND and PRSP.

NICARAGUA	**EC Strengthening SETEC** **1999-01**	**EC Efficiency and transparency in Procurement** **2000-2004**	**EC Health Sector Loan** **2004**	**EC Support to the Education sector policy (PAPSE) (GBS)** **2004-2006**	**EC Institutional Support to NDP implementation (TA)** **2005-2008**
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*	Creation of the PCU in order to ensure management of funds according to the Bank's procurement procedures and increase absorption capacity.	A consulting firm will implement component 1 and will be hired by the government in accordance with terms of reference agreed upon by the Bank and government and on which the "Group of Five" will be consulted. Two consulting firms will be hired for component 2: one to assist the participating agencies' procurement units, and the other to work with the Procurement Office. A consulting firm will be hired for component 3. Procurement according to Bank standards.	Procurement for the time being will follow the Bank's procedures, though expenditures will be registered in SIGFA. Within the coordination framework called for in the ESS, the contribution of this programme will be earmarked for financing the following eligible expenditures, targeted at the 76 selected municipalities of the 12 priority SILAIS. The programme will contribute directly to the budget of the Ministry of Health.	Disbursement based on a fixed tranche and two variable tranches. These latter based on the achievement of given indicators for the education sector. Once the tranche is realised, it needs to be immediately converted into national currency. The fixed tranche is paid following the signature of the financial agreement and the fulfilment of the pre-conditions (in this case the preparation of the indicators to be used for the variable tranches in 2004) Tranches are paid directly to the national budget.	Disbursement based on approval of the overall work plan and annual plans by the EC Delegation and GON.
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?* *(b) Performance indicators, including:* ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? How often?*	n.a.				

NICARAGUA	**EC Strengthening SETEC** **1999-01**	**EC Efficiency and transparency in Procurement** **2000-2004**	**EC Health Sector Loan** **2004**	**EC Support to the Education sector policy (PAPSE) (GBS)** **2004-2006**	**EC Institutional Support to NDP implementation (TA)** **2005-2008**
(c) Types of condition, including: ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?* ➢ *Other policy and performance conditions (cf. performance indicators)* ➢ *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*		Pre-disbursement conditions include agreement between donors and GON on additional grant; inter-institutional agreement between SETEC and MoF; and agreement reached about executing agency. Other conditions: the MoF has an agreement with all GON institutions involved; there are agreed TOR for the consulting companies and a monitoring and progress report system is established.	Based on a set of indicators established in the loan and following the Health SWAp.	It follows the indicators established for the variable tranches by the MoED based on the PND and PNE (plan for the education sector).	To be defined in the WP with the GON and the Delegation. Overall expected results indicated in the terms of reference for the TA.
5. Links to TA & Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *Are any TA/capacity building conditions attached to this programme? Please give details* ➢ *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*					
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*	n.a.	Through the review of the progress reports.	Sector SWAp agreements when signed.	Within the SWAp according to the MoU that was signed in 2003.	Through the SECEP.

NICARAGUA	**EC Strengthening SETEC** **1999-01**	**EC Efficiency and transparency in Procurement** **2000-2004**	**EC Health Sector Loan** **2004**	**EC Support to the Education sector policy (PAPSE) (GBS)** **2004-2006**	**EC Institutional Support to NDP implementation (TA)** **2005-2008**
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	n.a.	Co-financing of donors for up to 4.5 M$ was a pre-condition for this loan (letters of commitments by donors received only up to 1.5 M$).	The loan is conceived in the framework of a SWAP for health that is under finalisation.	Within the General Budget Support Group and SWAp.	Within the General Budget Support Group and SWAp.
8. Experience in Implementation *If completed, how was it rated?* *Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*	n.a.	n.a.	n.a.	Previous evaluations highlighted the need to increase impact and effectiveness of aid and focus more on institutional strengthening and use of programme aid instead of project aid with project implementation units.	Previous evaluations highlighted the need to increase impact and effectiveness of aid and focus more on institutional strengthening and use of programme aid instead of project aid with project implementation units.
9. Any additional comments that don't fit elsewhere					
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate).* *Other sources? (e.g. interviews, GBS questionnaire)*	IDB, Executive Summary, NI 0109	IDB Executive Summary, NI 0143	IDB, Performance Driven Loan, NI L1001	EC, CSP and Financing Proposal	EC, CSP and TOR of the project

Rwanda

Box E6.1: Rwanda Programme Information 1994-2004

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
Programmes Included	All un-earmarked budget support provided prior to 2000.	All budget support notionally earmarked to the Multilateral Debt Fund.	All un-earmarked GBS budget support.	All budget support earmarked to sectors.	All budget support targeted to specific items.	TA which is explicitly linked to BS or TA which affects PFM.
1. Intent of Programmes *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	Countries which committed to provide BoP support are Canada, EC, France, Switzerland and the UK. However, only Canada, UK and EC disbursed.	When Rwanda reached HIPC completion point, development partners ceased contributions to MDTF. This led to DFID and SIDA quasi-BS operations. Other donors who used to fund MDTF have not (yet) adopted GBS modalities (e.g the Netherlands).	All GBS is provided explicitly to support the implementation of government's poverty reduction strategy. Main joint objectives of programme: a) Reduction of transaction costs and increased GOR effectiveness. b) Streamlining of conditionalities c) Joint government-donor reviews d) Donor alignment behind PRS e) Increased GOR ownership of economic and social policy f) Greater predictability of donor inflows g) Provision of lessons for broader harmonisation efforts Others: from DFID: a) The core PRS cycle is improved. b) Capacity for pro-poor macro-economic and financial management, including MTEF process, improved. c) Policy, planning and delivery improved in selected sectors / targeted programme areas. d) Accountable, effective and democratic governance enhanced.	*Objectives by individual donor.* AfDB: The main objective is to assist the Government in achieving the ODM (Objectifs de Développement du Millénaire). EC to finance from SAF2: Macro/I-PRSP, PFM, education and health and floating tranche to support justice sector. Floating tranche of PPARP – GBS targeted to health and education sectors.	EC objectives for SAF1: Tr1: finance internal debt service Tr 2: targeted recurrent expenses in education, health and justice (including salaries in justice). Tr 3: compen-sation for elimin-ation of export taxes on coffee. Tr 4: as for Tr 2 SAF2: floating tranche to support HIPC and cross border initiative.	There has been a corresponding shift in the TA provided in relation to GBS operations. However less TA is used to "account for donor funds" to date than used to the case especially for the EC SAF1. Increasingly, GBS donors and the Government look at TA provision as an element of broader plans for organisational and system developments required for reforms (e.g. PFM). EC provides: Support to macro-economic policy (LTA since 2000). Support to PFM reforms (public accounting and internal audit): STA and LTA since 2003. Support to implementation of EC budget support programme (LTA 2000-2003). Support to M&E (in future). Various audits and evaluations. TA shifted from 40% to 90% focused on government mainstream business.

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
CONTINUED **1. Intent of Programmes** *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*			From AfDB: The main objective is to assist the Government in achieving the ODM (Objectifs de Développement du Millénaire) From EC Programme aims: securing budget financing; pursue strengthening of PFM; pursue strengthening education and health performance, in support to PRSP. **BUT:** appears that GBS considered as political reward by bi-laterals and EC GOR commits to: budget transparency, implementation of conditionalities, improved political governance (through GOR Action Plan on Good Governance) and the convening of quarterly meetings of the BSG.			IMF provides: L-T and S-T experts, on tax policy, on budget preparation,treasury management, banking supervision and regulation, monetary and fiscal policy. WB provides/has provided: support to macroeconomic analysis, public finance management including public expenditure reviews, computerisation of budget transactions, expenditure tracking and fiduciary assessments. DFID provides: Assistance to policy, budgeting, tax administration, education provision. DFID provides TA support for: MTEF, PRS, Financial sector policy and accountability, statistics, education sector, domestic revenue raising, civil service reform, gender budgeting, land reform, donor harmonization, debt management and HIV/AIDS. SIDA does not provide any TA in relation to BS.

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*		There was no explicit alignment with national strategies, but there was little need to, as the role of MDF funding was simple.	Aligned to PRSP and MTEF as of 2001. Leads to Partnership Framework for Harmonization and Alignment to BS, for GBS. Indicative progressive shift by donors from programme aid and quasi- BS operations toward the new GBS for more effective support/ implementation of GoR pro-poor strategic plan (+ PFM reforms).	Work being done to align sector reviews to PRSP/MTEF/budget/GBS, but only education sector has made much progress. In health and education there is an increased realisation of the need to inscribe medium term sector strategies within longer term financing frameworks. Sector policy matrix goals do not yet reflect long term policy options and scenarios.		There was no explicit alignment with government strategies. However government was from the mid 90s strongly committed to the types of structural adjustment promoted by these instruments.
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*			Ideas being developed to link GBS disbursement to budget/MTEF cycle. EC disburses in tranches. Other donors disburse in one-off disbursement. Sida one-year GBS agreements. DFID three-year agreements. Current programme to 2006. Process for committing funds for the 2006 – 08 budgets already started. EC has 3 year Financing Agreements for GBS. Sida not aligned to FY. EC In theory yes for fixed tranches (Oct/Nov IMF Board meetings determine Feb/Mar disbursements). Problematic in practice due to delayed PRGF.			
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?*		There were simple agreements for providing MDF support.	Relevant donors and GOR have agreed on a formal document: Partnership framework for harmonisation and alignment to BS between the GoR and its development partners. Document signed by AfDB, Sweden, UK, WB, EC, the IMF and GOR.			

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
(b) Performance indicators, including: ➢ *number of indicators* ➢ *nature (e.g. process indicators, result indicators)* ➢ *are they drawn from PRSP or other national policy documents?* ➢ *are they linked to performance indicators for SWAps etc?* ➢ *are special reports required? how often?*			The Framework proposes a calendar for joint reviews (to replace frequent ad hoc meetings), each based on a policy matrix/action plan to be developed: • Annual PRS review (June). • Macroeconomic policy (March and September) • Public Finance Management (March and September). Although the various GBS donors have agreed to a common performance matrix thus far, they are giving very different emphases to different parts of the matrix, and to requirements for disbursement. Public DFID does not have any target-related disbursement triggers; however, the Programme Memorandum states very clearly that it has conditions, including political governance through the Memorandum of Understanding (MOU) and staying on track with the IMF – comment from DFID Jan 05. SIDA is in general willing to accept DFID procedures, but it is a relatively small GBS donor. The EC has made its fixed tranches 2003-05 conditional not only on compliance with the PRGF, but on progress in political transition and good governance, while its variable tranches will be dependent on meeting targets for selected education and health indicators.	For example the Education and Health sectors use input, output, outcome and impact based indicators to undertake assessments of implementation of sector strategy. These performance targets and undertakings are used to monitor sector performance during annual and bi-annual reviews, and where appropriate are integrated into the MTEF proposals. EC: Earmarked BS entailed dialogue on spending on eligible budget lines, audits (now abandoned).		

RWANDA	Balance of Payments Support Pre 2000	Multi-lateral debt fund (MDTF)	General Budget Support 2000 – present day	Earmarked Budget Support	Targeted Budget Support	Technical Assistance for GBS or BS
CONTINUED *(b) Performance indicators, including:* ➢ *number of indicators* ➢ *nature (e.g. process indicators, result indicators)* ➢ *are they drawn from PRSP or other national policy documents?* ➢ *are they linked to performance indicators for SWAps etc?* ➢ *are special reports required? how often?*			The World Bank's 2004 PRSC has an Operation Policy Matrix which is derived from the PRSP Matrix, but which has a list of more than 50 "Prior Actions" required by each of October 2004, November 2005 and November 2006, relating to the financial sector, the private sector investment climate, education, health, water, energy and Public Finance Management. The GBS donors are, therefore, far from taking a unified approach. Basically, they are at the stage of talking about it. Predictability of assistance also varies. - DFID has again gone furthest, including a commitment to quarterly payments of announced budget support, a firm commitment to increase GBS in 2005, and a stated intention to further increases in future years. Preparation for the next programme (likely to be a 3- year programme, the same as the current one) is scheduled to take place so that funds for 2006 could be committed in time for the budget preparation. - The EC plans to move in the same direction, but is currently constrained by a three-year programme (which also finishes next year). The EC also has fixed, variable and floating tranches; variable means that the amount may vary according to success in meeting targets, floating means that the timing may vary for the same reasons. It is unclear how Government accounts for these tranches in its estimates of GBS revenues.			

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
CONTINUED *(b) Performance indicators, including:* ➢ *number of indicators* ➢ *nature (e.g. process indicators, result indicators)* ➢ *are they drawn from PRSP or other national policy documents?* ➢ *are they linked to performance indicators for SWAps etc?* ➢ *are special reports required? how often?*			- The World Bank's 2004 PRSC commits $15 million for 2004, and $50 million for 2005. The programme is designed as the first of a series of three PRSCs and estimates are provided for PRSC-II and PRSC-III. - SIDA still has annual agreements with the Government, but has indicated its intention to provide the same in 2005 and 2006 as in 2004. Government and donors have collaborated to produce a PRS policy matrix for 2005-7. WB condition that PRSP is elaborated to include longer-term perspectives.			

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
(c) Types of condition, including: ➢ *triggers for tranche release?* ➢ *due process conditions (legally binding requirements for donors and recipients in giving and receiving money);* ➢ *is satisfactory IMF status a condition?; other policy and performance conditions (cf. performance indicators;* ➢ *political conditions (e.g. related to democracy, human rights, corruption, military spending and activity);* ➢ *broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*			GBS seen as reward for good political behaviour rendering technical assessments much less relevant. Appears to be little explicit analysis among donor community of impact/consequence of withholding GBS and not Project Aid bearing in mind issues of fungibility. Most GBS is explicitly linked to the PRGF being on-track. For IFCs tend to be more technical assessment oriented rather than influenced by political/good governance performance. DFID and SIDA: includes: political dialogue based on MOU between governments.	Disbursement of sector budget support requires a successful sector review process, and progress against agreed actions, and achievement of agreed performance targets. As with GBS this involves a mixture of due process, specific actions taking place. There are few explicit political conditions.		

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
5. Links to TA and Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *are any TA/capacity building conditions attached to this programme? Please give details* ➢ *are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*			Improvements of government capacities and systems are specific objectives of general budget support. Although there is a lot of Technical Assistance and capacity building provided by donors in Rwanda providing GBS this is not always explicitly linked to GBS operations in a coordinated way. EC provides TA support to macroeconomic policy (long term TA since 2000); Support to PFM reforms (particularly public accounting and internal audit) short and long term TA since 2003. ROSC, FARAP and PEFA assessments have been provided in the last three years. Support to implementation of EC budget support programme (long term TA 2000-2003); Support to M&E systems (in future); Various audits and evaluations. EC provides: TA (2m €) of which approximately 0.24m for audits/ evaluations. Balance for institutional support: 1.1m € in one contract for LTA macro and public accountant, pool for STA, and training. Balance: use to be determined, might include public accounting TNA, support to surveys and PERs etc.			Throughout the second half of 1990s the EC, UK, IMF and World Bank, all providers of programme aid all provided technical assistance to the ministry of finance. In addition the World Bank did finance major technical assistance projects over the period (e.g. the Economic and Financial Management Programme). However it does not appear that this was explicitly linked to programme support.

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)? Specific dialogue arrangements linked to this programme?*			For some countries, which usually do GBS once technical conditions are established, HQ and country office have divergent assessments. In such a case HQ views prevail which can frustrate efforts by country office to establish a relationship of mutual trust with government, limiting usefulness of developing sound dialogue practices. GOR would like to see greater decentralization of decision-making power from HQ to in-country representatives. CEPEX is not in practice coordinated with GBS donors. In future dialogue could be coordinated by this agency with GBS donors. There is a joint review of PFM reforms but there is no joint donor review of GBS. Individual donors still seek individual consultation with MPF. Dialogue is generally focused on cross-cutting issues, macroeconomic policy, public financial management, and monitoring and evaluation	Performance indicators are usually sector specific. Each joint sector review will agree a series of undertakings, and sometimes performance targets. These are usually drawn from and/or aligned with sector development strategies, which are increasingly aligned with the PRSP. The joint annual or twice yearly sector review processes form the centre of dialogue for sector budget support donors. Sector donors, including those providing sector budget support, organise themselves into groups, and agree collective lines on issues to take to the joint review. The donor group is also represented on the sector working group which is responsible for preparing sector strategy and budget proposals. Dialogue focuses on spending on eligible budget lines, audits.	There were quarterly meetings held with the Ministry of Finance at which statements of the state of the economy and budget performance were discussed.	Dialogue on programme aid was largely dominated by the IMF and World Bank Structural Adjustment loans, and was centred on the Ministry of Finance. Dialogue was focused on trade, private sector, financial sector issues. Discussions relating to public expenditure gained increasing importance but largely focused on issues of fiscal discipline, and not the content of expenditure programmes. There was no dialogue at the sectoral level related to budget support arrangements.

RWANDA	Balance of Payments Support Pre 2000	Multi-lateral debt fund (MDTF)	General Budget Support 2000 – present day	Earmarked Budget Support	Targeted Budget Support	Technical Assistance for GBS or BS
CONTINUED **6.Procedures for Dialogue** *What is the general context of dialogue (E.g. CG meetings etc.)? Specific dialogue arrangements linked to this programme?*				DFID provides TA: In education DFID is assisting Mineduc in establishing a joint management framework for non BS donors/support programmes. EC provides TA: TA (1.2m €) for capacity building measures, studies, audit and an evaluation programme. TA to Minecofin amounted to near 1.0m €, covering assistance to macro and public accounting fields (the latter, including for managing EC assistance) through LTAs and STA, and a pool of resources for Minecofin staff training. Aims similar to SAF1 programme. Parallel "Technical and Logistical Support to Minecofin" (8th EDF) including rehabilitation of building, support to NAO unit, and STA and training for Minecofin staff (the latter, focused on Minecofin core functions, though small volume in total).		

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?) Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)? Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	Donor procedures in the MDF seemed to be well aligned with each other, and represented a very simple, low transaction costs, way of delivering programme aid.		GBS donor coordination was not main impetus for aid management process. Now signed 'Framework for Harmonization of GBS'. But several features of framework have not been put into practice. GOR established CEPEX, a dedicated aid coordinated body in 1998. As above the prevalence of HQ views can frustrate efforts by country office to coordinate with other donors. The GBS agreement states that bilateral agreements and international obligations will take precedence, and it is acknowledged that different donors will meet their commitments in the framework at different speeds. Donors committed to greater predictability of timing and future GBS, but given ongoing concerns by GBS donors of weaknesses in GOR systems and implementation of reform agenda this has not been put into practice to any great degree. Sida harmonized for (budget support including focus on education sector, and silent partnership modalities behind DFID).	Agreed 2001 line ministries and donors work together at sectoral level. GOR states that education sector is only sector with significant donor coordination. Besides education sector other sectors have to cope with large body of uncoordinated projects. Sectoral groups are organised into 'clusters' coordinated by line ministry and one donor. Clusters: • Rural sector: EC/World Bank • Public sector reform and capacity building: SIDA • Private sector development: USAID • Education: DFID • Health: Belgium • HIV/AIDS: USAID • Decentralisation: Netherlands • Governance: UNDP • Infrastructure and energy: World Bank. The clusters report to the Development Partners Coordination Group (DPCG), co-chaired by the Government and UNDP, and this reports in turn to the Development Partners Meeting.		As these programmes were dominated by the IMF and World Bank, there was little need or demand for harmonisation and alignment between 1995 and 1998. Bilateral donors were either providing programme aid via the MDF or had moved to project support.

RWANDA	Balance of Payments Support Pre 2000	Multi-lateral debt fund (MDTF)	General Budget Support 2000 – present day	Earmarked Budget Support	Targeted Budget Support	Technical Assistance for GBS or BS
CONTINUED **7. Donor Harmonisation & Alignment** *General context of H&A activities (e.g. is there a CDF pilot? SPA active?) Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)? Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*				Also reporting to the DPCG are the Budget Support Harmonisation Group (BSHG, led by DFID and EC), and the Harmonisation and Alignment in Rwanda for Projects and Programmes (HARPP). Revival of Clusters in 2004/5 leading to greater harmonization of sector support and focus on PRSP. But still at early stage of developing joint procedures and harmonisation of conditionalities. At sectoral levels the SWAp arrangements of strategy, joint review etc. form the basis of donor alignment and harmonisation. Donors jointly review sector performance and allow themselves to be represented by the chairpersons of the donor groups, and budget support donors do generally hold to collective donor decisions. Although donors, at a sectoral level, are coordinated, they often resent the broader budget processes, and the fact that additionality of budget support is no longer guaranteed.		

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
CONTINUED **7. Donor Harmonisation & Alignment** *General context of H&A activities (e.g. is there a CDF pilot? SPA active?) Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)? Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*				Some donors who are trying to move towards quasi- GBS play strategic role in facilitating sector plans and their policy and strategic framework e.g. Netherlands in decentralization and USAID for private sector development. Quasi-SWAps appear to be instrumental in developing harmonisation and alignment processes. The development of the PRS policy matrix for 2005-7 should in principle help focus cluster focal area and advancement of coordination as currently clusters tend to work towards different goals. Sida harmonized for education sector, and silent partnership modalities behind DFID. Harmonization/alignment with ESSP/education SWAp. Participation in formalized donor coordination process for rural development, private sector, governance. DFID lead donor in education (and prominent role in private sector development and governance).		

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
CONTINUED **7. Donor Harmonisation & Alignment** *General context of H&A activities (e.g. is there a CDF pilot? SPA active?) Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)? Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*				EC is harmonized though clear sector policies do not yet exist in most of EC's sectors of intervention. Works for PFM; will work for justice, rural development etc. under 9th EDF. Participation in cluster meetings for health, education, rural development (lead donor), infrastructure (lead donor but largely un-operational), good governance, Budget Support Harmonisation Group.		
8. Experience in Implementation *If completed, how was it rated? Any particular problems, interruptions etc? Please give details. Any specific reviews or evaluations available? Please give details.*			GBS donors tend to withhold disbursement of GBS if GOR is in dispute with IMF. This occurred in 2003 when IMF support was temporarily suspended as a result of overspending arising from unscheduled budget expenditures on the construction of a hotel. Percentage of aid flow in GBS increased between 2000 and 2001 at same time as implementation of the PRSP-I. GBS procedures are seen to be getting simpler over time. Donors may use risk mitigation strategy e.g. annual GBS agreements, while the practice in other countries is to use multi-annual agreements.	Education sector is most developed earmarked BS but not quite a full SWAp.		

RWANDA	**Balance of Payments Support** **Pre 2000**	**Multi-lateral debt fund (MDTF)**	**General Budget Support** **2000 – present day**	**Earmarked Budget Support**	**Targeted Budget Support**	**Technical Assistance for GBS or BS**
9. Any additional comments that don't fit elsewhere			23% of Aid was GBS in 2003 (CEPEX) – this figure is best ignored since it is inconsistent with other data e.g. T2.2. IMF considered to have disproportionately large influence as aid is only 3.9% of total because of its conditionality and because donors in Rwanda withhold disbursement of GBS if GOR is in dispute with the IMF. Concern that GBS trying to affect too many areas e.g. PFM, political reform, macro-technical performance and sector policy/performance. World Bank considers that PRSC credit is 'new' GBS.	Some officials from Agriculture and Health sectors are quite happy to have mixture of aid modality, e.g. fear total reliance on GBS. WB and IMF first to establish BS type modalities in Rwanda. WB through provision of import support to the private sector for its earliest non-project assistance in 1995-7. WB institutional reform credit, and ERCt flow through GBS type mechanism. IMF always provided a form of earmarked BS since involved in Rwanda. .		
10. Information Sources	Source: DAC (2005) "*Creditor Reporting System*" International Development Statistics Online.	Country report.	Country report. Completed Donor Questionnaires.	Country report. Completed Donor Questionnaire.	Country report. Completed Donor Questionnaires.	Country report. Completed Donor Questionnaires.

Uganda

Box E7.1: Uganda Programme information 1994-2004

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
Programmes Included	All budget support notionally earmarked to the Multilateral Debt Fund	All un-earmarked budget support provided prior to 2000.	All budget support earmarked to PAF only since 1998.	All budget support notionally earmarked to sectors, including that earmarked to both PAF and sectors.	All un-earmarked GBS budget support.
1. Intent of Programmes *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	The Multilateral Debt Fund was established by the Ministry of Finance and Group of Nordic donors, as a means of supporting Uganda's debt repayments from multilateral donors. This was intended to be able to free up revenues for increased allocations to social sector programmes.	The intent of these programmes in varying degrees was explicitly to provide balance of payments support, whilst also supporting the implementation of structural adjustment programmes.	The objective has tended to be similar to full GBS but more explicitly to support expenditures in Uganda's priority poverty reduction programmes. Underlying this is to use the PAF by donors as a means of justifying budget support to domestic constituencies, and shielding them from domestic fiduciary concerns. This was an early motivation for the formation of the PAF, and why the Irish more recently have retreated from full GBS.	Notionally earmarked sector budget support, in the context of SWAps in Uganda has been explicitly targeted towards supporting the implementation of sector or sub-sector development strategies. Initially the PAF allowed donors to channel their budget support to 1998 PEAP priority sectors, even when sector development strategies had not been fully developed In such context the objective was just to provide supplementary budget funding to specific programmes in the budget (e.g. primary healthcare).	All GBS is provided explicitly to support the implementation of government's poverty reduction strategy. The largest instrument, to which most GBS instruments are linked is the PRSCs and their more specific objectives have been to: • Improve public service delivery • Strengthen government processes and systems • Replace concurrent donor systems with one • Improve predictability of resource flows • Reduce transaction costs Most GBS is explicitly linked to the PRSC.

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)? Please give details.*	There was no explicit alignment with national strategies, but there was little need to, as the role of MDF funding was simple.	There was no explicit alignment with government strategies. However, government was from the mid 90s strongly committed to the types of structural adjustment promoted by these instruments.	PAF GBS is aligned with the PEAP in a similar way to full GBS. However, the overall MTEF is meant to represent overarching allocations towards the PEAP, and it has been argued that donor earmarking towards the PAF has put undue focus on specific subset of programmes within the PEAP, and not the comprehensive strategy.	With the exception of the support to education, the original PAF sector budget support was not aligned to any particular strategy, beyond the 1997 PEAP, as sector development. From the outset, sector budget support to education whose 1998 strategy was guided by the Education Sector Investment Plan, to which the WB and DFID explicitly provided their support, not the PAF. Over time other sectors developed strategies, which formed the focus of budget support funding and dialogue, and the PAF became of secondary importance. Now it is a matter of GoU policy in the partnership principles that sector budget support can only be provided if there is already an established sector development programme.	There have been explicit efforts to align full GBS with the PEAP. Policy dialogue and conditions in the PRSC from the outset have been linked to the four pillars of the PEAP. Dialogue and conditions are organised around a PRSC policy matrix which outlines objectives and actions to be undertaken by the government under each of the three pillars. However, these actions are not always part of the PEAP, although they are within the brought ambit of PEAP objectives. Efforts are under way to make the PEAP III implementation matrix play the function of the PRSC matrix, instead of having a parallel instrument. Other GBS instruments explicitly link themselves to the PEAP, and PEAP objectives, but the PRSC is the main interface with government.

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*		(E.g. the EC, US, Denmark). However other donors did not require earmarking of the resulting expenditures.	PAF earmarking is notional. Originally GoU committed that all PAF support would result in additional allocations to PAF programmes over and above pre-HIPC budget allocations. Since 2001 the commitment has been that GoU will maintain PAF expenditures as a proportion of the budget. PAF earmarking therefore no longer has any effect on budget allocations. The tranches were originally fixed and the number depended on the donor. (To check - does the EC have a variable tranche?) Initially transfers were made into a separate account within the consolidated fund in the bank of Uganda. However this was dropped, and now funds are deposited directly into the consolidated fund. In most cases the Ministry of Finance would and still is required to request the donor to transfer funds to the Treasury. Disbursement procedures are now very similar to full GBS.	Sector budget support in Uganda is only notionally earmarked, which is why it is defined as GBS. Up until 2002 there was a general principle that sector budget support would result in a matching increase in sector budget allocations (whether inside or outside PAF); however as the size of the deficit has grown the GoU now does not make such an explicit commitment, and the earmarking is truly notional. Much sector budget support has been explicitly earmarked to the PAF as well as the sector, making it targeted towards sub-sectors within development plans. Sector budget support has tended to be made up of fixed tranches only. Originally there were some holding accounts for sector budget support, before they were transferred before being transferred to the consolidated fund, and released through the budget. (Need to verify whether they are still there, and what the disbursement arrangements are).	Full GBS is not earmarked in any way. To date most donors have only explicitly used fixed tranches, however most bilaterals reserve the right to vary disbursements. DFID, for example, has reduced disbursements with respect to (to check). Tranching and disbursement procedures vary across donors. The PRSC itself is an annual credit, and the credit is made effective upon government completing certain prior actions (see below). Donors usually require requests from government before disbursements take place, and this becomes complex when there are varying types of disbursement. There is an ongoing debate as to whether development partners should harmonise their disbursement procedures, and more explicitly use fixed and variable tranches, however no agreement has yet been reached. Funds are transferred directly into the consolidated fund, which is held at the Bank of Uganda. (To check – special holding account for forex?)
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?*	There were simple agreements for providing MDF support.		All PAF GBS arrangements have separate agreements. Original PAF GBS agreements would also refer to the 1998 PAF guidelines which set out GoU's own commitments with respect to PAF.	As with other types of budget support there are memoranda of understanding underlying all arrangements. Most MoUs refer to joint sector strategies and review processes. Some were linked to the PAF as well.	For all general budget support arrangements there are separate agreements between the Ministry of Finance and the various development partners, even those explicitly linked to the PRSC.

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
(b) Performance indicators, including: ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? How often?*	There was little explicit conditionality attached. Uganda was meant to be paying multilateral debt obligations in full, and there was a lose expectation of equivalent increases in social expenditures.	Those performance indicators that were likely to be used, would have related to Macro Public Finance and Economic Issues, and be framed in terms of the World Bank/IMF GoU dialogue.	Original PAF GBS agreements were very simple and did not involve any use of performance indicators. Subsequently donors providing PAF GBS have linked it to the PEAP and PRSC indicators, as with full GBS.	Performance indicators are usually sector specific. Each joint sector review will agree a series of undertakings, and sometimes performance targets. These are usually drawn from and/or aligned with sector development strategies, which are increasingly aligned with the PEAP. These performance targets and undertakings are used to monitor sector performance at the following reviews, and where appropriate are integrated into the MTEF proposals. Reporting is all intended to be part of the joint sector review process, and no separate reporting is required outside of this. Usually some kind of Aide Memoire is prepared at the end of each joint review, and is signed by the various parities. However there are some anomalies – such as support to Local Government, under the LGDP, where the reporting is separate to the recently started Annual Decentralisation processes.	Although performance with respect to poverty reduction and service delivery is monitored through government's poverty monitoring systems, GBS conditionality is more linked to policy processes. There are a very large number of actions in PRSC matrix, which GoU are meant to achieve, and are reviewed. However these are not explicit conditions for disbursement. Concern was raised that actions in the matrix were not being fulfilled adequately, and ended up being box-ticking. Now for each prior action, which appears in the matrix, there are descriptions of what is involved. Successful sector review processes are required as part of the PRSC, and actions are monitored within respective sectoral dialogue, and not in the overarching PRSC. However occasionally specific prior actions within particular sectors are highlighted within the PRSC.

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
(c) Types of condition, including: ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?* ➢ *Other policy and performance conditions (cf. performance indicators)* ➢ *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*		Much conditionality was prescriptive and related to the liberalisation and stabilisation agenda of structural adjustment. For example, World Bank conditions focused on Trade, Private Sector, Financial Sector, Tax as well as public sector reforms.	Conditions were originally just linked to the original GoU commitments around PAF. These included: • Quarterly Reports • Quarterly Review meetings • Budget disbursements to PAF programmes in full • 5% of PAF funds being allocated and spent on improved monitoring and accountability. Beyond these there were no due process conditions or explicit performance indicators. Over time PAF GBS has aligned itself with full GBS/PRSC type conditionality, and therefore has become more complex. Aside from the notional earmarking there is little difference between the two.	Disbursement of sector budget support requires a successful sector review process, and progress against agreed actions, and achievement of agreed performance targets. As with GBS this involves a mixture of due process, with specific actions taking place. There are few explicit political conditions. To do: investigate sector conditions in more depth.	For each release of the PRSC (and support linked to it) GoU is required to fulfil a set of prior actions, which appear in the PRSC matrix. Prior actions include a set of due process conditions centred on the budget, including the presentation of the MTEF, and budget execution in line with original allocations. Prior actions also include the completion of successful sector review processes. In addition there are a few specific actions to which disbursement are tied. In the past when the GoU has failed to meet the prior action it has opted for the tranche to be delayed rather than reduced. As part of this, most donors require that the GoU is on track with the IMF. The PRSC itself does not deal with political conditions explicitly. Bilateral donors would like them to be incorporated in the PRSC, but the WB and the Ministry of Finance do not want this. The donors have developed a governance matrix, and some (e.g. the Dutch) have built governance conditions into their agreements. However there is no clear forum to discuss or monitor them.

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
5. Links to TA and Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *Are any TA/capacity building conditions attached to this programme? Please give details* ➢ *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*		Throughout the second half of the 1990s the EC, UK, IMF and World Bank, all providers of programme aid all provided technical assistance to the Ministry of Finance. In addition the World Bank did finance major technical assistance projects over the period (e.g. the Economic and Financial Management Programme). However it does not appear that this was explicitly linked to programme support.	Originally there was no explicit link to capacity building for PAF GBS donors. As full GBS has evolved, TA and capacity building linked to PAF GBS has evolved in a similar way.	In the context of sector wide approaches there appears to be a clearer link between technical assistance, capacity building and budget support funds. Some donors explicitly provide TA when providing sector budget support themselves (Belgians and Italians in Health, Swedes in Water and Sanitation). In other cases, TA and capacity building modalities and strategies will be developed as part of the sectoral strategies, and then a donor will fund it (health, water and sanitation). However a large portion of TA and capacity building at a sector level remains project based, and not linked to national processes.	Improvements of government capacities and systems are specific objectives of General Budget Support. Although there is a lot of Technical Assistance and capacity building provided by donors in Uganda, providing GBS this is not always explicitly linked to GBS operations in a coordinated way. However those donors do provide long-term technical assistance, and capacity building programmes in areas of priority in the PRSC matrix. Often short term TA is procured to assist the Government of Uganda to fulfil certain actions in the PRSC matrix. As many donors are providing earmarked sector as well as general budget support, sectoral technical assistance and capacity building is provided in the context of sectoral support.

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*	There were quarterly meetings held with the Ministry of Finance at which statements of the state of the economy and budget performance were discussed.	Dialogue on programme aid was largely dominated by the IMF and World Bank Structural Adjustment loans, and was centred on the Ministry of Finance. Dialogue was focused on trade, private sector, financial sector issues. Discussions relating to public expenditure gained increasing importance but largely focused on issues of fiscal discipline, and not the content of expenditure programmes. There was no dialogue at the sectoral level related to budget support arrangements	In 1998 there were no exclusive government-donor forum to discuss PAF budget support. Instead public PAF quarterly review meetings were the centre of the dialogue between government and sectors, and where government discussed performance in PAF programmes, including quarterly reports. In 2001 it was decided that the PAF quarterly reports and review meetings should be stopped and replaced by budget performance reports and open budget review forum. The latter never took off, but the PRSC steering committee and SWAP forum have replaced the PAF meetings as the focus of dialogue.	The joint annual or twice yearly sector review processes form the centre of dialogue for sector budget support donors. Sector donors, including those providing sector budget support, organise themselves into groups, and agree collective lines on issues to take to the joint review forum. The donor group is also represented on the sector working group which is responsible for preparing sector strategy and budget proposals.	A PRSC steering committee is centre for dialogue on general budget support. The World Bank and representatives of other development partners sit on this committee, and progress against the implementation of the PRSC matrix is reviewed. The sector review forum are the other important focus of dialogue. Under GoU's partnership principles any donor providing budget support is free to participate in any cross-sectoral or sectoral policy dialogue. Recently the chair of the PRSC steering committee has been shifted from the Ministry of Finance to the Office of the Prime Minister.

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	Donor procedures in the MDF seemed to be well aligned with each other, and represented a very simple, low transaction cost, way of delivering programme aid.	As these programmes were dominated by the IMF and World Bank, there was little need or demand for harmonisation and alignment between 1995 and 1998. Bilateral donors were either providing programme aid via the MDF or had moved to project support.	At the outset donors used the PAF commitments (meetings, reporting etc.) as the basis of their agreements. This resulted in a degree of alignment with government systems, and harmonisation with each other. Donors giving GBS participated in PAF review meetings, and used this as their monitoring mechanism. However the evolution of general budget support has increased the sophistication of individual donors' own instruments, and they have become less harmonised with each other.	At sectoral levels the SWAp arrangements of strategy, joint review etc. form the basis of donor alignment and harmonisation. Donors jointly review sector performance and allow themselves to be represented by the chairpersons of the donor groups, and budget support donors do generally hold to collective donor decisions. Although donors at a sectoral level are coordinated, they often resent the broader budget processes, and the fact that additionality of budget support is no longer guaranteed. Sector donor groups and representatives have often put pressure on the Ministry of Finance to increase allocations (Health, JLOS).	The PRSC has been the chosen modality for harmonisation of GBS approaches across donors, and to a degree it has been successful. Development partners have organised themselves into various sector and thematic (economists, governance) groups. These groups are the focus of dialogue on these issues. GBS Donors are allowed to take part in the dialogue in sectors and budget process provided they do so through the various thematic groups, and do not attempt to influence the process independently of each other. Sector dialogue is focused on joint sector review processes, and donors are represented on Sector working groups. There have been efforts to harmonise PFM diagnostic instruments through the Country Integrated Fiduciary Assessment, however individual donors still often require separate instruments to satisfy their head offices (e.g. DFID fiduciary risk assessments). However although there is a large amount of high level harmonisation, there still remain a large number of separate reviews and donor administrative requirements, not least because donors are providing different types of support and interacting at different levels.

UGANDA	**Multilateral Debt Fund** **1995 - 1998**	**Balance of Payments Support** **Pre 2000**	**PAF Earmarked General Budget Support** **1998 to present day**	**Notionally Earmarked Sector Budget Support** **1998 to present day**	**Full General Budget Support** **2000 to present day**
8. Experience in Implementation *If completed, how was it rated? Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*	The MDF was a highly successful and simple mechanism for donors to disburse budget support. However by its nature it did not deal with issues relating to government's public expenditure policies and programmes.	Uganda was considered by many a model of structural adjustment. After the Ugandan government became convinced that a liberal market-led agenda was appropriate in the early 1990s, adherence to structural adjustment conditions was not a problem – political commitment was crucial to their success. However the emergence of new GBS arose from concern about the holistic content of governments policies and their impacts on poverty, which was not covered under traditional structural adjustment programmes.	The PAF was a success at mobilising initial un-earmarked (and earmarked sector) budget support. However now the PAF has brought some rigidity into the budget allocation process at a macro level. As GBS and the PAF has evolved the importance of notional earmarking has reduced. Now notional earmarking only really plays a role for domestic constituents in donor countries, as it enables them to "see" where their money has been allocated, although in reality it is fully fungible.	Sector earmarking was very important in the development of initial SWAps in Health and Education, who were able to enjoy large increases in allocations due to its additionality, whilst sector review and dialogue processes were being allocations. However notional earmarking now does not have the same additionality effect as it used to, and this has reduced the enthusiasm of new SWAp sectors to engage in open dialogue with sector stakeholders. Now that sector dialogue is maturing, the role of sector earmarking is diminishing, and this puts extra emphasis on the importance of the budget process.	The WB PRSC to date has not been reduced or withheld, although disbursements have been delayed. Some bilateral funding has been reduced. This has usually been around issues relating to governance and defence expenditure. To date reviews of the GBS operation (GBS Evaluability, PRSC Stocktaking) have been largely positive about GBS. There is increasing concern amongst development partners about their inability to engage with the GoU on governance issues.
9. Any additional comments that don't fit elsewhere					
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate).* *Other sources?*	Completed Donor Questionnaires UNDP Development Cooperation Reports What Does the Showcase Show?	Completed Donor Questionnaires UNDP Development Cooperation Reports What Does the Showcase Show?	VPF Article Budget Performance Reports Completed Donor Questionnaires	VPF Article Budget Performance Reports Completed Donor Questionnaires	PRSC Stocktaking Study GBS Evaluability Study Budget Performance Reports Completed Donor Questionnaires

Vietnam

Box E8.1: Vietnam Programme Information 1994-1999

VIETNAM	**PSAC 1: World Bank** **1994-1996**	**ADB Programme Lending** **1996-2000**	**IMF three-year EASF arrangement** **1994-1997**	**JIBC 'New Miyazawa Initiative' Economic Reform Support Loan 1999**
1. Intent of Programme *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	Structural reforms and transition to a market economy. In particular, exchange rate and trade liberalisation, state enterprise, legal and financial reform.	To align lending with government policy and support reform. Policy-based lending operations in agriculture and finance. Aimed at liberalisation of agricultural and financial markets and regulatory reform intended to provide quick disbursing balance of payments support and to promote economic reforms.	Focused on macro economic stabilisation as well as structural policy concerns, to push forward the pace of reform particularly in the finance sector, trade liberalisation and SOE reform.	Supported economic reform and private sector promotion in response to the Asian crisis to provide support for various policy actions in three areas: Private Sector Promotion; Auditing 100 large State-owned Enterprises; and tarrification of Non-Tariff Barriers.
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*	Support to GOV macroeconomic and structural reforms.	Designed to support the government reform programme by supporting Doi Moi, reconstructing physical infrastructure and balance of payments support.	Support to GOV macroeconomic and structural reforms.	Support to GOV macroeconomic and structural reforms.
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*	Two tranches. The first was released immediately but the second was delayed until the WB Board waived one of the nine conditions. No ear-marking.	The loans were to be provided in two tranches. Both experienced delays in disbursement of the second tranche due to non-fulfilment of conditions.	Disbursed in two equal semi-annual instalments. Was supposed to be a three year ESAF but was not completed. The first arrangement began in 1994 and the second and third reviews in 1996. No ear-marking.	All funds were disbursed at the same time in 2000.
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?*	Two Policy Framework Papers (PFPs) were drawn up to provide a framework for IMF and WB loans covering 1994-1997 and 1996-1998. The first contained 101 policy measures, the second 124, although each credit only included a subset of these.	Yes – not clear what form it took.	Two Policy Framework Papers (PFP) were drawn up to provide a framework for IMF and WB loans covering 1994-1997 and 1996-1998.	Conditions were drawn up as part of the process of dialogue.

VIETNAM	**PSAC 1: World Bank** **1994-1996**	**ADB Programme Lending** **1996-2000**	**IMF three-year EASF arrangement** **1994-1997**	**JIBC 'New Miyazawa Initiative' Economic Reform Support Loan 1999**
(b) Performance indicators, including: ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? how often?*	The agreement contained ten legal requirements, which translated into ten monitorable items with only two that required actual policy changes. One policy change required the maximum tariff to be changed. This was reversed as soon as it was complied with. The other eight required government to prepare plans for legislation.	Conditions attached to the agricultural loan related to three main areas: (a) market orientation and efficiency; (b) financial intermediaries in rural areas, and (c) improvement in the utilisation of cultivable and forestry land. A total of 45 reform measures were included in the programme. There was a focus on measures aimed at encouraging competition in the domestic and export rice trade and the import of fertiliser, aiming to reduce marketing costs and improve farm incomes. There were also a variety of conditions attached to the financial sector loan.	The first ESAF arrangement contained 11 structural conditions, the second 21 conditions. The first focused on central bank reform (1 condition), trade regime (4 conditions), fiscal (1 condition), fiscal other (1 condition) and financial sector (4 conditions) The second focused on the exchange rate system (1 condition), trade regime (5 conditions), public enterprises (3 conditions), fiscal (2 conditions), fiscal other (2 conditions) and financial sector (7 conditions).	The conditions relate to: *Private Sector Promotion* • Financial environment (13 conditions • Business environment (22 conditions) • Organisational measures (7 conditions) • Agreement to audit 100 large SOEs • Tariffication of non-tariff barriers.
(c) Types of condition, including: ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?* ➢ *Other policy and performance conditions (cf. performance indicators)* ➢ *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*	Disbursement of credit is tranched, each tranche is conditional on satisfying conditions. The SAC had to be extended twice due to delays in completing the PER, PIP, equitisation plans and portfolio audits of state owned commercial banks.	Disbursements of credits are linked to satisfying conditions.	Disbursements of credits are linked to satisfying conditions.	Funding not linked to triggers as loan fully disbursed in 2000.

VIETNAM	**PSAC 1: World Bank** **1994-1996**	**ADB Programme Lending** **1996-2000**	**IMF three-year EASF arrangement** **1994-1997**	**JIBC 'New Miyazawa Initiative' Economic Reform Support Loan** **1999**
5. Links to TA and Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *Are any TA/capacity building conditions attached to this programme? Please give details* ➢ *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*	No	An important aspect of the support for reform was that both loans provided the context for an important TA effort. The Bank provided two technical assistance projects related to the agricultural loan supporting a Rice Market Monitoring and Policy Options Study (USD 832,000) and Information System and Agricultural Taxation Study (USD 646,000). Under the financial TA, which was worth US$ 882,000, the Bank financed consulting services for the modernisation of operations of the Bank for Investment and Development of Vietnam. The Vietnamese view is that the TA has contributed to improving the commercial banking operations of one of the leading State owned commercial banks.	No	Unknown
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*	There was little scope for formal policy dialogue during this period. Although the input of ideas through TA did support policy change.	These TAs were provided for the purpose of monitoring the main aspects of the Programme and contributing to the policy dialogue under way between the Bank and the government.	There was little scope for formal policy dialogue during this period. Although the input of ideas through TA did support policy change.	Dialogue was important for developing conditionality with GoV.
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	None	None	None	None

VIETNAM	**PSAC 1: World Bank** **1994-1996**	**ADB Programme Lending** **1996-2000**	**IMF three-year EASF arrangement** **1994-1997**	**JIBC 'New Miyazawa Initiative' Economic Reform Support Loan 1999**
8. Experience in Implementation *If completed, how was it rated?* *Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*	Implemented on the assumption that there would be one adjustment operation every year. Only one credit approved for 6% of the total commitment. By 1996 problems with the IMF had emerged so SAC II was not negotiated. Although an OED audit found the outcome satisfactory, most reforms were not undertaken.	The agriculture sector loan promoted a series of reforms, the loan conditions were met and it was successfully completed. In the case of the financial sector loan, there was a delay in disbursement of the second tranche because of failures to introduce required measures. The 1999 Country Assistance Programme evaluation found them effective. However, the main problem was that it took time to draft laws and legislation, which held up both the loans.	In the second arrangement the IMF pushed for a less piecemeal approach to reform but this approach reflected the lack of domestic political consensus on the pace of reform and thus an agreement was not reached. The facility expired in Nov 1997 with no further programmes until 2001. The IMF criticised the pace of reform particularly with regard to trade liberalisation and SOEs.	The conditions related to a wide variety of policies which involved the reform or creation of systems and organisations. A JBIC monitoring survey noted that that some parts of GoV viewed it as only necessary to reform or create systems, but as no impacts or policy directions were stipulated it does not mean that full implementation or ownership of these systems has occurred.
9. Any additional comments that don't fit elsewhere	After SAC, used non-lending activities to promote trade, banking and SOE reform.			
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate).* *Other sources? (e.g. interviews, GBS questionnaire)*	'Fostering-income growth in a low income country: programme aid to Vietnam', Van Donge et al, 1999 SIDA.	Van Arkadie, B. et al (1999) 'Country Assistance Program Evaluation: Vietnam, ADB. ADB (2001) 'Country Strategy and Program (2002-2004)	IMF (2004) 'Evaluation of the PRSP Process and Arrangements under the PRGF.	JBIC (2002) 'SAPS Report Volume 1: Monitoring Survey Results for 'New Miyazawa Initiative.

Box E8.2: Vietnam Programme Information 2001-2004

VIETNAM	IMF Three-year PRGF Program 2001-2004	World Bank PRSC I 2001-2002	World Bank PRSC II 2003	World Bank PRSC III 2004
1. Intent of Programme *What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?* *What were/are the particular areas of focus? (e.g. public services, economic reforms, etc.)*	'The intention was – in the context of a strategy embodying stronger national ownership of the reform agenda – to improve the integration of the macroeconomic elements of the programmes with the goal of poverty reduction' IMF Report 2004 (Source cited below). Policy issues addressed were SOE reform, state-owned commercial banks and trade liberalisation.	To engage the GoV in policy dialogue and support reform under the CPRGS.	To engage the GoV in policy dialogue and support reform under the CPRGS. Expanded to health and education with same three pillar format as PRSC 2.	To engage the GoV in policy dialogue and support reform under the CPRGS. Larger in scope than previous PRSCs extending beyond structural reforms to socially inclusive development and governance.
2. Alignment with National Strategies *Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?* *Please give details.*	The CPRGS was not completed when the PRGF was agreed. However, the major policy issues in the PRGF (SOE reform, SOCB reform and trade liberalisation) were adopted by the GoV in 2001. Also GoV agreement with the WB and IMF on annual targets for equitisation, divestiture and liquidation of SOEs were prior actions for the PRGF programme to be implemented. However, alignment of policies in the PRGF with the CPRGS was only partial, although it improved over time.	Support CPRGS Implementation which includes a reform programme linked to three pillars of the CPRGS i) completing transition to a market economy; ii) making development inclusive; iii) building modern governance.	Support CPRGS Implementation which includes a reform programme linked to three pillars of the CPRGS i) completing transition to a market economy; ii) making development inclusive; iii) building modern governance.	Support CPRGS Implementation which includes a reform programme linked to three pillars of the CPRGS i) completing transition to a market economy; ii) making development inclusive; iii) building modern governance.

VIETNAM	IMF Three-year PRGF Program 2001-2004	World Bank PRSC I 2001-2002	World Bank PRSC II 2003	World Bank PRSC III 2004
3. Disbursement Procedures *(a) Is/was there any form of earmarking? Please give details.* *(b) Tranches? (fixed/variable etc?)* *(c) Any arrangements to align disbursement with the recipient's FY?* *(d) Route for transfer of funds? (e.g. direct to central bank, to Treasury, via a special account, etc.)*		Priority GoV reforms are determined and credits are disbursed annually. The GoV fulfils a jointly negotiated list of 'prior actions' before each PRSC is submitted to the WB Board of Directors for approval. Funding is pooled as donors agree to co-finance the PRSC with the WB. The WB credit is deposited into an account at the State Bank. The WB and SBV co-manage the account, with SBV reporting disbursement and receipts to the WB.	Priority GoV reforms are determined and credits are disbursed annually. The GoV fulfils a jointly negotiated list of 'prior actions' before each PRSC is submitted to the WB Board of Directors for approval. Funding is pooled as donors agree to co-finance the PRSC with the WB. The WB credit is deposited into an account at the State Bank. The WB and SBV co-manage the account, with SBV reporting disbursement and receipts to the WB.	Priority GoV reforms are determined and credits are disbursed annually. The GoV fulfils a jointly negotiated list of 'prior actions' before each PRSC is submitted to the WB Board of Directors for approval. Funding is pooled as donors agree to co-finance the PRSC with the WB. The WB credit is deposited into an account at the State Bank. The WB and SBV co-manage the account, with SBV reporting disbursement and receipts to the WB.
4. Framework of Conditionality and Performance Indicators *(a) Is there an underlying MOU or similar agreement?*	MoU agreed.	A Development Credit Agreement states what the GoV can use the funding for.	A Development Credit Agreement states what the GoV can use the funding for.	A Development Credit Agreement states what the GoV can use the funding for.
(b) Performance indicators, including: ➢ *Number of indicators* ➢ *Nature (e.g. process indicators, result indicators)* ➢ *Are they drawn from PRSP or other national policy documents?* ➢ *Are they linked to performance indicators for SWAps etc?* ➢ *Are special reports required? How often?*	The 1st PRGF review (03/01 and 11/01) included 20 structural conditions. These consisted of exchange rate system (2 conditions), trade regime (2 conditions), public enterprises (4 conditions) and financial sector (12 conditions). The 2nd and 3rd reviews consisted of 17 structural conditions. These consisted of exchange rate system (1 condition), public enterprises (4 conditions) fiscal sector)3 conditions) and financial sector (9 conditions).	Conditionalities were included in a policy matrix. These focused on achieving policy actions related to trade integration (3 conditions), SOE reform (4 conditions), financial sector reform (6 conditions), private sector development (2 conditions), public sector financial management (3 conditions). Uses verifiable indicators.	Conditionalities were included in a policy matrix. These focused on achieving policy actions related to trade integration (3 conditions), SOE reform (3 conditions), Financial sector reform (3 conditions), private sector development (2 conditions), public sector financial management (1 condition), education (1 condition), health (1 condition), land (1 condition), environment (1 condition), planning processes (1 condition), legal development (2 conditions), and information availability (1 condition). Uses verifiable indicators.	Conditionalities were included in a policy matrix. These focused on achieving policy actions related to trade integration (5 conditions), SOE reform (3 conditions), Financial sector reform (6 conditions), private sector development (3 conditions), infrastructure (3 conditions) public sector financial management (2 conditions), education (2 conditions), health (2 conditions), land (1 condition), water (1 condition), environment (4 conditions), planning processes (2 conditions), financial accountability (2 conditions), public administration reform (2 conditions), anti-corruption (2 conditions). Uses verifiable indicators.

VIETNAM	IMF Three-year PRGF Program 2001-2004	World Bank PRSC I 2001-2002	World Bank PRSC II 2003	World Bank PRSC III 2004
(c) Types of condition, including: ➢ *Triggers for tranche release?* ➢ *Due process conditions (legally binding requirements for donors and recipients in giving and receiving money)* ➢ *Is satisfactory IMF status a condition?* ➢ *Other policy and performance conditions (cf. performance indicators)* ➢ *Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity)* ➢ *Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10)*	Funding was linked to conditionality.	Disbursed in one tranche on completion of policy actions. Each new PRSC begins with a performance evaluation using triggers to relate progress made by GoV to targets published in the previous PRSC. This process includes assessment according to the CPRGS progress report, the Joint Assessment of the WB and IMF of the progress report and an evaluation of the set of triggers agreed with GoV. Non-earmarked budget support as the conditionalities are de-linked from the use of funds.	Disbursed in two tranches on completion of policy actions. Based on fulfilment of 33 policy triggers to assess the pace of reform, linked to subsequent budget-support operations. Non-earmarked budget support as the conditionalities are de-linked from the use of funds.	Disbursed in two tranches on completion of policy actions. Non-earmarked budget support as the conditionalities are de-linked from the use of funds.
5. Links to TA and Capacity Building ➢ *Is capacity building an explicit objective of this programme?* ➢ *Are any TA/capacity building conditions attached to this programme? Please give details* ➢ *Are the GBS donors providing relevant TA/capacity building support in parallel to this operation? Please give details.* ➢ *Are other donors providing relevant TA/capacity building support in parallel to this operation? Please give details.*	Unknown.	Unknown.	Unknown	Unknown.
6. Procedures for Dialogue *What is the general context of dialogue (E.g. CG meetings etc.)?* *Specific dialogue arrangements linked to this programme?*	Dialogue was important for developing conditionality with GoV.	The National Steering Committee or implementation of the CPRGS and PRSC is chaired by the First Deputy Prime Minister and consists of heads of 20 line ministries. Co-financiers of the PRSC negotiate the content of the credit with the committee. There are a variety of working groups, which support this process.	The National Steering Committee or implementation of the CPRGS and PRSC is chaired by the First Deputy Prime Minister and consists of heads of 20 line ministries. Co-financiers of the PRSC negotiate the content of the credit with the committee. There are a variety of working groups, which support this process.	The National Steering Committee or implementation of the CPRGS and PRSC is chaired by the First Deputy Prime Minister and consists of heads of 20 line ministries. Co-financiers of the PRSC negotiate the content of the credit with the committee. There are a variety of working groups, which support this process.

VIETNAM	IMF Three-year PRGF Program 2001-2004	World Bank PRSC I 2001-2002	World Bank PRSC II 2003	World Bank PRSC III 2004
7. Donor Harmonisation & Alignment *General context of H&A activities (e.g. is there a CDF pilot? SPA active?)* *Is H&A built in to the BS operation (e.g. common calendar, joint missions, common set of indicators, pooling of BS funds, delegated cooperation or silent partnerships)?* *Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER etc.)?*	Both the IMF and WB were coordinating their activities by conducting tri-partite meetings with GoV since 1998 and dividing the areas that they would lead on between them. The IMF focused on design and monitoring of critical macroeconomic aspects of banking, SOE and trade reforms while the Bank focused on public expenditure issues, poverty and micro-issues of trade and banking.	Dialogue and negotiation activities include non-co-financiers.	Dialogue and negotiation activities include non-co-financiers.	Dialogue and negotiation activities include non-co-financiers.
8. Experience in Implementation *If completed, how was it rated?* *Any particular problems, interruptions etc? Please give details.* *Any specific reviews or evaluations available? Please give details.*	This was suspended in 2002 due to compliance problems with IMF safeguard policy and no lending has occurred since.	Considerable progress was made in trade integration and infrastructure development, but limited progress in SOE and financial sector reform in both PRSC 1 and 2.	Considerable progress was made in trade integration and infrastructure development, but limited progress in SOE and financial sector reform in both PRSC 1 and 2.	An assessment of meeting the triggers for PRSC3 showed that again progress was satisfactory or highly satisfactory in meeting the first two pillars of the reforms agenda, but not for pillar three due to slow progress in banking reform.
9. Any additional comments that don't fit elsewhere	Problems emerged with conditionality as IMF and WB conditionality were not integrated.			
10. Information Sources *Give full citations for source documents – e.g. programme documents, review and evaluation reports etc. (number citations and cross-reference to information in earlier rows as appropriate).* *Other sources? (e.g. interviews, GBS questionnaire)*	IMF (2004) 'Evaluation of the PRSP Process and Arrangements under the PRGF'.	CIDA (2004) 'Poverty Reduction Support Credit Co-Financing'.	CIDA (2004) 'Poverty Reduction Support Credit Co-Financing'.	CIDA (2004) 'Poverty Reduction Support Credit Co-Financing'.

ANNEX F: TERMINOLOGY

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ANNEX F: TERMINOLOGY

This annex aims to provide standard definitions and guidelines that will help the GBS Evaluation Team (a) to clarify relevant issues and (b) to maintain consistency across country case studies. Usage in particular countries or by particular countries may differ from the definitions proposed here; it is important to note alternative usages and try to ensure that they do not create confusion. Where possible we adhere to standard terminology adopted by the DAC.

Aid Modalities and Aid Instruments[21]

F.1 An *aid modality* is a *way of delivering official development assistance (ODA)*. Since the late 1990s there has been growing awareness that the effectiveness of aid is related to the way it is delivered (and also to the policy and institutional environment in the partner country). Much discussion of aid modalities is at a rather broad level (e.g. "projects" vs. "budget support") which is often unhelpful – there are many dimensions to the way aid is delivered, and it is simplistic to focus on only one or two of them. Moreover, few if any donors deliver all their aid in the same way, and the effectiveness of aid may have as much to do with detailed design as with the broad modalities employed.

F.2 Hence it is useful to distinguish between specific aid instruments and generic aid modalities. The task for any donor is not simply to choose (simple) aid modalities, but to design (complex) aid instruments.

F.3 An important hypothesis for the GBS study is that the detailed design of various GBS and alternative aid instruments may make a significant difference to their effectiveness.

F.4 A starting point is to differentiate aid instruments according to the intrinsic features of the resource transfer from donor to recipient. Four key (intrinsic) dimensions are:

- Type (and terms) of finance (loans, grant).
- Procurement conditions (these include whether the resource transfer takes the form of money, skills, materials, and whether it is tied to particular sources of supply).
- Targeting/tracking of donor resources (ranging from earmarked project support, to sector-focused or general budget support). *Targeting* corresponds to ex ante assignment of funds to a particular purpose, *tracking* to ex post attribution of funds to a particular use. (See the later discussion of earmarking.)
- Disbursement channel (through or outside regular government budgeting/accounting system) – see paragraph F.8.

F.5 These dimensions of the transfer have a strong influence on the transaction costs or burdens experienced by the recipient (and by donors). There is an unlimited array of possibilities between a pure cash transfer, at one extreme, and project aid that is tied, provided at quasi-commercial interest rates, and managed outside government budget and expenditure systems, at the other.

[21] This section is based on the methodology developed for IDD's study (for DFID) of Aid Instruments in Asia [cf Bibliography].

F.6 The merits, and even the operational characteristics, of a particular instrument depend on the context in which it is used (extrinsic factors). Here two key dimensions appear to be:

- Level of working with government: the level in the policy/design/implementation continuum at which assistance takes place. Donors can work with government either *upstream* (e.g. advising on policy, assisting institutional reforms, or funding policy changes) or *downstream* (traditionally through projects to support implementation).
- Cooperation with other donors: ranging from none, through working alongside, to working through each other (delegated cooperation).

F.7 Thus, aid instruments have to be designed to fit a particular (donor) purpose in a particular (country) context.

F.8 Donors frequently require aid to follow different disbursement channels from those used by government, and the existence of decentralised tiers of government can introduce an added complexity. At least three main disbursement channels need to be distinguished:[22]

- Channel 1 is the same channel as is used for government's own budget disbursement. Management, disbursement and control of public funds is the responsibility of finance bodies at each level of government, from the national Ministry of Finance, to regional and local offices and/or local government. Using this Channel places responsibility on the appropriate professionals, enables them to take a consolidated view of resource availability and allocation, and is consistent with the country's system of decentralisation.
- Under Channel 2, donors use sector bodies to hold and account for their funds, including their transfer to lower levels of government where implementation takes place. Channel 2 reflects a donor tendency to deal direct with particular sectors and can have the disadvantage of fragmenting resource management, undermining the finance bodies and straining the capacity of the sector bodies. It can be inconsistent with a country's system of fiscal decentralisation.
- Under Channel 3, resources are not handled directly by government agencies at all: donors or their agents take direct responsibility for disbursement and procurement, and the resource transfer to government takes place in kind.

F.9 For each main Channel, there may be variants, depending, for example, on whether donors require their funds to be held in separate accounts rather than commingled with government's own funds. Different channels and sub-channels of disbursement may have significant implications for transaction costs. Note that the question of whether, and how, funds are earmarked to particular end-uses is a different issue from the disbursement channels to be used.

General Definition of Budget Support and GBS[23]

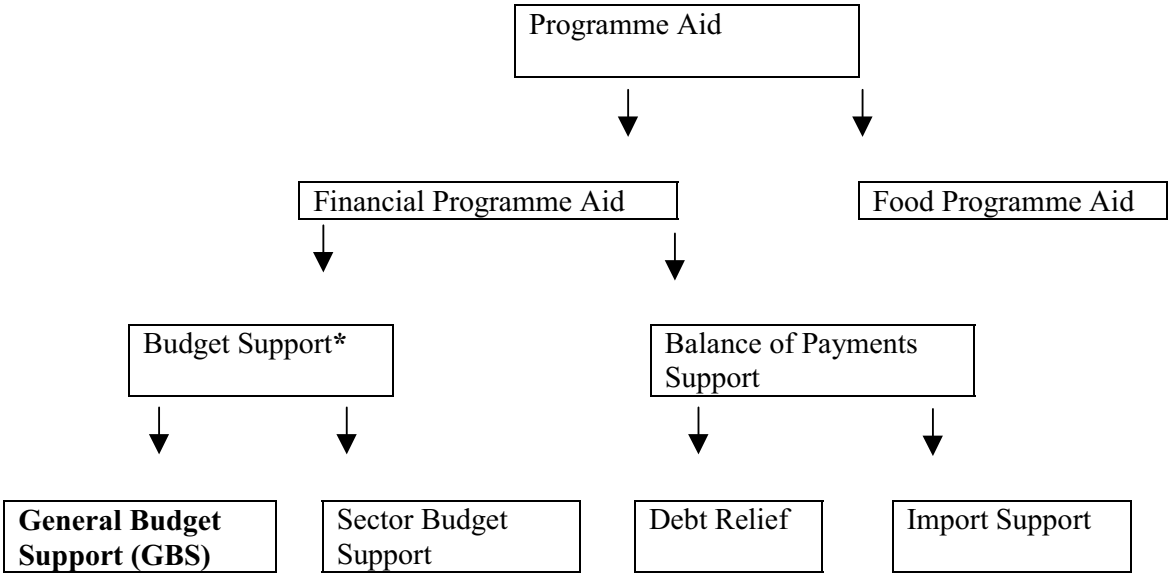
F.10 As defined for the purpose of this evaluation, programme aid can be divided into food aid and financial programme aid. Financial programme aid includes both budget support and balance of payments support (such as debt relief and import support). Budget support in turn can be divided into Sector Budget Support (SBS) and General Budget Support (GBS).

F.11 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

[22] This particular nomenclature is used in Ethiopia.
[23] Taken directly from the study Terms of Reference.

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.

Figure F1: Programme Aid



* Referred to as direct budget support in the *Evaluation Framework*.

F.12 *General Budget Support* 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.[24] GBS funds are in principle 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 spent[25]. However the precise nature and definition of GBS may differ among donors, among partner countries and over time.[26]

F.13 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.

[24] 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.

[25] 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 [the Evaluation Framework] – also reproduced below.

[26] This explains the significant difficulties with data on GBS as found by Lanser, P., (2003). *"Inventory of Programme Aid 1992-2001; Preparatory Study for the planned joint evaluation of General Budget Support"*, Rotterdam/The Hague:ECORYS-NEI (Working Document).

Definitions of Sector Budget Support and Earmarking

F.14 *Sector Budget Support* covers financial aid earmarked to a discrete sector or sectors, with any conditionality relating to these sectors. Additional sector reporting may augment normal government accounting, although the means of disbursement is also based upon government procedures.[27]

F.15 *Earmarking* is a crucial distinction between SBS and GBS. EC Guidelines[28] include the following distinction between Sector Budget Support and GBS:

> *Earmarking is a way of tying budget support to the financing of pre-specified items within the National Budget. Depending on whether the control over the external resources is ex post or ex ante, a distinction can be drawn between 'virtual' (or notional) and 'real' earmarking.*
> *a) Virtual/notional earmarking*
> *Where the control over the use of [budget support] resources is exerted ex post, the term 'virtual earmarking', or 'notional earmarking', is commonly used. In this system, [budget support] resources are made available to the budget according to a fixed disbursement schedule, with the use of these resources then being 'justified' against pre-agreed budget lines. This requires national authorities to ensure that spending against these lines is equal to or greater than the disbursed [budget support] tranches, but it permits resources to be managed through the normal banking and financing systems of government. So long as the reporting periods are quarterly or longer and the chosen budget lines are ones which would in any case have been financed, the [budget support] resources remain fungible and the costs imposed are purely administrative.*
> *b) Real earmarking*
> *Where spending on agreed budget lines needs to precede the release of [budget support] tranches, the earmarking process is real. Special bank accounts need to be created to hold the [budget support] resources until expenditures are confirmed and this means that resources are not fully fungible in the short term. In some cases, e.g. with European Commission's 'targeted' budget support, an imprest advance may be made from the special account as a way of pre-financing budget lines, thus reducing the short-term constraints on fungibility. In so far as resources are directed to budget lines which would have been financed anyway, [budget support] resources will serve to liberate domestic resources, i.e. they will be fungible. Under these circumstances, beyond the short term, the main cost is again administrative.*

F.16 There is an ongoing debate about how best to define real and virtual earmarking. Nevertheless the distinction between real and virtual earmarking is a key feature distinguishing SBS from GBS in the terminology used here.

Fungibility

F.17 Fungibility is the concept that funds provided for one purpose may indirectly finance something other than what they directly finance by releasing funds to be used for another purpose. When aid is provided it increases the total resources available to the recipient. If aid finances any activity that the recipient would otherwise have financed itself, the resources that the recipient would have spent on that activity become available to finance something else. *Fungibility does not imply that aid funds themselves are diverted:* aid funds which are used exactly as agreed with the donor may still release other resources for other purposes. More generally, fungibility can be defined as the freedom to use funds for different purposes. Non-earmarked funds are thus intentionally fungible.

[27] Taken from the Evaluation Framework, Box 1.1.
[28] FAQs on aid delivery methods, updated 30/06/04.

Conditionality

F.18 The nature of conditionality is a key criterion in distinguishing so-called partnership GBS from traditional forms of programme aid (e.g. those associated with structural adjustment programmes). There is no generally accepted way of classifying different types of conditionality, and evaluators will need to be sure to collect information at a sufficient level of detail to allow reclassification according to different possible criteria. (The GBS inventory at Annex E reflects this approach.)

F.19 Weeks et al suggest the following distinctions:[29]

1. *Technical considerations.*
   This used to be most relevant for project assistance but increasingly applies to budget support via requirements on the design of the budgetary system.
2. *Legally binding requirements for the donor country based on the agency's relationship to its own government.*
   These set the basic legal and operational framework for the support and include such things as reporting, transparency, effectiveness and adherence to the mission of the aid agency as set out by its own government.
3. *Those conditions motivated by the donor's desire to modify the behaviour of the recipient government with respect to political, social and economic development.*
   This category represents the original form of conditionality. A common example of its application would be the withholding of funds because the country fails to carry out a certain reform.
4. *Conditions derived from shared values.*
   These are, for example, respect for human rights or the recipients' commitment to poverty reduction. These are the foundations for the policy dialogue. The conditions can be negotiated with regard to concrete circumstances but cannot be suspended. The PRSPs could be considered a manifestation of such shared values. The design and execution of the PRSP can be discussed – the policy dialogue – but if the recipient stops following its own development strategy (which has been accepted and respected by the donors) the foundation for the policy dialogue disappears and the cooperation breaks down completely.

F.20 The ODI GBS Evaluation in Tanzania[30] proposes a distinction between due-process conditions and policy-based conditions. This is superficially similar to the Weeks classification, but due process conditions are defined much more widely than the technical and legal conditions cited by Weeks, to include also the systems that govern policy-making and budgeting, but stopping short of stipulating the content of policy (see Box 7.2 in Booth et al 2004c).

F.21 Some donors (notably the EC) draw a strong distinction between results-based conditions (based on objective measurement of performance indicators) and conditions linked to the implementation of policies.

[29] From Weeks, J., D. Angerson, C. Cramer, A. Geda, D. Hailu, F. Muhereza, M. Rizzo, E. Ronge and H. Stein (2002). *Supporting Ownership. Swedish Development Cooperation with Kenya, Tanzania and Uganda.* Volume: Synthesis Report. SIDA Evaluation 02/33

[30] Booth, D., Lawson, A., Williamson, T., Wangwe, S. and Msuye, M. (2004)
Joint Evaluation of General Budget Support Tanzania 1995-2004. Final Report. Report to the Government of Tanzania and to the Poverty Reduction Budget Support (PRBS) Development Partners. Dar es Salaam and London: Daima Associates Limited and ODI.

F.22 Classifications are usually based on formal, explicit conditions expressed in written form, such as Memorandums of Understanding or Performance Assessment Frameworks. There may also be informal, or implicit, conditions, especially at the political level, that surface during crises in government-donor relationships. These too need to be identified if possible.

Other Terminology relevant to Programme Based Approaches (PBAs)

F.23 Programme Based Approaches (PBAs) feature prominently in current thinking and action on aid effectiveness.[31] PBA is a generic term that includes Sector Wide Approaches (SWAps) and the various forms of budget support. PBAs may be described as:[32]

> *A way of engaging in development cooperation based on the principle of coordinated support for a locally owned programme of development, such as a national poverty reduction strategy, a sector programme, a thematic programme or a programme of a specific organisation.*
> *PBAs share the following features:*
> - *Leadership by the host country or organisation;*
> - *A single comprehensive programme and budget framework;*
> - *A formalised process for donor coordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement;*
> - *Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.*

F.24 It is important to distinguish between *approaches* and the *instruments* that may be used to support them. Thus Poverty Reduction Strategies and SWAps may be supported by innovative aid instruments (e.g. basket funds, budget support), but these are not the only way of supporting Programme Based Approaches, and it is equally important that donor-funded projects are aligned with a single, comprehensive, country-led expenditure programme.

F.25 The parallel study of GBS in Tanzania has highlighted donors' concerns to compare the merits of GBS with other non-project approaches. Hence the following definition:

> *Common Basket Funds are arrangements where donors provide funding to a common basket, to be spent by specific agencies of government on agreed programmes. Funds do not pass through the Treasury account following normal budget procedures but are held in separate bank accounts from which funds are transferred directly to concerned agencies, alongside separate reporting procedures.*

F.26 Common Basket Funds are thus a sub-set of *Pooled Funding* which occurs when several donors subscribe to a common fund to support a project or programme (the "basket" may be earmarked to particular uses, but different donor contributions are not distinguished from each other). This contrasts with *parallel funding* or *co-financing*, when more than one donor finances the same project or programme, but different donors finance different elements and their funds are kept separate.

[31] See the Learning Network on Program-Based Approaches at http://remote4.acdi-cida.gc.ca/swaps. As signatories to the Paris Declaration (High Level Forum Paris Declaration on Aid Effectiveness March 2005) donors have agreed that increased use of PBAs should be adopted as an indicator of progress in harmonisation.

[32] From Lavergne, R. (2003). *Program-Based Approaches: A New Way of Doing Business*. Gatineau: CIDA, (Policy branch, Development Express, vol. 3, December 2003). See also Alba, A. and Lavergne, R. (2003a). *CIDA primer on Program-Based Approaches*. Gatineau: CIDA

F.27 *Sector Wide Approach (SWAp)* (may also be called sector programme): the standard definition[33] is:

> *All significant funding supports a single sector policy and expenditure programme under Government leadership, adopting common approaches across the sector, with progress towards using Government procedures to disburse and account for funds.*

F.28 Note that a SWAp is not the same as a *pooled (or basket) fund*. Pooled funding may be one source of funding for a SWAp.[34]

Harmonisation and Alignment[35]

F.29 It may be helpful for us to follow DFID in distinguishing between harmonisation and alignment as follows:

- The term '*alignment*' is sometimes confused with 'harmonisation' and 'streamlining'. They are related but not synonymous. Broadly speaking, [PRS] *alignment refers to the fit of donor policies, procedures and practices with national strategies, institutions and processes.*
- *Harmonisation*, in contrast, refers to the unification of donor procedures and practices between donors in constituting a common approach. *Streamlining* is a subset of harmonisation, and refers to the simplification and reduction in the number of donor procedures, indicators, missions etc. These distinctions serve to highlight that harmonisation and simplification could proceed without alignment.

Accountability

F.30 There is a discussion of concepts of accountability in Goetz and Gaventa (2001)[36] that the GBS study adopts – what follows is drawn from this paper. This distinguishes (based on O'Donnell 1999)[37] between accountability mechanisms that operate on a 'vertical' axis (external mechanisms used by non-state actors to hold power holders to account) and those that operate on a 'horizontal' axis (institutional oversight, checks and balances internal to the state).

F.31 This note spells out what forms of accountability we need to investigate. Each will both influence the application of budget support and may itself be an object of reform under GBS.

Vertical forms

F.32 The vote is the *classic formal mechanism of vertical accountability, allowing citizens periodically to hold rulers to account.*

F.33 *Media and advocacy by civil society groups* supplement electoral mechanisms.

[33] Established by Mick Foster et al in various reports for the ODI Centre for Aid and Public Expenditure.

[34] See OECD-DAC (2005). *Harmonising Donor Practices for Effective Aid Delivery. Volume 2 – Budget Support, Sector Wide Approaches and Capacity Development in Public Finance Management.*
Paris: OECD-DAC (Guidelines and Reference Series).

[35] Borrowed from DFID Guidance note on PRS Alignment (2004).

[36] Goetz, A.M. and Gaventa, J. (2001). *Bringing Citizen Voice and Client Focus into Service Delivery.* Brighton: Institute of Development Studies.

[37] O'Donnell, G. (1999). *'Horizontal Accountability in New Democracies'*, in A. Schedler et al, *The Self-Restraining State: power and accountability in new democracies.* London: Lynne Reinner

F.34 *Administrative accountability*: Hierarchical reporting relationships within bureaucracies are supposed to assure internal accountability. However, this upward flow of internal accounting is not effective where there are incentives that reward collusive corruption and patronage. A public service culture that instils shared norms of public service and probity constitutes a moral pressure to perform responsively and responsibly.

Horizontal forms

F.35 *Political accountability* is ensured through the legislature, particularly where there is an effective opposition, sufficient staff resources, well-functioning oversight committees, access to relevant information, and parties organised on programmatic lines.

F.36 *Fiscal accountability* is ensured through formal systems of audit and financial reporting for the use of public resources. Accounting offices and the role of the controller/auditor-general are ideally *insulated* from political pressure, highly professional and well endowed with resources. Such procedures reward correct procedure rather than assessing the value of outcomes.

F.37 *Administrative accountability* is ensured by reporting systems linking the bureaucracy with ministers and *the* legislature.

F.38 *Legal and constitutional accountability* is ensured by the judiciary which checks that politicians and officials do not exceed their legal authority. The judiciary is the ultimate seat of accountability in most countries, and for this reason its autonomy from the executive and legislature is crucial.

Limitations and responses

F.39 The shortcomings of traditional forms of vertical accountability lie particularly in the long wait between elections and in the lack of representation of the interests of poorer groups in parties, parliaments and civil society organisations. There are also low levels of public confidence in horizontal forms of accountability in most developing countries.

F.40 Donors have supported vertical accountability not only by direct support to the electoral and parliamentary process but by funding capacity-building in civil society organisations, encouraging citizen engagement in consultative forums, joint service management by users and officials, standard-setting and developing grievance-redressal procedures. Horizontal accountability has been supported by the development of audit and accounting functions, creating agencies to investigate corruption and human rights abuses, encouraging performance auditing of public expenditure, measuring and monitoring government outputs, tracking expenditure, and informing the public.

F.41 Goetz and Gaventa's paper reviews initiatives that seek to bridge the classical vertical/horizontal divide by engaging citizens directly in horizontal accountability mechanisms: public hearings, participatory budgeting and auditing, citizen's juries, etc.

Fiduciary Risk

F.42 Fiduciary risk is a ubiquitous term in discussions of budget support and accountability. A good guide is DFID 2004b (*Managing Fiduciary Risk when Providing Poverty Reduction Budget Support).* This elaborates on the definition of fiduciary risk as the risk that funds:

- are not used for the intended purposes;
- do not achieve value for money;
- are not properly accounted for.

Other Common Terms

F.43 *Governance*: The exercise of economic, political, and administrative authority to manage the nation's affairs at all levels. It comprises all the mechanisms, processes, and institutions through which the citizens and groups articulate their interests, exercise their legal rights and obligations and mediate their differences. Governance is not the sole domain of government but it transcends government to encompass the business sector and civil society.

F.44 *Partnership:*[38] Collaboration among institutions to achieve mutually shared and agreed upon objectives and goals that draws on individual strengths and maximises synergies. Effective partnerships, where there is a clear understanding of the contribution of each partner to agreed outcomes, are central to achieving results.

F.45 *Decentralisation*: The concept of decentralisation is ambiguous, and is typically divided into three types: 1) *Devolution, 2) Delegation* and *3) Deconcentration*,[39] where ***devolution*** (or what is sometimes called political decentralisation)[40] is the most fundamental form in terms of transfer of real power and responsibilities from the central to local governments. Unless otherwise indicated, decentralisation by devolution is the concept applied in this report for decentralisation. This is characterised by devolution of responsibilities, power and competences to independent locally elected local government councils (composed of politicians) expected to be accountable to the local electorate. These local governments are given responsibilities and financial means, typically within certain national levels and ceilings, for determining the scope and quality of services to be provided and the source and the size of funds to finance the delivery of those services. This situation in its pure form is characterised by significant autonomy for local governments in terms of prioritisation of local services, financing of these services and the discretion/local control over their own staff.

F.46 *Delegation* is an intermediate form, where the centre retains a stronger control over the services, financing of these services and staffing matters. The centre can withdraw and overrule the local governments within areas of delegation and the local governments, although they may be led by locally elected politicians, are fully or partially accountable to the centre and can be overruled by the centre at any time.

F.47 Closely related to delegation, *deconcentration* implies transfers of responsibilities from the central government (ministries and agencies) to field officers at the local and regional level, thereby becoming closer to the citizens while remaining a part of the central government system. The staff are fully accountable to the centre. The regional/local administration and the local governments in this stage have no or very limited discretion on how the services are provided and there are no independent local revenue sources – i.e. the regional / local bodies are seen as service delivery arms of the centre.[41]

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[38] From DFID.

[39] Based on a further elaboration of the definitions from The World Development Report, 2004, p. 189, The World Bank and OECD, DAC Evaluation Series: *"Lessons Learned on Donor Support to Decentralisation and Local Governance"*, Schou, A. and Steffensen, J. (2004). *Lessons Learned on Donor Support to Decentralisation and Local Governance*. Paris: OECD DAC (DAC Network on Development Evaluation, DAC Evaluation Series). p. 16.

[40] OECD, DAC, 2004, ibid.

[41] Please refer to UNDP, UNCDF: *"Taking Risks"*, 1999, Page 168 for further features about deconcentration.

F.48 Typically most countries have a mix of these features,[42] and the level of decentralisation may vary across the sector and issue areas. Countries may pursue an "integrated" decentralisation approach with transfer of tasks and authority to multi-purpose authorities with a territorially restricted mandate or a "sectoral" decentralisation where responsibility for one sector or one specific type of activity is transferred to a local authority.[43] Decentralisation is often seen as a gradual process. It takes different forms, including political decentralisation (transfer of decision-making power to lower level, politically elected bodies) and fiscal decentralisation (transfers of power within finance, e.g. to decide on the tax base, rate and collection), and decentralisation of staff (transfers of autonomy in staffing, changing the accountability patterns of staff, decision-making powers on number of staff, salary levels, promotion, hiring and firing, etc.).

F.49 *Transparency*: Evolving global standards for state institutions and international organisations, requiring open processes according to general rules subject to monitoring; regarded as basis of accountability and diminishing corruption.

F.50 *Ownership*: The leadership, energy and responsibility which is put into an action. At the policy level it has been measured by four criteria:[44] (i) locus of initiative for programme formulation and implementation (i.e. to what extent the initiative was on the recipient or the donor's side); (ii) level of intellectual conviction among key policy makers (i.e. to what extent there was a commitment in favour of reform among key players in the government); (iii) expression of political will by top leadership (i.e. which concrete actions were taken as the expression of this commitment); and (iv) efforts toward consensus-building among various constituencies (i.e. the extent of civil society participation).

F.51 *Capacity*:[45] The ability of individuals, organisations and societies to perform functions, solve problems, and set and achieve goals. Capacity development entails the sustainable creation, utilisation and retention of that capacity, in order to reduce poverty, enhance self-reliance, and improve people's lives.

The Five DAC Evaluation Criteria[46]

F.52 The five DAC evaluation criteria are:

- *Effectiveness*: The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
- *Efficiency*: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
- *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.
- *Impacts*: Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
- *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.

[42] Steffensen, J., Tidemand, P. et al. (2004). *A Comparative Analysis of Decentralisation in Kenya, Tanzania and Uganda,Final Synthesis Report with Country Reports.* Oslo: Nordic Consulting Group (funded by the World Bank)

[43] Schou and Steffensen (2004), p.17.

[44] Johnson, J. and S. Wasty (1993). *Borrower ownership of adjustment programs and the political economy of reform.* Washington DC: World Bank, (Discussion Paper N 199).

[45] UNDP.

[46] As appended to the GBS study TOR - all taken from OECD-DAC (2002a). *Glossary of Key Terms in Evaluation and Results Based Management [in English, French and Spanish].* Paris: OECD-DAC (DAC Working Party on Aid Evaluation).

ANNEX G: ENHANCED EVALUATION FRAMEWORK (DETAILED QUESTIONS)

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
Level 0 (the context and entry conditions for partnership GBS)	• International and regional development framework (MDGs, DAC, SPA, NEPAD, etc.) • Overall country political and economic background (including international relations: trade, security, etc.). • Country features and strengths and weaknesses in all the areas considered in the levels 2 to 5 below. The analysis includes the actual political, social and economic situation, and the government resources, policies, institutional capacities. • International Partners (IP): – aid levels and policies – budget support and project aid – HIPC – IPs' assessment of country context and past aid history • What (explicit or implicit) entry conditions for the commencement of partnership GBS are set by any of the partners?	
Level 1 (the design)	**general questions**	
	• Relevance to the country context: does the GBS design as a whole (i.e. the quantitative and qualitative allocation of inputs, their expected interactions, their explicit and implicit prioritisation) respond to the strengths and weaknesses of the government with regard to establishing sound PFM and pro-poor policies? • Relevance to the international development policy: does the GBS design as a whole respond to the criteria of the new partnership GBS? • Relevance of the specific approaches: are there different approaches and programme types among the various IPs involved and how do they affect the GBS design as a whole? • Relevance to the theoretical framework: (to what extent) does the GBS design respond to the logical sequence of the present EEF? (this implies reconstructing ex-post the logic of the programme) • Is a joint GBS design perceivable by the government and by other stakeholders? [government's and other stakeholders' perception] • Are there implicit and/or explicit differences among the various participants that might affect the consistency and coherence of the overall design and in which way? [evidence from documents and stakeholder interviews]	There is enough coherence among partners and their inputs to identify an overarching GBS design.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
	specific questions [indicators/source of evidence]	
1. Adequate quantity and quality of inputs are provided by new GBS:	• What were the anticipated and actual PGBS inputs provided? [government and IP records]	It is possible either: (a) to distinguish GBS inputs clearly from non-GBS inputs [likely to be true for funds, more problematic for the other inputs], or: (b) to make an assessment of the contribution that GBS-related inputs have made to the effects produced by a combination of GBS and non-GBS inputs. It is also possible to reasonably separate out different IPs' contributions to the inputs, apart from the funds.
1.1 Funds	• Were the funds commensurate to the stated purpose? [informed comments] • Were they paid into the Treasury? [MOF data] • Have GBS funds increased (absolutely and as proportion)? • Have non-GBS funds decreased (absolutely and as proportion)? [cash actual disbursements (GBS and non-GBS separated) by donor and by year - cash planned disbursements (GBS and non-GBS separated) by donor and by year; in both cases non-GBS funds need to be separated into earmarked and non-earmarked categories (to pursue questions at lower levels)] [total planned and actual spending by partner government (for context)] • What are the measures (if any) in the design of the GBS programmes that could prevent a stop/go? [informed comment] • What is the disbursement rate of GBS and is this rate for GBS higher than for other aid modalities? [MoF data, cross-checked with IP records]	
1.2 Policy dialogue	• How did policy dialogue affect the design of the programme? Was GBS design undertaken in consultation with government? Was government leading in the design? [written records and interviews with donors and government] • Were risks to government (e.g. reliability of funding) and to donors (e.g. change in government plans), and common risks (e.g. corruption, political incidents), adequately addressed in the dialogue? [written records and studies, informed comment] • Were the preconditions for GBS agreed by donors and government? [written agreements associated with programme design] • Were preconditions and design in general supportive of/ derived from the national policy agenda? [comparison national policy document(s) (PRSP usually) and GBS programmes conditions and other features] • How do the CCIs feature in the policy dialogue (starting from the broader PRSP etc.)? Are they mainstreamed into government policies (including macroeconomic as well as sectoral analysis and policies)? Are there special forums/policy documents related to the CCIs? How do (GBS and other) donors engage with and support relevant analytical and policy work? [written records and studies, informed comment]	

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
1.3 Conditionality	• Were policy conditions appropriate to the intent of the programme? [written records] • Did policy conditions reflect government's own plans and budget? [relevant documents and informed comments on process and sequence of developing conditions, including PAFs] • Did fiduciary conditions reflect the quality of partner's PFM? [PEFA and similar indicators] • Were there any explicit political conditions (e.g. democracy, human rights)? [written records and informed comments] • Was the commitment to GBS preceded by (joint or separate) donor assessment of the institutional preparedness of government? [written records] • Are absolute pre-conditions built into GBS design, in the sense that programme aid would not flow without them? [written agreements with government; histories of particular episodes where implicit conditions have emerged] • Do CCIs feature specifically in GBS policy matrices (targets and conditions)? [written records]	
1.4 TA/capacity building linked to: ▪ **PFM** ▪ **Pro-poor sectoral policies and good governance**	• Does GBS design specifically recognise strengths and weaknesses in government's PFM capacity? Does it propose measures to improve capacity? [written records] • Was the quantity and quality of TA and capacity building appropriate to the needs of partner's PFM? [informed comment linked to records of GBS and non-GBS TA and capacity development programmes] • Is TA/capacity building increasingly linked to improving mainstream PFM in partner government? [scale (expenditure, staff inputs) of TA linked to improving mainstream PFM in partner government over time] • Were TA and capacity building provided according to a capacity building plan oriented to PRS and using government systems? [written agreements between donors and with government] • Does GBS design specifically recognize strengths and weaknesses in government policy-making and accountability? Does it propose support measures to improve capacity? Does it identify existing non-GBS supports to help in this direction? [written records] • Was there a recognition of the importance of a sufficient level of capacity in government core functions or was this assumed to be in place, explicitly or implicitly, and how did this influence the design of GBS programmes? (This should include policy-making, accountability, and administrative efficiency/ implementation capacity, including local government.) [written records and agreements between donors and with government; links between GBS programme design and existing (where this is the case) institutional/ capacity development programmes (including Civil Service Reform and decentralisation)]	

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
1.5 Alignment and harmonisation ▪ **IPs' alignment to government goals and system** ▪ **IPs' harmonisation**	• Was the programme objective derived from a government plan? [evidence from government documents, informed comments on process and sequence of developing the programme] • Are donors content to align with government policies on CCIs? To what extent do they also work with non-government stakeholders in-country? • Did design, implementation, and reporting and monitoring of the programme use government systems? [systems in place] • Does the original design and its evolution recognize government goals and systems in regard to PFM and policy prioritisation? Does it aim to achieve convergence on these systems? [written agreements between donors and with government] • In the programme did donors use shared funding arrangements, conditions, missions and reviews, offices, and delegated cooperation? [informed comments]	Adequate systems in place or under development.
Level 2 **(the immediate effects/activities)**	**general questions**	
	• Effectiveness. Did the mobilisation of inputs and the expected partnerships occur as designed? And to what extent? – were the inputs provided in time? – did their quality respond to the requirements? – were the stakeholders involved as expected? • Causal links. Is it possible to attribute any observed effect and its intensity, or the lack of any expected effect, to one or more of the following factors? – the action/non-action of a given input or of a combination of inputs – the occurrence/non-occurrence of a given assumption, or of a combination of assumptions • Efficiency. Was there any alternative and more efficient way to reach the same effects?	
	specific questions [indicators/source of evidence]	
2.1 More external resources for government budget (additionality)	• Does GBS increase absolute funds available to the national budget? [data on GBS disbursements and total budget (expenditure and revenue) over time]	Increased external funding not offset by lower domestic revenue.
2.2 Proportion of external funds subject to national budget process increased (increased fungibility)	• Has proportion of external funds subject to national influences increased? [calculation drawn from raw data at level 1: non-earmarked funds as % of all external funds; proportion of all aid on-budget] • Were the funds disbursed as planned? [MOF data]	Other IPs do not take offsetting action, by moving funds off-budget.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
2.3 Increase in predictability of external funding of national budget	• Are the funds disbursed in a predictable way? [clarity of disbursement conditions; in-year and year-to-year volatility in GBS receipts; can government be reasonably confident in medium term projections of BS for planning and programming purposes? perspective from sector ministries on reliability of government vs. donor funding] • Is there clarity and certainty over how decisions to withhold funds are implemented? [written records, participants' comments, histories of episodes of disbursement delay or interruption]	
2.4 Policy dialogue and conditionalities focused on pro-poor policy framework and improved PFM	• As a consequence of the programme, has there been a shift in the focus of policy dialogue? [estimate of change in total % of donor staff time in the country devoted to policy dialogue about PE content, processes and systems (e.g. sector strategies, budget, audit and official procurement)] • Has dialogue increasingly focused on improved PFM? [if possible % of time devoted to PFM issues in dialogue; extent to which PFM actions and results appear in PAF or equivalent; qualitative evidence of discussion of PFM in policy forums over time] • How do sector policies and sector ministries etc. feature in the dialogue? (How) does it link to sector programmes? • Has there been a shift in the focus and organization of dialogue to engage key national actors in decisions about pro-poor policy? [evidence from Parliamentary debate, level and range of official participation in dialogue, engagement of the political executive, civil society meetings and media coverage of policy-making/budget process and aid issues – evidence from documents and interviews about strengths and weaknesses of stakeholders (legislative, civil society, media); existence or not of institutionalised participation/information mechanisms and their effectiveness + how were they initiated (link with GBS or not?)] • Have there been clear shared priorities and a strong dialogue in the application of the conditionalities? [written records, informed comments] • Are there mechanisms through which GBS and Government policy can learn from changes in poverty indicators? [evidence from poverty documents and stories of actual changes in policy] • How effective are such poverty monitoring mechanisms? Do they relate to PRSP processes? And donor policy and/or actions? [evidence from poverty documents and stories of actual changes in policy]	National authorities welcome this reorientation of dialogue, and donors are ready to discuss government policies on their merits (so dialogue is genuine).

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
2.5 TA/capacity building established to: ▪ **Improve PFM processes including budgeting, accounting, financial control, audit** ▪ **Improve the linkage between PFM and pro-poor sectoral policies and good governance**	• Has TA been established to improve PFM capacity? [application of selection of PEFA indicators as used in inception stage, particularly use of MTEF, better budgetary analysis, programme approach, financial control, oversight and audit] • Have TA and capacity-development activities been established to improve the core activities of policy development and PFM? [TA/capacity programmes exist as part of GBS or associated with it. Assessments of existing plans and systems. Comparison of needs as expressed in the plans and actual TA operations.] • Has any complementarity with non-GBS programmes for capacity development been established? Has a link to GBS strengthened the prioritisation and implementation of capacity development programmes? • Do TA activities improve the linkage between changes in poverty indicators (on the one hand) and PFM and pro poor sectoral policies (on the other hand)? [documentary evidence and stories of actual changes in policy] • Do technical assistance/capacity building plans take account of CCIs? (e.g. HIV/AIDS-related attrition in skilled personnel)?	(At minimum) national authorities are willing to accept and able to absorb increased TA or capacity building in this area. (For greater likelihood of success) national authorities lead in the planning and prioritisation of capacity development efforts.
2.6 Actions to ensure IPs' alignment are in place **Actions and agreements to improve IPs' harmonisation are in place**	• As a result of the programme, do donor GBS objectives derive increasingly from government plans? And do design, implementation, and reporting and monitoring of increasingly use government systems? [what % of prior actions, benchmarks etc. derived from PRSP monitoring matrix, compared with previous situation evidence] • Has there been a shift of policy dialogue and inputs to work more through national systems of planning and policy-making? [government officials and political executive perceive GBS and dialogue as becoming more aligned with national goals and systems - GBS goals and dialogue follow agreed pro-poor policy frameworks, such as PRSP] • Could alignment of donors with government goals and systems have been achieved better otherwise? Has GBS been assisted by other (non-GBS) processes (e.g. PRSP, SWAps etc.)? • As a result of the programme do donors use shared funding arrangements, conditions, missions and reviews, offices, and delegated cooperation to a greater extent? [significant changes in past year]	Other IPs are willing and able to align with national goals and systems. National plans are sufficiently robust to be a basis for dialogue/conditionality. Other IPs are willing and able to harmonise their procedures.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
Level 3 (the outputs)	**general questions**	
	• Effectiveness. Did the programme deliver the expected outputs? And to what extent? • Causal links. Is it possible to attribute any observed output and its intensity, or the lack of any expected effect, to one or more of the following factors? – the action/non-action of a given effect in level 2 or of a combination of effects – the occurrence/non-occurrence of a given assumption, or of a combination of assumptions • Efficiency. Was there any alternative and more efficient way to achieve the same effects?	
	specific questions [indicators/source of evidence]	
3.1 Increased resources for service delivery: ▪ **External resources are treated as additional** ▪ **Cost of funding budget deficit reduced**	• Does improved budget environment allow more spending on pro-poor services? [records of government's stated public expenditure priorities, and level/composition of actual expenditures; draw from PERs and similar studies where available] • Has average cost of government financing of the budget fallen? [MOF, central bank data]	Resources not diverted to other uses.
3.2 Partner government is encouraged and empowered to strengthen PFM and government systems: ▪ **To use the budget to bring public sector programmes into line with government goals, systems and cycles (PRSP/MTEF)** ▪ **To set up performance monitoring systems to measure the effectiveness of public expenditure at the level of the final beneficiaries** ▪ **To promote alignment and harmonisation by IPs**	• Does the political executive have a collective concern to plan and implement within budgetary priorities and limits? [increased role of party and cabinet in agreeing goals (analysis of functioning of cabinet, budget process and guidelines etc.)] • Are common budgetary processes becoming internalised in the civil service? [hard budgets are respected and common budgetary processes are followed across ministries (analysis of intra-sector decision-making and budget process + as above)] • Is core government (political and official) decision-making about policy, planning and resource allocation becoming more integrated across key line ministries? [evidence of growth of dialogue and agreement about priorities across government ministries - government has undertaken agreed civil service reforms - agreed reforms are being legislated and implemented] • Has government undertaken measures to strengthen decentralised service delivery? [Agreed reforms are being legislated and implemented] • Are performance monitoring systems in place and/or being strengthened? • Is the government willing and able to pressure IPs to align and harmonise? Is harmonisation and alignment undermined by the special interests of sector ministries, local governments or other national stakeholders pursuing their own priorities? [informed comment by a range of national and IP actors] • To what extent, and in what ways, has GBS reinforced the strengthening of systems? [stakeholder perceptions]	Political competition in the country is moving away from use of state resources for patronage, towards a focus on results. Government is committed to budget reform, and this has been internalised in the civil service. Political leaders are prepared to take on political costs of new thinking linking poverty reduction and social inclusion to sound public expenditure management.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
3.3 Partner government is encouraged and empowered to strengthen pro-poor policies: ▪ **To establish and execute an adequate sequence of reforms to ensure macro-economic stability and private sector development** ▪ **To establish and execute pro-poor policies and targeting in health, education, agricultural and rural development** ▪ **To enhance social inclusion policies, through decentralisation and participation of the civil society, reform of the administration of justice and respect for human rights**	• Is there evidence of policy review, policy development, policy implementation and policy monitoring at macro level and in key sectors? (health, education, private sector development, judiciary, human and minority rights) [policy documents, analytic work, informed comment] • Are there mechanisms and initiatives in place to enhance the role of elected bodies and streamline the participation of civil society in the policy process? [policy documents, perception of key stakeholders] • Are there changes in poverty targeting? [stories of changes in the rules of targeting] • Are there information systems in place to monitor the changes in poverty, and what is the quality of the data? [availability of key indicators on income; MDGs and other dimensions]	Government is genuinely committed to poverty reduction.
3.4 Improved aggregate fiscal discipline: ▪ **More predictable funding flows** ▪ **Incidence of liquidity shortfalls reduced, hence less use of Central Bank overdrafts and less accumulation of arrears**	• Has predictability of aid flows increased? [if possible predicted aid flows versus actual aid flows separated by type of aid. (But note problems of whose data to use; at what point to take predicted figures and the fact that non-flows in some circumstances are predictable e.g. partner breach of clear conditions) - qualitative evidence of MoF staff over predictability] • Have liquidity shortfalls reduced? Has stock of arrears declined? [record of in-year budgetary cash management; information about predictability of flows from MoF to spending ministries (budgeted flows versus actual flows by sector) - qualitative evidence from sectoral ministries about predictability within year and changes over time]	Partner government does not take actions that compel interruptions in disbursement. Partner government has adequate reserve to cushion minor unplanned variations. Cash management by MOF allows predictability of funding to line ministries/local government, encouraging them to plan.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
3.5 Operational efficiency of public expenditure is enhanced: ▪ **By reductions in certain types of transaction costs to partner government (e.g., non-standard procurement systems, brain-drain effects of parallel project management structures)** ▪ **Better planning, execution and oversight reduces wasteful spending, controls corruption better, spreads positive lessons across public sector**	• Is the budget process more efficient? [selection of available indicators from PEFA's PFM high-level performance indicator set; draw from standard analyses (PER, CFAA etc, where available); follow through cases in selected sectors; sample of experiences at local level] • Has operational efficiency improved? [PEFA indicators, evidence on efficiency and transaction costs of disbursement, procurement, accounting, reporting for aid funds; direct evidence (cases), and indirect evidence (resources allocated to dedicated PMUs, disbursement rates of aid administered in different ways, budget holder perceptions and revealed preferences] • Is corruption-related inefficiency controlled and reduced? [fiduciary assessments, international and local surveys on prevalence of public sector corruption; stakeholder perceptions]	Transaction costs are large with non-GBS aid modalities. Other IPs do not increase parallel project- management structures.
3.6 Allocative efficiency of public expenditure is enhanced: ▪ **By a more effective budget process: results oriented, transparent, participatory; with effective execution and audit; with an adequate tracking system** ▪ **By increased capture of project funds in budget** ▪ **By stakeholders taking domestic budget more seriously (because that's where the money is)**	• Are there increases in resources to pro poor outputs? [changes in pro poor expenditure (especially health and education) related to the changes in policy at level 2] • Is there qualitative evidence of more concern for allocative efficiency in process? [especially appropriate use of MTEFs and relationship with PRSP – see PEFA indicators – local examples of better/worse spending from sectors due to greater local discretion] • Are identifiable CCI interventions more or less likely than others to be reflected in the government budget, and/or to be earmarked? [data on CCI expenditures vs. others] • Does increased budgetary autonomy result in lower resource allocations to CCI programmes previously supported by targeted donor projects and programmes? (In particular, are programmes relevant to the exercise/protection of rights (e.g. justice system) squeezed by preference (for e.g. social services)?) [data on CCI expenditures vs. others; participant stories] • Is the policy and budget process (becoming) gender-aware? [informed comment, documentary evidence]	There were significant inefficiencies in previous allocations. GBS inputs not undermined or offset by high level of earmarking of other aid. Political priorities are such that increased allocative efficiency will benefit pro-poor expenditures. The political balance in the country is shifting towards punishing official corruption.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
3.7 Intra-government incentives and capacities are strengthened: ▪ **Official reporting lines are more respected (vertical through government to cabinet, not horizontal to IPs)** ▪ **Public-service performance incentives are strengthened, so that policies are made and implemented, audit and procurement systems work, and corruption is reduced**	• Do official reporting lines increasingly operate vertically through government to cabinet, as against horizontally from line ministries to donors? [officials respond more to their superiors and less to donor counterparts than in the past - changes in formal reporting documents, and perceptions of donor and government officials about changes in informal relationships] • Have public service performance incentives been strengthened? [line ministers and officials participate in development of national policy frameworks and budget - priorities and budgetary allocations are then adhered to - within this national framework, there is freedom for ministries to allocate resources according to sector priorities - interviews with donors and government indicate that line ministries retain power of sector interpretation of priorities] • Is the performance of services monitored by government? [performance assessment systems exist and are effective (need to unpack this and look at various performance assessment systems, organisational and individual)] • Do resource planning and prioritisation create a stable and transparent environment within which local bodies (local government and agencies) can establish their own service priorities and implement programmes? [interviews at line ministry and local level indicate greater stability, analysis of local budgets and activities and assessment of convergence (or otherwise) with local priorities (as indicated in local plans?)] • Is the brain-drain to donor projects reducing? [loss of staff to donor projects is reduced, the terms and conditions paid by donor projects are nearer to those in government]	Official reporting lines are still recognised in public service. Government applies pay and performance-assessment policies that contribute to incentives. There are domestic constituencies and pressures for higher standards of accountability.
3.8 Democratic accountability is enhanced: ▪ **Greater role of parliament in monitoring budget results** ▪ **Accountability through domestic institutions for IP-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**	• Were basic institutions of accountability in place at the initial stages of GBS? Was there a minimum level of capacity in the legislature, civil society and the media? How democratic are national accountability systems? [pre-GBS assessments of democratic accountability institutions] • Are officials of core government institutions more accountable to the national political executive, as a result of GBS? [officials refer for decisions to political leaders before donors] • Is parliament assuming a greater role in monitoring budget results? [results are reported to parliament - parliament has formal mechanisms of review and holding ministers to account - parliament has capacity to undertake reviews] • Do domestic institutions scrutinize government and donor-financed spending? [frequency and quality of media reporting - existence and frequency of meetings of civil society organizations that monitor government performance] • Do mechanisms of accountability for service delivery function effectively to include the poor? – Do such mechanisms exist? [informed comment]? – At what level? (service delivery facility, national lobby group or CSO etc.) [informed comment]? – Are they accessible to the poor? [change in access data – perception of stakeholders] – Are they listened to? [evidence of feedback into policy formulation and implementation and/or in adjustment in service delivery] • Is politics still constructed on a patronage rather than performance basis? [perception of CSOs] • Does GBS result in more or less attention to "political governance" issues and to obligations under international human rights conventions? [informed comment, with special attention to episodes of controversy]	There are domestic constituencies and pressures for higher standards of accountability. Constitutional and political conditions exist for parliament to increase its role.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
Level 4 **(the outcomes)**	**general questions**	
	• Impact. Did the changes expected in the proximate of poverty reduction occur? And to what extent? • Causal links. Is it possible to attribute any observed change and its intensity, or the lack of any expected effect, to one or more of the following factors? – the action/non-action of a given effect in level 3 or of a combination of effects in levels 3 and/or 2 – the occurrence/non-occurrence of a given assumption, or of a combination of assumptions. • Sustainability. Are such changes due to the creation of new structural conditions and/or the establishment of new ways of thinking among the decision makers and the civil servants? Or are they mainly attributable to external occasional factors?	There is political commitment of the government at all the levels and continuity of action towards macro stability, pro-poor spending reform, and social inclusion policies.
	specific questions [indicators/source of evidence]	
4.1 Macroeconomic environment is favourable to private investment and growth ▪ **Inflation controlled** ▪ **Realistic exchange rate attained** ▪ **Fiscal deficit and level of domestic borrowing sustainable and not crowding out private investment**	• Have fiscal deficits (before and after grants) been consistent with targets? [examine evolution of deficit with and without GBS (The "without GBS" scenario will be assessed according to reasonable hypotheses, not by the construction of a detailed counterfactual model)] • Has the level of domestic borrowing served to protect a favourable interest rate for private investment? [evolution of domestic borrowing and interest rates with and without GBS] • Is inflation more controlled than it would otherwise have been? [rate of increase of CPI compared with without-GBS scenario] • Is the exchange rate realistic and relatively stable? [movement of exchange rate compared with without-GBS scenario]	Absence of external shocks and good coordination with the Central Bank.
4.2 Regulation of private initiative works to ensure business confidence, equity, efficiency and sustainability ▪ **Policies on corruption, property rights resolutely pursued** ▪ **Market-friendly institutions developed**	• Are policies and legislation relating to corruption and property rights effectively enforced and followed through? [informed comment; budgets and reports of anti-corruption agencies; etc.] • Does the regulatory environment ensure business confidence, equity and efficiency? [business opinion surveys; standard international indicators of business climate and quality of regulation; interviews with business associations]	Legitimacy of state is sufficient for regulatory role of public sector to be accepted. Confidence is not powerfully weakened by factors outside national control, e.g. regional instability.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
4.3 More resources flowing to service delivery agencies	• Are increased levels of resources reaching the key service delivery agencies of central and local governments? (focus on selected key sectors) [absolute amounts – *not percentages of budget* – reaching pro-poor service delivery agencies; measured overall and per head of population/ eligible population; government budget and actual expenditure records – drawn if possible from PERs etc.; expenditure tracking studies] • Are poorer regions/districts participating equitably in these resource flows? (check staff as well financial allocations, and note whether costs of service delivery are systematically different in poor regions) [Trends in poorer areas' shares – overall and per capita – of these flows; sources as above]	
4.4 Appropriate sector policies include public actions to address major market failures, including those arising from gender inequalities	• Is the government developing sector policies that address major market failures, including those arising from gender inequalities? [evidence of positive actions, e.g. extension of market opportunities to asset-poor, risk-averse farmers; and secure women's rights to cash-crop income] • Are the relationships between poverty and environment being addressed? [documents and informed comment] • What are the main explanations for these changes observed in government intervention to address major market failure? [informed comment]	Sector authorities do not confuse intervention to correct market failures with state interventions that prevent markets developing.
4.5 More effective and accountable government improves administration of justice and respect for human rights, as well as general confidence of people in government	• Are there effective programmes for improvement in the administration of justice, human rights and the control of corruption? Are there indications of improvements in the administration of justice and human rights? [existing programmes – perception of the stakeholders; Amnesty International and HR Watch reports] • Are regulation and justice effectively in place? [court records - CSOs informed comment] • Are the poor better able to access justice? [court records - CSOs informed comment and poverty profiles] • What are the main explanations for the changes observed in the poor's access to justice? [informed comment] • If participation opportunities and information flows are improved, are the new institutions for policy development and accountability inclusive of the poor, particularly the most vulnerable and socially excluded individuals and groups? [perception of key stakeholders] • Is GBS contributing to improved democratic accountability (including effects on accountability of donors and other non-government duty-holders as well as government)? [perception of key stakeholders] • Is GBS resulting in a more meaningful local policy discourse between and within governmental and non-governmental stakeholders? Is it improving the ability of the press to reflect public policy debates and implementation issues better? [perception of key stakeholders]	Threats to national security do not become so acute that justice and rights are unable to share in general improvements in accountability and capacity.

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
4.6 More conducive growth-enhancing environment	• What is happening to economic growth? [growth rates by GDP per capita] • What are the main explanations for the changes in GDP? [informed comment] • Has growth been higher than it would otherwise have been? [annual % change in GDP compared with without-GBS scenario] • Is private investment growing or likely to grow? [business opinion surveys for the country - data on private investment from national income accounts] • Are the poor able to participate in this economic growth? [see below] • What are the changes in employment and economic opportunities? [employment growth and change by occupational group and/or income stratification] • How sustainable are these changes? [informed comment]	
4.7 Public services effectively delivered and pro-poor ▪ **Service delivery targets met for key pro-poor services** ▪ **Evidence of increased use of services by poor (including poor women)**	• Are the services most important to poverty eradication becoming more effectively delivered and accessible to poor people? • Are gender dimensions of service delivery being addressed? [records of service delivery in health, education and agricultural services show that targets are being met, and that the access of the poor is improving - undertake sector case studies (health, education, agriculture) tracing the effects of elements of GBS down to local level + studying major changes in sector performance/service delivery and tracing possible links to GBS (bottom-up); data on relevant MDG targets]	Access of poor to services can be positively influenced by better targeting.
Level 5 (the impact)	**general questions**	
	• Impact. Did the changes expected in the main poverty reduction indicators occur? And in which measure? • Causal links. Is it possible to attribute any observed change and its intensity, or the lack of any expected effect, to one or more of the following factors? – the action/non-action of a given effect in level 3 or of a combination of effects in levels 3 and /or 2 – the occurrence/non-occurrence of a given assumption, or of a combination of assumptions • Sustainability. Are such changes due to the creation of new structural conditions and/or the establishment of new ways of thinking among the decision makers and the civil servants? Or are they mainly attributable to external occasional factors?	
	specific questions [indicators/source of evidence]	
5.1 Income poverty reduction	• What are the changes in income/consumption based definitions of poverty? [% of households below national poverty line] • What are the main explanations for these trends? [informed comment – bottom-up counterfactual analysis and stories] • Are these improvements in income poverty sustainable? [bottom-up stories]	Favourable external conditions (terms of trade).

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
5.2 Non-income poverty reduction	• To what are changes in the experience of service delivery at local level attributable? [bottom-up case studies (in health and education)] • What are the changes in health outcomes? [MDG5 (13,14) Under 5 mortality rate: Infant Mortality rate] • What are the changes in educational outcomes? [MDG2 (7,8) Proportion of pupils starting grade 1 who reach grade 5; Literary rates of 15-24 year old] • What are the main explanations in the changes in MDGs observed? [bottom-up stories] • Are these improvements in MDGs sustainable? [bottom-up stories]	Additional resources for social investment available.
5.3 Empowerment and social inclusion of poor people	• Are the poor more empowered? (and within the poor, the most vulnerable and marginalised)? [turnouts at local and national elections - civil society watchdog agencies and key informants - absence of civil conflict or amount of conflict] • Are gender inequalities being reduced? • Is vulnerability to HIV/AIDS being diminished? • Are growth and poverty reduction environmentally sustainable? • Are monitoring systems in place to measure the above (including feedback mechanisms for the results of monitoring to influence policy and resource allocation)? • Is there an improvement in human rights? [Amnesty International and HR Watch reports] • What are the main explanations for the changes in human rights/empowerment/social inclusion observed? [bottom-up stories]	Ethnic conflicts and imported upheavals (e.g. refugees) are limited. Political consensus between government and civil society.

ANNEX H: CROSS-CUTTING ISSUES

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BOXES

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ANNEX H: CROSS-CUTTING ISSUES

Introduction

H.1 The Terms of Reference highlight four cross-cutting issues (CCIs):

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. (Annex A §4.4)

H.2 The importance of the CCIs does not need elaboration. Three of them – gender, environment and HIV/AIDS – feature explicitly in the Millennium Development Goals (MDGs) (see Box H.1). The fourth – democracy and human rights – is fundamental to the value systems which motivate the GBS donors. Accepted good practice is to mainstream, rather than compartmentalise them. However, in all cases, whether and to what extent aid funds should be dedicated and earmarked to particular CCIs is a live issue, and one that is directly relevant to an evaluation of GBS.

Box H1: Cross-Cutting Issues in the MDGs

The following MDGs make explicit reference to the cross-cutting issues:

- Goal 2: Achieve universal primary education.
  - Target 3: Ensure that by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary education.
- Goal 3: Promote gender equality and empower women.
  - Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.
- Goal 5: Improve maternal health.
  - Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate.
- Goal 6: combat HIV/AIDS, malaria and other diseases.
  - Target 7: Have halted by 2015, and begun to reverse the spread of HIV/AIDS.
- Goal 7: Ensure environmental sustainability.
  - Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.

H.3 Specialist reviewers have been identified for each of the CCIs (see team list in Annex B). Constraints on the study budget allow only a few days' input from each. In the inception phase, each reviewer provided an informal 'issue paper' relating their topic to the GBS analysis.[47] Country inception teams were asked to gather information on the CCIs generally, and more specifically, on how they feature in the planning and implementation of GBS in the study countries.

H.4 The IDD proposal anticipated that cross-cutting issues would mainly feature at lower levels of the Evaluation Framework and in the institutional analysis:

***Cross-cutting issues**: The cross-cutting issues will be addressed primarily in the lower levels of the evaluation framework, with regard to how the public expenditure system acts upon*

[47] The HIV/AIDS specialist was identified later than the others, and provided a rapid one-page checklist as inception teams were already in the field.

them and how they affect it. This will form part of the institutional analysis, checking whether gender, HIV/AIDS, environmental issues, democracy and human rights changes have affected institutional behaviour. This will also be part of the poverty analysis. Detailed methodologies for these will be designed in the inception phase.

H.5 In practice, our inception review suggests that these cross-cutting issues are more pervasive than this implied. They have effects at all levels of the framework and in all sectors, and are also very relevant to the partnership analysis and the interactions between government and donors at the higher levels of the Evaluation Framework (including Level 0 as depicted in the Enhanced Evaluation Framework – see Chapter 3). This annex briefly reviews the significance of the cross-cutting issues in the context of the Evaluation Framework, describes how they have been addressed in the early stages of the evaluation, and proposes how they should be treated in the substantive country reports and the study synthesis.

H.6 This treatment of CCIs was prepared before the full elaboration of the Enhanced Evaluation Framework (EEF) which is reflected in Annex G and in Chapter 3. The discussion which follows therefore focuses on the original EF. However, its conclusions have since been reflected in the current evaluation instruments – specifically in Annex G (Enhanced Evaluation Framework – detailed questions), Annex J (Country Report Outline) and Annex K (Evaluation Questions).

Cross-Cutting Issues in the Evaluation Framework

H.7 In terms of explicit references, the CCIs feature only marginally in the Evaluation Framework. There appear to be no direct references to HIV/AIDS in the document. The following explicit references to the other CCIs are noted [emphasis added]:

- Level 4 postulates as outcomes:
  - *More effective and accountable government improves administration of justice and respect for human rights, as well as general confidence of people in government*
  - *Sector policies include public actions to address major market failures, including those arising from gender inequalities.*
- Level 5 outcomes are defined thus (in the expanded version of the logical framework):
  - *Poverty is reduced (in all dimensions).*
  - *Poor people are empowered and socially included.*
- A footnote on fungibility observes:
  - *Not all aid will be fungible: there are worthwhile activities such as environmental conservation where partner governments would typically be dedicating only limited public funding; consequently aid projects would not serve to free up resources for other uses.*

H.8 The CCI that is most ubiquitous in the Evaluation Framework (EF) is "democracy and human rights". This influences the EF at two levels:

- The conceptualisation of poverty is clearly influenced by rights-based approaches; it is perceived as multi-dimensioned with empowerment (not just the reduction of income poverty) as an objective.
- This in turn influences the concepts of governance and (democratic) accountability on which the EF lays considerable stress.

H.9 As our issues paper observed:

... The original evaluation framework identified expected flow of funds and institutional effects

from GBS that coincide greatly with the most important principles of a human rights approach; for example improved democratic accountability is an expected output, improved government capacity for pro-poor spending an outcome, and reduced poverty as the impact. (F lscher 2004)

H.10 However, both in the EF and in donor discussions around GBS, democracy and human rights issues are very commonly found under the heading of "governance". Thus, for example, the EF (under Level 3 Outputs) notes [emphasis added]:

Over the short to medium term, it is postulated that the immediate effects of GBS inputs will generate positive changes in the financing and institutional framework for public spending and public policy. The financing effects are likely to manifest themselves relatively quickly, whereas the institutional effects will result from the changed incentives generated primarily by the increased importance of the national budget. These largely relate to changes in the nature of the country's governance and will necessarily take longer, whilst also being subject to a wider range of external factors. [EF¶S9]

H.11 Two further pertinent references from the EF are:

In the literature survey undertaken as background to the GBS Evaluability Study (Naschold, 2002) close consideration was given to the suitability of first- and second-generation governance indicators for measuring the institutional changes associated with GBS. The second-generation indicators appeared more likely to be helpful than the first-generation ones. However, in elaborating the Evaluation Framework, we have taken the view that efforts to measure institutional changes in a standardised way are not likely to be justified or feasible in the context of a country evaluation. Rather, the objective should be to arrive at a robust qualitative account of the most relevant changes, using the broad headings suggested by the 'programme theory' (Weiss, 1998) of GBS. [EF ¶89];

From the more detailed guidance [EFp66]:

Specific theoretical linkages to probe	*Indicator or test question*
4. Is a more effective and accountable government improving the administration of justice and respect for human rights?	
Do general improvements in governance appear to be assisting justice and rights?	Amnesty International and HR Watch reports
Why/why not?	
Are there acute threats to national security that could block a reduction in rights abuses even though government is otherwise accountable and capable?	

H.12 We note that the explicit references to rights in the EF are focused on political and civil rights. A more inclusive human rights approach would include economic, social and cultural rights, which places it directly in line with the pro-poor substantive framework of GBS. In other words, evaluating the impact of GBS on human rights should not be limited to the governance area (and the realisation of political and civil rights – although this should not be neglected), but should include the flow of funds effects in, for example, provision of education or the extension of a basic package of services to previously marginalised groups.

H.13 Since "governance" and "political governance" are broader terms and ones that are frequently used in discussion, for example, of various "governance matrices" associated with GBS, we propose to make use of these terms in the discussion that follows. The broader terms need not detract from democracy and human rights as specific considerations, but also extend to wider issues that have affected donor-government relationships in a number of our study countries, such as the international behaviour of partner governments (e.g. their involvement in international conflicts), their expenditures on defence and so forth. At the same time, as the previous paragraph stresses, human rights have a much wider relevance than the conventional political sphere.

A Broader Approach to the CCIs

H.14 The Evaluation Framework attempts systematically to identify and trace the effects of GBS. However, as discussed in Chapter 3 of the main volume, it is much more straightforward to identify the specific financial inputs of GBS than it is to distinguish the accompanying inputs of dialogue, conditionality, technical assistance/capacity building, alignment and harmonisation. Donors are providing these accompanying inputs but these donors are also, in varying degrees, providing non-GBS forms of aid and therefore inputs cannot easily be divided into GBS and non-GBS elements. Like GBS itself, the CCIs have to be assessed in the context of the broader relationship between government and donors to which GBS contributes.

H.15 "New GBS" places much stress on partnership and government ownership of the poverty reduction strategy. This presumes a high degree of consensus between government and donors (and among donors!) but we would not expect, and certainly do not find, complete unanimity. Donors seek not only to finance an agreed strategy, but also to influence an ongoing planning and budget process. They have the option to do so through a range of instruments, including general budget support, earmarked funding, and general "knowledge products" (technical assistance, research etc.). They also have the option of working with non-government actors, as well as acting at international, regional and country level. None of these things are mutually exclusive. Donors take particular interests in different issues (including the CCIs) as their country strategies clearly indicate. At the extreme, special interest agencies – including various UN agencies and global funds – are mandated to concentrate on specific CCIs. Most agencies – not least the bilaterals – expect the CCIs to feature strongly in their accountability to domestic stakeholders.

H.16 The strategic and practical issues concerning GBS and the CCIs prompt enquiry along the following lines:

- Are government and donor preferences vis-à-vis the CCIs significantly divergent, and, if so, what does this imply for the partnership approach?
- Does GBS provide/facilitate particular opportunities vis-à-vis cross-cutting issues?
- Does GBS close off particular options?
- Has GBS in practice led to a relative neglect of CCIs? If so is that an inherent, systemic weakness of GBS, or has it been just a contingent failure to make effective use of the GBS-related dialogue and other opportunities of the GBS relationship?

The final section of this annex elaborates on these questions and locates them in relation to the Evaluation Framework.

H.17 In considering the practicalities of CCI analysis within the GBS evaluation, we should bear in mind:

- While it would be inappropriate to ignore the CCIs, we do not have the time or the resources to undertake major gender, environmental, governance or HIV/AIDS reviews even if it would

be appropriate to do so. A practical balance must be struck.

- The CCIs are not symmetrical[48] and therefore impact differently on GBS controversies. For example, governance issues are at the heart of many of the practical debates that surround the implementation of budget support programmes, while HIV/AIDS, among other aspects, puts the issue of aid earmarking to its most demanding test.

The next section highlights some of the factors that are specific to particular CCIs.

Factors of Special Relevance to each CCI

Democracy and Human Rights (Political Governance)

H.18 Our issues paper for human rights and democracy (F lscher 2004) highlights the implications of a human rights approach to development and notes the obvious (though not exclusive) influences of this approach on the GBS discourse. An initial assumption is that human rights and democracy were included as cross-cutting issues for assessment on the basis of being important positive values – ends in themselves.

H.19 From this background, the following aspects of a human rights approach to development are seen as the human rights value-added to development practice (OHCHR, 2004):

- *Empowerment of the poor: the entitlement of the poor to access human rights gives them a claim on the state to maximise their capabilities, such as to be healthy and well nourished, to be knowledgeable and to participate in the life of a community.*
- *Explicit recognition of the national and international human rights normative framework: the distinctive feature of a rights-based approach is its legal foundation, internationally, regionally, and at national level, which if ratified by the country in question, provides recourse in the case of deliberate steps backwards or persistent non-fulfilment.*
- *Accountability: the human rights approach to poverty reduction emphasises obligations and requires that all duty-holders, including states, individual donors, intergovernmental organisations, and local and international civil society organisations, be held to account for their conduct in relation to international human rights. The mechanisms of accountability should be accessible, transparent and effective.*
- *Non-discrimination and equality: the international human rights framework has a particular pre-occupation with individuals and groups who are vulnerable, marginal, disadvantaged or socially excluded. Thus the integration of human rights into policy frameworks (funded, inter alia, by GBS) would mean particular and proper attention to those sectors and sub-sectors that are especially relevant to the poor and to the particular situation of vulnerable, marginal, disadvantaged and socially excluded individuals and groups.*
- *Participation: the human rights approach to development requires the active and informed participation of the poor in the formulation, implementation and monitoring of pro-poor policy frameworks (e.g. PRSs). This would be a right (and therefore an end) in itself, but also have instrumental value in improving the outcomes of policies.*
- *Right to information: non-access to information (information about programmes of assistance, their rights, job contacts, political events and decisions, government plans that affect them, the outcomes of government decisions) is a key dimension of poverty highlighted by the poor themselves. The human rights approach to development would emphasise the right to information both as an end and the means towards an end (participation leading to improved development outcomes).*

[48]In addition, they cut across each other (think for example of the conjunctions between gender, rights and HIV/AIDS issues).

H.20 Evaluating government policy and activities (and development programmes) in terms of democracy and human rights has two dimensions. These dimensions mirror the twin tracks of analysis ((i) the flow of funds effects and (ii) the institutional effects of GBS) as proposed by the original Evaluation Framework:[49]

- *Dimension 1 (flow of funds effects)*: Whether substantive progress is being made realising human rights:
  - Are deliberate, concrete, targeted and appropriate steps being taken to realise human rights?
  - Are there any deliberate steps backward?
  - Are the full available resources being used to their maximum effect?
  - Are large numbers lacking in the basics?
  - Is particular attention being paid to vulnerable, marginal, disadvantaged and socially excluded individuals and groups (i.e. whose poverty is being alleviated first)?
  - Are government goods and services that are pro-poor being prioritised?

Which human rights should be realised first, and to which level within the context of limited resources, should be a result of the country dialogue and participation (the institutional effects of GBS – see Dimension 2). However, the notion of an international minimum threshold of basic human rights, or core obligations on the state, serves as a benchmark.

- *Dimension 2 (institutional effects)*: Whether the way in which policy (development programmes) is formulated and implemented is in line with a human rights approach and principles of effective democracy:
  - Are the institutional arrangements of the policy, budget and implementation processes conducive to meaningful policy discourse between in-country stakeholders and government?
    - Is comprehensive, accurate and timely information available? Is it sufficient to provide a realistic picture of the successes and failures of government policy?
    - Are there meaningful opportunities for participation? What form does the participation take? Is it meaningful in so far as inputs from external (non-state and local) stakeholders may lead to adjustment to policies and their implementation? Who gets to participate?
    - Is the legislature effective in its responsibilities as set out in the constitution?
  - Are the poor empowered?
    - Is effective information available to the poor and marginalised? Is the information sufficient to enable the poor to participate meaningfully in debates and/or decisions affecting their well-being?
    - Do the poor participate in a meaningful way in decisions that affect them?
    - Are duty-holders (governments, donors, multi-lateral organisations and non-governmental organisations with sway over development funds) being held to account? Are the accountability mechanisms accessible, transparent and effective? To whom are they accountable?
    - Are obligations under ratified international human rights conventions prioritised for funding?
    - Is there media freedom? Are there opportunities for open and free debate? Is the distribution of news and fair comment fettered in any way?

[49] In terms of the EEF, Dimension 2 also enhances policy effects

H.21 In terms of the GBS evaluation, a core question from a democracy and human rights perspective is whether GBS as an aid modality has an impact – positive or negative – along these two dimensions. In other words, have the answers to these questions changed in any way since the introduction of GBS and can this be attributed in any way to GBS? Does GBS enable donors to influence governments to respect and protect political and civil rights more successfully?

Gender

H.22 Our issues paper for gender (Akram-Lodhi 2004) notes the ubiquity of gender issues and highlights, in particular, the insights of the gender budgeting approach as follows (emphasis added):

> *Over the last decade extensive substantive work has been done that explicitly addresses the gendered character of macroeconomics policy, and fiscal policy in particular. A starting point of this work has been to recognise that a focus upon the outcomes of public spending decisions, as is commonly done in public expenditure reviews, for example, is mistaken because gender relations structure the inputs into the public expenditure policy making process, the process itself, as well as affecting the outcomes of that process.* ***A best practice, gender aware evaluation of the budgetary process, and hence GBS, therefore needs to investigate all three dimensions of the public revenue and expenditure framework: inputs, process and outputs. It must thus consider gender in the appraisal of government spending and taxation, the gendered impact of public expenditure policies, and the gender-awareness of budgetary strategy.***
>
> *Within engendered macroeconomics the evaluation of budgetary processes commonly adopts the 'gender budgets' approach (GBA). A GBA proceeds from three propositions that differ from those in orthodox macroeconomics. The first proposition is that economic institutions—states, markets, and households—bear and transmit gender bias. The second is that the macroeconomy must be defined so as to include the unpaid caring work that goes into household maintenance activities and whose supply is by and large inelastic with respect to non-caring work. The third is that gender relations affect the division of labour, the distribution of productive inputs, the distribution of employment, the distribution of income, and the distribution of wealth. In so doing, gender relations affect aggregate production, aggregate savings, aggregate investment, and aggregate net exports, and thus macroeconomic processes.*

H.23 The tools of a Gender Budgets Approach include (a) public expenditure incidence analysis, (b) public revenue incidence analysis, (c) gender disaggregated beneficiary assessment, (d) analysis of the impact of public spending on time use, and (e) assessment of the articulation of gender concerns. Fully addressing these five areas requires integrating gender analysis across the breadth and depth of the budgetary process. For the practical purposes of the GBS evaluation however, the requirement is not to undertake such analyses directly but to assess:

> *the extent to which gender concerns have an explicit and an implicit voice in the policy process, whether it be in government, in the legislature, or in the interaction between agents from civil society and the government* (Akram-Lodhi 2004)

as well as the influence of GBS on this via the flow-of-funds, the policy and the institutional effects to which it gives rise.

Environment

H.24 The pursuit of sustainable development and sustainable poverty reduction means that the effect of development assistance on the environment is a major concern of donors and recipient governments alike. The GBS evaluation should note the role (if any) of environmental policies and issues in the dialogue that accompanies GBS. As with the other CCIs, it is appropriate to note

donors' stated international environmental policies and actual country strategies towards the environment (both donor and government), and see whether these carry any particular implications for budget support. We need to know how donors themselves are approaching cross-cutting issues like environment, particularly within budget support; and what standards/indicators are being used. Environmental standards may be a contestable area among donors with a risk of erosion of such standards if donors are keen to disburse faster. A relevant underlying issue may be the scope for donor alignment with the country's own environmental standards, depending on how adequate those standards are, and on whether the strengthening of national standards is a practical strategy. This issue is analogous to concerns about standards of financial management: does GBS offers opportunities for influencing environmental standards across all public expenditure? – not just stipulating the standards to be applied to specific projects financed with earmarked aid (Oates, 2004).

H.25 GBS has to be seen in the context of possible complementarity (and possible dissonance) with other aid that has environmental objectives. Environment is not a sector and mainstreaming is not primarily about allocating funds to it – it is about developing appropriate linkages with other poverty reduction initiatives. However, although environment is usually regarded as a cross-cutting issue, it may in some circumstances also be seen as a "sector" competing for public funds and for external aid resources. As noted in the EF (see earlier section) environmental expenditures are a good source of examples where the preferences of governments and of external aid agencies may differ. These differences may be explicable, inter alia, in terms of different time preferences of the respective decision makers, the (possibly international) public goods nature of environmental benefits and costs, and the different systems of accountability that are faced. On the latter, most agencies have more or less rigorous Environmental Impact Assessment (EIA) requirements, which may be a source of tension between the government and external financiers. Reciprocally, donors are reluctant to depart from project modalities if they think the government's own environmental policy and standards are not good enough.

H.26 Relevant issues noted for the field visits (Oates 2004) include:

- What are donor country and within-sector strategies towards environment in the case study countries, and to what extent is the environment treated as a cross cutting issue to be mainstreamed?
- What is the government's policy / strategy towards the environment? In particular, how is environment handled in the country PRSPs?
- Are there any conditionalities related to the environment in GBS agreements / matrices?
- Are there tensions between government's and different donors' approaches to environment?
- Are environmental standards an issue for government and donors in each country? Are environmental standards in project implementation likely to be more appropriate with budget support or with other modalities?
- For each donor, is there significant direct / earmarked investment in the environment "sector" (outside GBS)? If so, why?
- In each country, are donors harmonised in practice about approaches to environment and related conditionalities?

HIV/AIDS

H.27 This may be seen as a more particular concern than the other CCIs, though not in any sense a less important one. Aspects highlighted for this evaluation (Barnett 2004) are:

- The need to recognise the potential scale of the effects of HIV/AIDS ("all statistics about

life expectancy, demography, macroeconomic growth rates, targets and expectations, health, government personnel resources, and quite a lot more must be reviewed [in light of past and future HIV/AIDS impact]").

- The potential high opportunity cost of macroeconomic and fiscal choices in terms of their HIV/AIDS implications ("Macroeconomic management policies may be sound from a short to medium term perspective but demanding certain fiscal disciplines may actually slow down roll-out of ARV programmes.").
- The vulnerability of the budgeting and monitoring system to potential losses of key personnel.
- The limitations of the PRSPs which underlie GBS programmes, since in general they do not take HIV/AIDS properly into account.

H.28 HIV/AIDS presents in its starkest form the dilemma as to how to reconcile the principle of government ownership and decisions on development priorities and resource allocation with desires to provide dedicated funding to meet specific challenges. (The Uganda government's stance that global fund resources, including GFATM, should not be excluded from MTEF sector ceilings illustrates the reality of this dilemma in the context of GBS.)

Conclusions: Addressing CCIs in the GBS Evaluation

CCI-Specific Questions for the GBS Evaluation Framework

H.29 We noted earlier that the strategic and practical issues concerning GBS and the CCIs prompt enquiry along the following lines:

- Are government and donor preferences vis-à-vis the CCIs significantly divergent, and, if so, what does this imply for the partnership approach?
- Does GBS provide/facilitate particular opportunities vis-à-vis cross-cutting issues?
- Does it close off particular options?
- Has GBS in practice led to a relative neglect of CCIs? If so, is that an inherent, systemic weakness of GBS, or has it been just a contingent failure to make effective use of the GBS-related dialogue and other opportunities of the GBS relationship?

H.30 Clearly, the answers may be different for different CCIs, and may be viewed differently by different aid agencies (and governments). Relevant evidence should be found by examining, for instance,

- How do the cross-cutting issues feature in planning and policy making (Level 1)?[50]
- Do they feature in specific aspects of dialogue and/or in specific GBS-related conditionality?
- With regards to the flow of funds, how do they feature in the formulation of budgetary priorities and the actual allocation of budget funds?
- With regards to institutional effects, how are they reflected in the management processes and accountability?
- With regards to outcomes and impacts (related to both funds and institutional effects), what CCI-relevant targets are set and what results are monitored? How does this feed back into the upper levels of the EF?

H.31 CCI-related questions for each level of the Evaluation Framework, based on the considerations reviewed in previous sections, are set out in the matrix appended to this annex (Box H.2). These will be further reviewed and elaborated prior to the country field studies. Initial country level observations on the CCIs are summarised in the second matrix appended to this annex (Box H.3).

[50] The same question is relevant at Level 0 of the EEF.

Conclusions

H.32 A number of points are worth highlighting:

- We suggest that human rights and democracy issues are addressed under the slightly broader heading of (political) governance, which has been a crucial theme in GBS experience.
- More emphasis needs to be paid to Levels 1 and 2, and the way that CCIs enter into the discourse between government and GBS donors. [5]
- GBS impacts on the CCIs need to be assessed in the context of an understanding of the entire government/donor relationship of which GBS forms a part.
- The CCIs highlight the need to recognise the circularities of the GBS logical framework, and therefore to pay special attention to the feedback loops from monitoring of CCIs to CCI policies and resource allocations.
- A particular dilemma concerns the potential tension between issue-specific funding (quintessentially but not exclusively from global funds) and the national-ownership principles that underlie PRSPs and partnership GBS.

H.33 As well as seeking (as far as practical) to collect the specific evidence cited in this annex, the country field reports and the synthesis report will include descriptions of how CCIs feature in the GBS relationship. These will draw on documentary sources and interviews. In addition, the CCIs will be highlighted as a key topic in the in-country workshops of this phase. However, we stress again that it is beyond the scope of this evaluation to undertake substantive appraisals of the CCIs in the study countries.

[51] Also, in EEF terms, for Level 0

Box H2: Cross-Cutting Issues at each Level of the Evaluation Framework

(To be mildly adapted to reflect the EEF approach)

Concise Evaluation Framework			Implications for Cross-cutting Issues
Level 1: Inputs	**GBS Funds**	Policy Dialogue	• *All CCIs:* – How do these feature in the policy dialogue (starting from the broader PRSP etc.)? Are they mainstreamed into government policies (including macroeconomic as well as sectoral analysis and policies)? Are there special forums/policy documents related to the CCIs? How do (GBS and other) donors engage with and support relevant analytical and policy work? – Do they feature specifically in GBS policy matrices (targets and conditions)? – Are donors content to align with government policies? To what extent do they also work with non-government stakeholders in-country? – Are identifiable CCI interventions more or less likely than others to be reflected in the government budget, and/or to be earmarked? • *Governance / Democracy and Human Rights* – Does GBS result in more or less attention to "political governance" issues and to obligations under international human rights conventions? • *HIV/AIDS:* – Do technical assistance/capacity building plans take account of HIV/AIDS-related attrition in skilled personnel?
		Conditionality	
		Technical Assistance (TA) and Capacity Building	
		Alignment to Government Policies and Systems	
		Harmonisation between Donors	
Level 2: Immediate Effects	**Changed relationship between external assistance and the national budget/national policy process:** • % of externally-funded activities and resources subject to national budget process increased • Policy dialogue focused on key public policy and expenditure issues • Technical assistance/capacity building focused on mainstream government activities • External assistance more aligned • Donor activities more harmonised		

Concise Evaluation Framework		Implications for Cross-cutting Issues
Level 3: Outputs	**Positive changes in the financing and institutional framework for public spending and public policy:** • More favourable budget financing structure (predictable, fungible resources) • Partner government empowered • Increased efficiency in public spending (stronger budget process, lower transaction costs, capture of project funds) • Intra-government incentives and capacities strengthened • Democratic accountability enhanced	• *All CCIs:* – Does increased budgetary autonomy result in lower resource allocations to CCI programmes previously supported by targeted donor projects and programmes? • *Governance / Democracy and Human Rights* – In particular, are programmes relevant to the exercise/protection of rights (e.g. justice system) squeezed by preference (for e.g. social services)? – How democratic are national accountability systems? • *Gender* – Is the policy and budget process (becoming) gender-aware?
Level 4: Outcomes	**Government capacity to reduce poverty enhanced:** • Stable macro environment for private investment and growth • Government services effectively delivered and pro-poor • Regulation of private initiative works to ensure business confidence, equity, efficiency and sustainability • Effective regulation and justice in place • Appropriate public actions to address market failures	• *Governance / Democracy and Human Rights* – Is GBS contributing to greater empowerment of the poor (and within the poor, the most vulnerable and marginalised)? – If participation opportunities and information flows are improved, are the new institutions for policy development and accountability inclusive of the poor, particularly the most vulnerable and socially excluded individuals and groups? – Is GBS contributing to improved democratic accountability (including effects on accountability of donors and other non-government duty-holders as well as government)? – Is GBS resulting in a more meaningful local policy discourse between and within governmental and non-governmental stakeholders? Is it improving the ability of the press to reflect public policy debates and implementation issues better? • *Environment* – Are the relationships between poverty and environment being addressed? • *Gender* – Are gender dimensions of poverty being addressed? – Are gender-based market failures being addressed?

Concise Evaluation Framework		Implications for Cross-cutting Issues
Level 5: Impacts	**Poverty Reduced** • Empowerment of the poor and improvement of their real incomes	• Are all dimensions of poverty being reduced? – Are the poor being empowered? Are their (and everyone's) human rights being respected? – Are gender inequalities being reduced? – Is vulnerability to HIV/AIDS being diminished? – Are growth and poverty reduction environmentally sustainable? • Are monitoring systems in place to measure the above (including feedback mechanisms for the results of monitoring to influence policy and resource allocation)?

Box H3: Cross-Cutting Issues in Case Study Countries

	Political Governance / Democracy and Human Rights	Gender	Environment	HIV/AIDS
BURKINA FASO	*General:* The crosscutting issues are not stand alone subjects but are part of the CSLP (PRSP) and the corresponding action plan, and are thus embedded in the global policy dialogue. However PRSP interventions are not translated into clear budgetary implications.			
	Return to democratic multi-party system under 1991 constitution. Significant role for National Assembly in holding executive to account. Good governance, including democracy and human rights, is one of the main axes of the PRSP, closely linked to decentralisation. Active NGOs, largely funded by donors, are in dialogue with government. Donors are observers in the PRSP working group on governance, decentralisation etc.	Extensive treatment in PRSP and Government interventions identified, but few performance indicators (e.g. equity in education, access to micro-credit). Unlikely to meet primary education MDG, but possible to eliminate gender disparity in secondary education by 2010. Not on course to meet maternal health targets. Poverty incidence is *lower* in female headed households.	Environmental policies well elaborated though meagrely reflected in PRSP. Deforestation and desertification a key concern (⅓ of woodlands lost between 1980 and 2000).	HIV prevalence has declined from 7.1% in 1997, but life expectancy set to decline from 53 years in 1996 to 46 years in 2015. HIV/AIDS reflected in PRSP and Action Plan. Interventions specified but no quantitative indicators. Donors closely involved in, and financing, national HIV/AIDS programme. Risk that concentration on HIV/AIDS will prejudice other health interventions (e.g. malaria).
MALAWI	*General:* The fourth pillar of the PRSP promotes good governance. The PRSP also mainstreams key cross cutting issues such as HIV/AIDS, gender, environment, and science and technology.			
	End of one-party state was a major improvement, but little further progress on political governance during 1994-2004. Neo-patrimonial structures at odds with parliamentary and democratic accountability. Periodic suspension of GBS in response to corruption and other indicators of bad governance.	Strong gender dimensions to poverty, with female-headed households especially disadvantaged. Intra-household power relations can, for example restrict women's health access.		Highly affected by HIV/AIDS (current HIV prevalence 16.4%).

	Political Governance / Democracy and Human Rights	Gender	Environment	HIV/AIDS
MOZAMBIQUE	*General:* In 2004 donors set up their own monitoring system. There has been relatively little attention so far given to broader issues of domestic accountability and to cross-cutting issues and reforms that go beyond particular sectors. With regard to cross-cutting issues, the Learning Assessment of the 2004 Joint Review for the government and programme aid partners concluded that gender and HIV/AIDS "need to be given a more central role in future events." However, the 2004 and 2005 PAF matrices include targets for gender equality in primary education (and targeted health programmes), for the prevention and mitigation of the impact of HIV/AIDS, as well for the sustainable management of natural resources.			
	Political background of emergence from civil war and fragile democratic institutions. 2004 MOU set out the underlying principles of the [GBS] agreement, including the government's commitment to: • Peace and democratic political processes • Independence of the judiciary, and the rule of law • Human rights • Good governance and probity in public life • Combating poverty consistently with PARPA objectives • Sound macro-economic policies Failure to bring debtors to account and associated human rights abuses remain running sores undermining the relationship between government and some donors. In response to the banking crisis of 2001 and associated violations of human rights, some donors temporarily withheld or threatened to withhold disbursement in 2002.	139th out of 144 in the UNDP's Gender-related Development Index (2004). There has been relatively little focus on gender in the Joint Review process, but there is a base on which GBS can build in the recognition of gender in the current PARPA , the likely mainstreaming of gender in the future PARPA, and the structural recognition of gender in the form of a Ministry for Women and Coordination of Social Action with 'gender focal points' in line ministries.	Canadian Government assessment concluded that Mozambique "has excellent environmental assessment legislation and policies" but "lacks the capacity to implement this legislation" (CIDA 2004). However, this again appears to be a cross-cutting issue on which there has been little policy dialogue in the GBS forum. There is good evidence that some major environmental problems (e.g. cutting down trees) are at least partly a function of poverty.	Trends show a slight increase in prevalence rate from 13% in 2000 to 13.6% in 2002. Life expectancy is predicted to decrease to a projected 35.9 years in 2010. The donor-government Mid-Year Review of September 2004 reported that good progress had been made in developing institutions and policies for HIV/AIDS, although it advocated that the PAF should include a range of specific indicators rather than just incorporating HIV as one sub-area of health. During recent years, around 50 percent of health expenditure has been spent on HIV/AIDS.

	Political Governance / Democracy and Human Rights	Gender	Environment	HIV/AIDS
NICARAGUA	*General:* No evidence that the cross-cutting issues of environment, gender, HIV/AIDS, democracy and human rights are being affected by the changing partnership relation between government and donors. CCIs do not feature in policy dialogue and conditionalities of GBS programmes. There is relatively little official understanding of the causes of poverty. The 2003 national plan lacked sections on gender and environment.			
	Young, fragile democracy. Previous administration lost power over efforts to increase accountability and transparency. The majority of the reforms undertaken in the 1990s were in the economic governance sphere, while those related to good governance and institutional change characterised the last three years more.	I-PRSP contained no gender perspective on poverty. Women are seriously disadvantaged in access to land ownership.	Deforestation due to the extensive cattle raising, forest fires and indiscriminate cutting. Serious agricultural and industrial pollution of river systems. At present, project-based lending serves as a mechanism to 'protect' the environment via concerns mediated through the lending agency. It is unclear how environmental safeguards would be guaranteed under GBS.	Nicaragua has the lowest reported HIV/AIDS cumulative incidence ratio and prevalence in Central America: 0.2%.

	Political Governance / Democracy and Human Rights	Gender	Environment	HIV/AIDS
RWANDA	*General:* All four CCIs are on the agenda of the government/donor dialogue, both around GBS and more generally, through their inclusion as cross-cutting issues in the PRSP. The PRSP 2nd Annual Progress Report devotes a section to report on progress on each of the issues.			
	The legacy of 1994 genocide shapes domestic institutions and international/defence concerns of government. Indisputable progress in addressing the legacy of the genocide and clear signs of commitment to further strengthening of governance at all levels. Good governance is identified as a priority in all important documents, including PRSP. Radical participatory decentralisation is under way. However there is still unresolved tension between concerns for empowerment and safeguarding of peace and stability. Some analysts stress the continued lack of opening up of the political space; others argue that, given the legacy of the genocide and the continued threats arising from the regional context, the Government has tried to live up to quite high standards. It is not clear whether some donors' access to dialogue over political governance is more related to GBS or to their established relationships. Human rights issues are apparently a deterrent to some donors thinking of joining the GBS group.	Gender equality features strongly in government policy documents, and donors do not question government commitment. Explicit attention to gender is being introduced to the budget process. Rwandan Gender Budget Initiative (RGBI) was rolled out in 5 provinces for the 2004 budget, alongside consolidating the progress made in the 5 pilot ministries that were covered in the 2003 budget. Women's property rights enhanced in 1999 civil code amendment (ongoing comprehensive legal action plan). However, women's lives still affected by patriarchal attitudes; women are more vulnerable economically and in conflict.	Environment seems to receive less attention than gender, even though it ought to be at the core of the agricultural transformation strategy, considering issues arising from land scarcity. Recently, good progress has been made on the establishment of the legal and institutional framework to facilitate the mainstreaming of environment in all relevant policies and strategies. It did not appear that GBS donors are particularly concerned about environmental issues. PRSP 2nd Progress Report argues that capacity is insufficient to give environment the same focus as gender in the budget process. Most donors take account of environment issues in the course of project formulation.	HIV/AIDS is increasingly recognised as a central issue in Rwanda, and one which may well challenge the progress made otherwise in improving people's lives. In 2002 the prevalence rate was reported to have reached 13.5%. ARVs free for poor people. Concern that demands of HIV/AIDS interventions may be detrimental to other health services.

	Political Governance / Democracy and Human Rights	Gender	Environment	HIV/AIDS
UGANDA	*General:* Of the case study countries, Uganda is the one with the most extensive budget support track record linked to systematic collaboration between government and donors at sector level and during the budget process. Poverty reduction strategy was a government initiative and aspires to mainstream all four CCIs. GBS policy matrices (PRSC) have been very extensive: there is some pressure for them to concentrate more on cross-cutting reforms and leave sector details to sector working groups.			
	Current regime emerged from civil war and introduced "no-party" system of democracy with emphasis on local government and decentralisation. Ongoing conflict/insurgency reinforces continuing high poverty in Northern Uganda. "Good governance and security" featured as one of 4 PEAP pillars. Considerable tensions between government and donors over involvement in DRC, military spending, corruption, and envisaged multi-party elections and presidential term limits. Governance is an (increasingly) important issue in the relationship between GOU and donors, with a significant dialogue around a governance matrix developed by some of the bilateral donors. There are episodes when GBS has been held back by concerns over defence budget etc.	Gender inequities in access to land, other assets and services are a significant factor in poverty, highlighted by PPAs. Government has gender strategy and has assigned ministerial responsibilities. Many donors concerned with reinforcement of gender priorities, and there is an active Donor Coordination Group on Gender. [The 1999 evaluation of programme aid (Ddumba-Ssentamu et al.) included a review of gender implications in likely supply responses to economic stimulation; such an approach is beyond the scope and resources of the current GBS study.]	Environment Action Plan pre-dates PEAP. Many environmental issues are critical for poverty reduction and sustainability. Institutional structure of NEMA and local environment bodies are in place but lack capacity. An Environmental and Natural Resources Sector Working Group was established in 2001 to prepare and harmonise sector plans and budgets. PRSC has focused on strengthening institutional structures (chiefly NEMA), designing conservation and protection strategies, and training (especially at the local government level).	Uganda was one of the first countries, with a strong political lead, to launch a very public, broad-based anti-HIV/AIDS strategy, as a result of which prevalence has fallen (from almost 20% in 1991, but now stagnating at around 7%). The effects – demographic, social, economic and in loss of human capital – continue to be extremely serious. HIV/AIDS was only partly mainstreamed in PEAP. Controversy over whether funds potentially available from GFATM should be exempt from government's macro and sector ceilings on aid.

	Political Governance / Democracy and Human Rights	Gender	Environment	HIV/AIDS
VIETNAM	*General:* The main forums for dialogue on cross-cutting issues have been through partnership working groups on gender, the environment and HIV/AIDS. These have had varying degrees of success reflecting the overall pattern of engagement between government and donors in these groups as some are more active than others. Democracy and human rights have not been addressed through the partnership mechanism due to government sensitivity on these issues. Nonetheless, initiatives on gender, the environment and HIV/AIDS were all included as prior policy actions in the PRSC.			
	One-party rule by Communist Party of Vietnam (CPV). Relations between the party and government are not transparent, but the role of National Assembly in budget accountability is increasing. However significant reforms address decentralisation, transparency, and corruption within this framework (e.g. Grass Roots Democracy decree). Restricted space for CSOs (mass organisations are dominated by CPV). Poverty Task Force sub-group as part of "Localising the MDGs" prepared 2002 paper on Good Governance for Poverty Reduction (input to PRSP). Proposed governance indicators relating to transparency, accountability, participation, and predictability. PRSC does focus on public administration reform, and economic governance (but WTO accession is more significant driver of change). A number of bilaterals have explicit human rights agendas. Concerns about freedom of expression, minority rights, religious freedom, etc.	Strong national ownership of gender issues through the National Council for the Advancement of Women (NCFAW). No separate "Localising MDG" paper on gender, as the aim is to mainstream and the Second Plan of Action for the Advancement of Women already in place. CPRGS [PRSP] does include gender issues in sections on the causes of poverty, challenges to poverty alleviation, social and poverty reduction targets, and in the monitoring annex. Target to ensure that women's names appear on land use certificates by 2005. High primary enrolment, and near equality in enrolment (but not completion rates).	"Localising MDGs" paper on environment prepared as input to CPRGS. The International Support Group on the Environment was formed in 2002 to improve aid to the environment by ensuring it is in line with government policy and to implement the National Strategy for Environment and Protection 2001-2010 and the National Action Plan 2001-2005 (NEAP). Mostly inactive but revived in 2004. PRSCs include relevant actions, e.g.: Passing of the National Strategy for Environmental Protection (PRSC 2); establish the polluter pays principle with the closure of worst offenders; decrees on wetlands conservation; and sustainable development; and a decentralisation for EIA of investment projects to local level (PRSC 3). Natural disaster mitigation strategy is to be issued, as is an amendment to the Law on Environmental protection with adoption of EIA requirements for plans above project level; etc. (PRSC 4-5)	HIV/AIDS epidemic is in early stages of advance, but all provinces now reporting cases. HIV/AIDS policy forum is co-chaired by the Vice Minister of Health and the UN Resident Coordinator and participants include people with HIV/AIDS. The group has contributed to the recent HIV/AIDS National Strategy.

ANNEX I: COUNTRY FIELD STUDIES

ANNEX I: COUNTRY FIELD STUDIES

I.1 In each case, country teams will apply the Enhanced Evaluation Framework outlined in the main report, using the report structure outlined in Annex J to address the Evaluation Questions spelled out in Annex K, against the background of the detailed EEF matrix in Annex G. A great deal of the necessary material has already been collected in the course of the inception visits to each country, and a common task for all field teams will be to fill any remaining gaps.

I.2 Likewise, consultation with stakeholders, including workshops, as described in Chapter 5, is on the agenda for all country teams.

1.3 The table below indicates any additional emphases or areas of focus envisaged for the field visits, and shows the proposed personnel and timing. Details may be subject to confirmation.

Country	Proposed areas of focus for field visit	Staffing	Dates (provisional)
Burkina Faso	Investigate performance indicators for budget aid/PRSP. Examine aid to the primary education and health sectors and impacts. Examine financial procedures in relation to the decentralisation process.	Piet Lanser Jean-Pierre Ouedraogo François Orivel Catherine Dom	12 June – 1 July 2005
Malawi	Consolidate the data in order to identify the causes of the substantial deviations in data from various sources, including off-budget aid. Review partnership issues associated with design and entry/exit conditions in the Malawi context. Trace relative impacts of aid instruments on institutional capacity/service delivery in sectors such as health and education, to see whether GBS has been (or could be) the key driver and whether aid instruments have been mutually reinforcing. Review M&E systems as they relate to poverty and policy analysis, and their implications for the design and management of GBS.	Jens Claussen John McGrath Philip Amis Simon Delay	6 June – 20 June 2005

Country	Proposed areas of focus for field visit	Staffing	Dates (provisional)
Mozambique	Institutional analysis of the impact of changes in budgetary processes, financial management and central-local relationships on service delivery at provincial and district level; service delivery mechanisms; mechanisms of accountability to legislators and civil society. Public finance management analysis of Levels 3 and 4 of the evaluation framework with attention to specific sectors, and track expenditure flows through the system in one of the sectors and assess how this has changed in the last decade. At the provincial or district level, the focus will be on whether GBS has had an impact on the amount of resources that they receive, and on the power of these sub-national governments to make decisions on allocation of resources. Re poverty impact analysis: further review of the findings of the household survey, particularly in three provinces: Sofala, Maputo and Cabo Delgado, attempting to make a link between the survey findings, the allocation of government expenditure, and the delivery of public services.	Richard Batley Amelia Cumbi Liv Bjørnestad	6 May – 27 May 2005
Nicaragua	Institutional analysis will examine how line ministries work in the implementation of pro-poor services, looking at: their internal working arrangements (i.e. between central ministry and depending institutions) for planning, monitoring and managing public expenditure; and the de-centralisation and de-concentration process foreseen for the implementation of the sector development plan. The public finance management analysis will examine the revised budget cycle, the role played by the Assembly and the changes that have been introduced or are planned to be introduced to link the budget to the PND. The poverty change analysis will focus particularly on the effectiveness of pro-poor services (education) in contributing to poverty reduction, looking at the decentralisation process and its implementation as central in the sector plan. Given Nicaragua's limited experience of partnership GBS there will be a focus on design issues and entry conditions for GBS.	Paola Gosparini Lola Ocon Andrew Nickson Rebecca Carter	29 May – 17 June 2005

Country	Proposed areas of focus for field visit	Staffing	Dates (provisional)
Rwanda	Partnership analysis: validate and elaborate with stakeholders the analysis of evolution from non-GBS to GBS forms of aid. Public finance management analysis: more in-depth assessment of whether and how GBS-PFM links are actually translated into improved budget preparation and execution. Budget preparation and execution capacities, procedures and mechanisms at the central, sectoral and decentralised levels will be examined using education, health and possibly agriculture as case studies. Institutional analysis: further assess level 4 relationships between policy-makers (core and sector levels), LGs, service providers and clients/beneficiaries in education and health. Poverty change analysis: further assess the actual/potential (proxy) poverty-related effects of specific pro-poor policies in health and education, and investigate link between growth-enhancing policies and income poverty reduction in relation to poverty trees.	Ray Purcell Gaspard Ahubamuteze Catherine Dom	2 May – 20 May 2005
Uganda	Besides discussing conclusions of initial analyses with stakeholders, the main focus will be on the institutional analysis, investigating the education and agricultural sectors in depth. Group interviews with civil society groups, the media, and accountability institutions will be carried out. In addition the implications of GBS for decentralisation will be reviewed. Up to four local governments with a spectrum of capacities will be visited, as well as service providers within those local governments, following the sector analysis through to that level.	Stephen Lister Wilson Baryabanoha Tim Williamson Jesper Steffensen	4 July – 22 July 2005

Country	Proposed areas of focus for field visit	Staffing	Dates (provisional)
Vietnam	The inception visit did not engage with as many stakeholders as intended, especially on the government side. A short additional preparatory visit was therefore undertaken, particularly to establish proper contacts with government stakeholders. The subsequent, main follow-up work will focus on investigating further the institutional issues highlighted in the first phase. These will include: assessment of donor/government relationships, including the relevance of financial and non-financial influences on government policy choices; a more specific review of budgetary and administrative reforms and their implications for the financial and non-financial "transmission mechanisms" for poverty-oriented reforms and budget allocations, focusing especially on the implications of decentralisation for effective aid relationships; some specific sector case studies (most probably in education and/or health), again with special attention to the implications of decentralisation.	Ann Bartholomew Adam McCarty Robert Leurs	1 May – 21 May 2005

ANNEX J: COUNTRY REPORT STRUCTURE

ANNEX J – COUNTRY REPORT STRUCTURE

IR2 Annex J presented an outline structure for the Country Reports. This has been revised below to reflect the experiences of Country Team Leaders preparing zero drafts against the original outline, and the desire to address the key Evaluation Questions as systematically as possible. During the Field Preparation Workshop the EQs and the report outline were refined in parallel, leading to the completely symmetrical result depicted below and in the matrix of Evaluation Questions (Annex K). The outline was validated and endorsed by the Country Team Leaders at the workshop (with slight refinements subsequently to maintain and strengthen the symmetry with the Evaluation Questions).

Excluding the Executive Summary, the Country Report falls into three parts:

- *Part A: Context/Description*
- *Part B: Evaluation Questions: Analysis and Main Findings*
- *Part C: Synthesis – Overall Conclusions and Recommendations*

It will also have an Executive Summary, which must be capable of being used as a free-standing briefing paper.

Overall length is to be 50–80 pages (maximum) for the main body of the report. This means:

- *systematic use of Annexes for supporting data or additional detail*
- *10–15 pages for Part A*
- *5-6 pages for each chapter in the Part B (hence around 50–60 pages altogether)*
- *10-15 pages for Part C*

PART A: CONTEXT/DESCRIPTION

A1. Introduction and Conceptual Framework for the Evaluation

Country Teams will be provided with a standard draft for this chapter, which will cover:

- international background - definitions and evolution of budget support
- rationale for joint donor evaluation of GBS
- definition of GBS, and special focus on (relatively new) partnership GBS with aim of identifying good practice in partnership GBS
- the wide range of expectations about partnership GBS and the broad hypotheses about its immediate and systemic effects
- summary of the evaluation methodology and its link to the country study process and the country report structure

A2. The Context for Budget Support in *Country*

- The Country Context (very brief background on country features)
- Overview of aid flows
- Evolution of aid relationships (including explanation of key periods, phases - box of key dates to be provided)
- Aid modalities, extent of programme aid; evolution and extent of partnership GBS in this country

It is crucial to link this section to the inventory [Annex E], spelling out what are:

(a) the operations that are unambiguously partnership GBS
(b) borderline operations (meet most of the criteria for partnership GBS, but some ambiguity - e.g. about real vs. notional earmarking)
(c) other relevant programme aid (forms part of the historical or continuing context for partnership GBS)
(d) programmes/projects complementary to partnership GBS (e.g. and NB relevant TA and capacity building)

- Different approaches of different IPs to partnership GBS
- Perspectives of different national stakeholders on partnership GBS

A3. The Evolution of Partnership GBS in *Country*

- Origins and design of GBS operations in this country

NB: not to assume that partnership GBS is a single design with a fixed starting point; emphasis on dynamics and (continuing) evolution of partnership GBS and how it responds to the different motives, expectations and design preferences/constraints of different partners

- *what were the experiences of programme aid prior to partnership GBS?*
- *what were/are government's desires and expectations vis-ˆ-vis partnership GBS?*
- *identify the different sub-sets of IPs and their motives for, and approaches to, involvement in partnership GBS [very important for establishing relevant counterfactuals]; what were their pre-conditions for embarking on partnership GBS?*
- *has GBS been additional or a substitute? (overall, and for particular donors) is it seen as part of a strategy for scaling up? what alternatives to GBS were considered, what alternative and/or complementary innovations in aid management (e.g. SWAps etc.) have happened/are happening?*

PART B: EVALUATION QUESTIONS: ANALYSIS AND MAIN FINDINGS

Each chapter responds to one of the key Evaluation Questions.
In each case it will (briefly!):

- relate the scope of the chapter to the EEF (which levels and streams of the EEF is it mainly concerned with?);
- note the main causal hypothesis (hypotheses) that is (are) being tested;
- note any special challenges in attribution associated with the hypothesis;
- present relevant facts;
- draw (an) overall conclusion(s) based on the judgement criteria of the EQ matrix; evaluators will indicate the strength of the causal link from PGBS to a particular effect (no effect, weak, moderate, strong) and the evaluator's confidence in the attribution (high confidence, medium confidence, low confidence);
- *there will be no recommendations in this part.*

B1. The relevance of partnership GBS

B2. The effects of partnership GBS on harmonisation and alignment

B3. The effects of partnership GBS on public expenditures

B4. The effects of partnership GBS on planning and budgeting systems

B5. The effects of partnership GBS on policies and policy processes

B6. The effects of partnership GBS on macroeconomic performance

B7. The effects of partnership GBS on the delivery of public services

B8. The effects of partnership GBS on poverty reduction

B9. The sustainability of partnership GBS and its effects

B10. Major cross-cutting issues

This chapter is not based on a separate EQ, but requires teams to draw together findings relating to the following cross-cutting issues and themes, based on the analysis performed for each of the EQs, but carrying the analysis further as appropriate (see relevant section of Chapter 4):

- The (official) Cross-Cutting Issues (gender, environment, HIV/AIDS, democracy & human rights)
- Other major topics that cut across a number of chapters/EQs, and/or which have been highlighted as especially significant. These include:
  - decentralisation
  - government capacity and capacity building
  - balance between public and private sectors
  - transaction costs
  - corruption
  - ownership
  - democratic accountability

PART C: SYNTHESIS - OVERALL CONCLUSIONS AND RECOMMENDATIONS

TOR §3.1:

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. The evaluation should be forward looking and focused on providing lessons learned while also addressing joint donor accountability at the country level.

C1. Synthesis of Evaluation Conclusions

Bearing in mind the overall purpose of the evaluation (TOR extract above) **this part of the Country Report develops an overall assessment of partnership GBS in *Country***, built up from (and systematically cross-referenced to) the component assessments in Part B. (But the focus will be on which approaches to GBS appear to have worked/not worked at country level and why: it is the Synthesis stage which will address the *"in what country contexts"* part of the TOR.)

The main assessment is standard across the CRs (as is Chapter B10 on cross-cutting issues and themes). In two additional sections, country teams may:

(a) Address other issues that have emerged as important in *country* and/or which respond to specific issues raised by *country* stakeholders.

(b) Offer suggestions towards the cross-country synthesis, including tentative recommendations as to what may be regarded as good practice in partnership GBS. This is the only part of the Country Report where recommendations will appear, and they will be clearly flagged as preliminary. Recommendations will be linked to scenarios about the possible future role of partnership GBS in aid to *country*.

NB The draft CRs are, first, an input to the Synthesis Note Workshop. Country level recommendations will be finalised only after the SN workshop and the SG review of the SN and CRs.

ANNEXES

Bibliography/Sources

- Including list of persons interviewed

Note on Methods

- Comment on experience in applying the EEF and lessons learned from it (including country evaluation process and timetable, the use of workshops etc.)

Aid Data and GBS Details

- link to inventory; summary information on partnership GBS and other relevant programme aid etc.

Other Supporting Data

Country Level Case Studies

Other?

ANNEX K: KEY EVALUATION QUESTIONS

ANNEX K: KEY EVALUATION QUESTIONS

Introduction

K.1 This set of key Evaluation Questions bridges the schematic depiction of the Enhanced Evaluation Framework in Figure 3.2 of the Inception Report, the Causality Map (Figure 4.1) and the detailed logical framework (Box 4.1 and Annex G).

K.2 The EQs are also symmetrical with the Country Report structure set out in Annex J; each corresponds to a chapter in Part B of the Country Report.

K.3 Each question is related (see first column) to the appropriate DAC evaluation criterion, and is *primarily* concerned with the levels and the effects streams also noted in the first column (in the nature of such a complex evaluation, the boundaries between questions cannot be watertight, and teams are required to consider and comment on significant interactions between the three streams of effects).

K.4 Causality chains: for each EQ the causality sub-chains that are likely to be most significant are indicated (cross-referenced to the Causality Map which is reproduced, for convenience, at the end of this Annex). In the Judgement Criteria column, only those Causality Chains that appear particularly interesting are mentioned. Evaluators should check if other sub-chains are more important.

K.5 Counterfactuals: consistent with the discussion of appropriate counterfactuals in Chapter 3, the appropriate types of counterfactual are noted for each question; evaluators are not expected to construct full alternative scenarios for the counterfactual, but they do need to bear in mind the appropriate comparators for each question.

K.6 Judgement criteria in the form “the extent to which...” etc. require the evaluators to make an attribution of causality; this should indicate the assessed strength of such links (none/weak/moderate/strong) and the evaluators’ degree of confidence in the judgement (low/medium/high confidence).

K.7 The two right hand columns note the types of relevant evidence to be looked for and likely sources for such evidence; the bulk of data sought is secondary evidence, very selectively augmented by key informant interviews and consultations to assist in identifying, interpreting and amplifying the secondary data.

K.8 Annex G provides more detail on appropriate indicators.

The Key Evaluation Questions

EQ / Levels/ & DAC Criteria	Judgement Criteria	Relevant Evidence	Sources
1. How does the evolving PGBS design respond to the specific conditions, strengths and weaknesses of the country, to government priorities and to the priorities and principles of the international partners? **Levels: 1←0** relevance	The extent to which the strengths and weaknesses of the financial, economic, social, political and institutional context are taken into account in the evolving PGBS design. The extent to which, in particular, policy dialogue and conditionalities are consistent with high levels of ownership by government and sensitivity to country constraints. The extent to which the design reflects objectives and strategies related to all the dimensions of poverty reduction. Coherence and consistency of the design, taking into account the extent to which the different partners (various IPs and Government) show differences in expectations and approaches related to PGBS or some of its components. The extent to which the design responds to analyses of previous weaknesses in aid management systems and processes. *Principal Causality Chain(s)* (Relevance question from Level 0 to Level 1; considerations of internal consistency) *Counterfactual(s):* Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	Standard and special reports on the country's economic, social, political, institutional circumstances and performance. National policy and strategy documents and related studies. Institutional infrastructure for aid management at country level (national and sector dialogue arrangements etc.). IP strategies and policies (at HQ and, especially, at country level). Division of IP responsibility between HQ and country teams and extent of discretion of the latter. Analyses of past aid performance (at system, IP, programme and project levels). Evidence of decision-making processes, what issues and what evidence features in these processes, and whether there is genuine dialogue, with both parties influencing each other.	International sources for standard indicators, including MDGs, governance indicators etc. (HDR, WDR, MDG tracking etc.). National strategy documents, including PRSP, national development plans, political party documents. Studies of national institutions and political processes. Records of CGs, other government/donor consultative arrangements at national and sector level; associated studies and reports. IP country strategies and assessments; programme and project documents and reviews. Donor questionnaires. Interviews/consultations with key informants (range of government stakeholders – central and local government, including key sectors; other national stakeholders including NGOs and civil society; IP staff, etc.).

EQ / Levels/ & DAC Criteria	Judgement Criteria	Relevant Evidence	Sources
2. Has PGBS contributed to greater harmonisation and alignment of the aid process? **Levels: 2←1** effectiveness & efficiency	The extent to which PGBS has contributed to increased IP alignment with government policies and systems, at national and sectoral levels through: • aligning aid objectives and conditions with government objectives and targets • aligning fund commitment and disbursement with government planning and budget cycles • increasingly relying on government aid coordination, analytic work, cash management, TA management, procurement, implementation, monitoring, reporting and auditing. The extent to which PGBS has contributed to improving overall coordination and complementarities of IPs' programmes. The extent to which there have been specific complementarities (or dissonances) between PGBS and other forms of aid. *Principal Causality Chain(s)* 1.5 (and other inputs) → 2.6 *Counterfactual(s):* What would have been the difference to H&A in the absence of PGBS (most likely alternative scenario)?	Assessment of PRSP and other relevant national policies and strategies; their operational significance (degree of prioritisation, links to budget and resource allocation mechanisms, explicit national preferences concerning allocation and modalities of aid). (This is relevant to judging the strength of the basis for alignment.) Evidence on proportions of aid genuinely included in national planning and budget processes; use of government systems for disbursement and monitoring. Joint donor arrangements and donor/government consultative systems at various stages of the aid cycle, at overall/sector/programme levels. Evidence on transaction costs at various stages of the negotiation, utilisation and monitoring of aid. Interactions (intentional and unintentional) between PPGBS management systems and management arrangements for non-PGBS aid (by both PGBS and non-PGBS donors).	DAC/SPA surveys of donor practices, including H&A studies and surveys. Detailed data on aid flows (commitments and disbursements). Records of CGs, other government/donor consultative arrangements at national and sector level; associated studies and reports. Records and studies of PRSP, CDF and other processes with H&A intent. IP country strategies and assessments; programme and project documents and reviews. Donor questionnaires. Interviews/consultations with key informants (range of government stakeholders – central and local government, including key sectors; other national stakeholders including NGOs and civil society; IP staff, etc.).

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
3. How efficient, effective and sustainable has been the contribution of PGBS to the performance of public expenditures? **Levels: 3←1** flow of funds (effectiveness, efficiency, sustainability)	The influence of PGBS funds on the level of public expenditures (and revenues) and on the levels and shares of pro-poor expenditures. The extent to which the scheduling and delivery of PGBS funds have contributed to the overall predictability and efficiency of the PE and aid flows. The influence of the PGBS funds on the cost of financing of the budget. The extent to which the PGBS funds have contributed to the increase in the proportion of external funds subject to the national budget and thereby increased the ability of government to match public expenditures to national development priorities. The extent to which such improvement has been stable over the years (and has thus made adaptive changes in institutional behaviour more feasible). The influence of PGBS on the transaction costs of the budget process and utilising aid. *Principal Causality Chain(s)* 2.2/2.3→3.2→3.5/3.6 2.4/2.5→3.1 *Counterfactual(s):* (a) same aid volume, alternative modalities; (b) less aid.	Evidence on PGBS inputs in the context of overall levels and composition of public expenditure and revenues. Evidence on between-year and within-year variability of revenue and expenditures, the degree of consistency between budgeted amounts and expenditure releases; in-year profile of expenditures. Evidence on costs of budget financing (international and domestic borrowing etc.). Evidence on the amounts and proportions of aid reflected (ex ante and ex post) in government planning processes, budgets and accounts (for various sectors and levels of government). Evidence on transaction costs of utilising aid funds, including differential implementation rates according to source of funds; scale of special administrative arrangements (PIUs etc.). [Use PEFA criteria of relevant evidence whenever appropriate.]	National data on public expenditure levels and allocation (plans, budgets, allocations, actual expenditures). PERs and similar analyses of expenditure levels and patterns at national and sectoral levels. HIPC and similar reports on pro-poor expenditures. PRSP APRs etc. Draft PEFA monitoring reports where available. Other ad hoc and regular reports and studies commissioned by government and IPs. International studies of public expenditure patterns and trends. Consultation with key informants (public sector, IPs, private sector).

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
4. How efficient, effective and sustainable has been the contribution of PGBS to improving government ownership, planning and management capacity, and accountability of the budgetary process? **Levels: 3←1** institutional effects (effectiveness, efficiency and sustainability)	The extent to which an increase in predictable and discretionary resources has helped to increase ownership of the budget process and generated a commitment to better and more efficient budget allocation. The extent to which the increased use of government systems and processes helped to improve the accountability of public expenditures. The extent to which such improvements have been internalised in the government ensuring the sustainability of the whole process. The complementarity between the financial and non-financial inputs of PGBS in addressing capacity development, and coordination between PGBS and non-PGBS linked aid. *Principal Causality Chain(s)* 2.4/2.5/2.6→3.2→3.5/3.6/3.7/3.8 *Counterfactual(s):* Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	Evidence on national planning and budgeting systems, and their evolution. Evidence on efficiency of budget systems over time (predictability of funding within the budget, application of hard budget constraints, balance between recurrent and capital expenditure, provision of adequate operating costs, etc.). Evidence on comprehensiveness and integrity of planning and budget process – involvement of finance and sector ministries, of cabinet and parliament, of central and local government, of non-government stakeholders – and quality of planning/budget dialogue. Evidence on TA and capacity building linked to the budgetary process, including effects on ownership. Evidence on role of IPs in planning, budgetary and reporting processes and how this affects national lines of accountability. [Use PEFA criteria of relevant evidence whenever appropriate.]	PERs (efficiency and institutional aspects), CFAAs, CPARs, HIPC AAPs and other system assessments. National expenditure reports, audits etc. Records of MTEF and other processes to connect planning and budgeting. Analyses and reports linked to TA and capacity building for PFM (associated with PGBS and non-PGBS inputs). Service delivery surveys etc. in selected key sectors. Draft PEFA monitoring reports where available. Consultation with key informants (public sector, IPs, non-government – including clients for government services).

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
5. How efficient, effective and sustainable has been the contribution of PGBS to improving public policy processes and policies? **Levels: 3←1** policy flow (effectiveness, efficiency and sustainability)	The extent to which PGBS (allowing for the time lags of its operations) has helped (is helping) to establish/maintain a comprehensive, coherent and effective reform process, owned by the government, in which: – policies address major market failures, the regulatory environment and the appropriate balance between public and private sectors; – appropriate sector policies complement public expenditures; – an appropriate range of stakeholders is involved in policy formulation and review; – policy processes encourage both government and IPs to learn from experience and adapt policies to country circumstances. *Principal Causality Chain(s)* 2.4/2.5/2.6→3.3→3.5/3.6 *Counterfactual(s):* Less aid. Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	Evidence on changes in key policies (where these form part of PGBS dialogue). Evidence on the policy processes underlying such changes (locus of decision-making, consultative processes and extent of relevant participation, coherence and evidence-base of policy decision, national and government ownership of policies). Evidence on interactions between government and IPs (and among IPs) in policy processes.	National policy documents (overall and sector/programme level) and legislation. Studies on implementation and effectiveness of policies and legislation (at national and sector/programme level) – including performance monitoring reports. Surveys and indicators of business climate, quality of governance, etc. IP programme and strategy documents. Records of formal consultative processes between government and IPs, augmented by studies of associated informal processes. Consultation with key informants (public sector, IPs, civil society organisations and private sector).

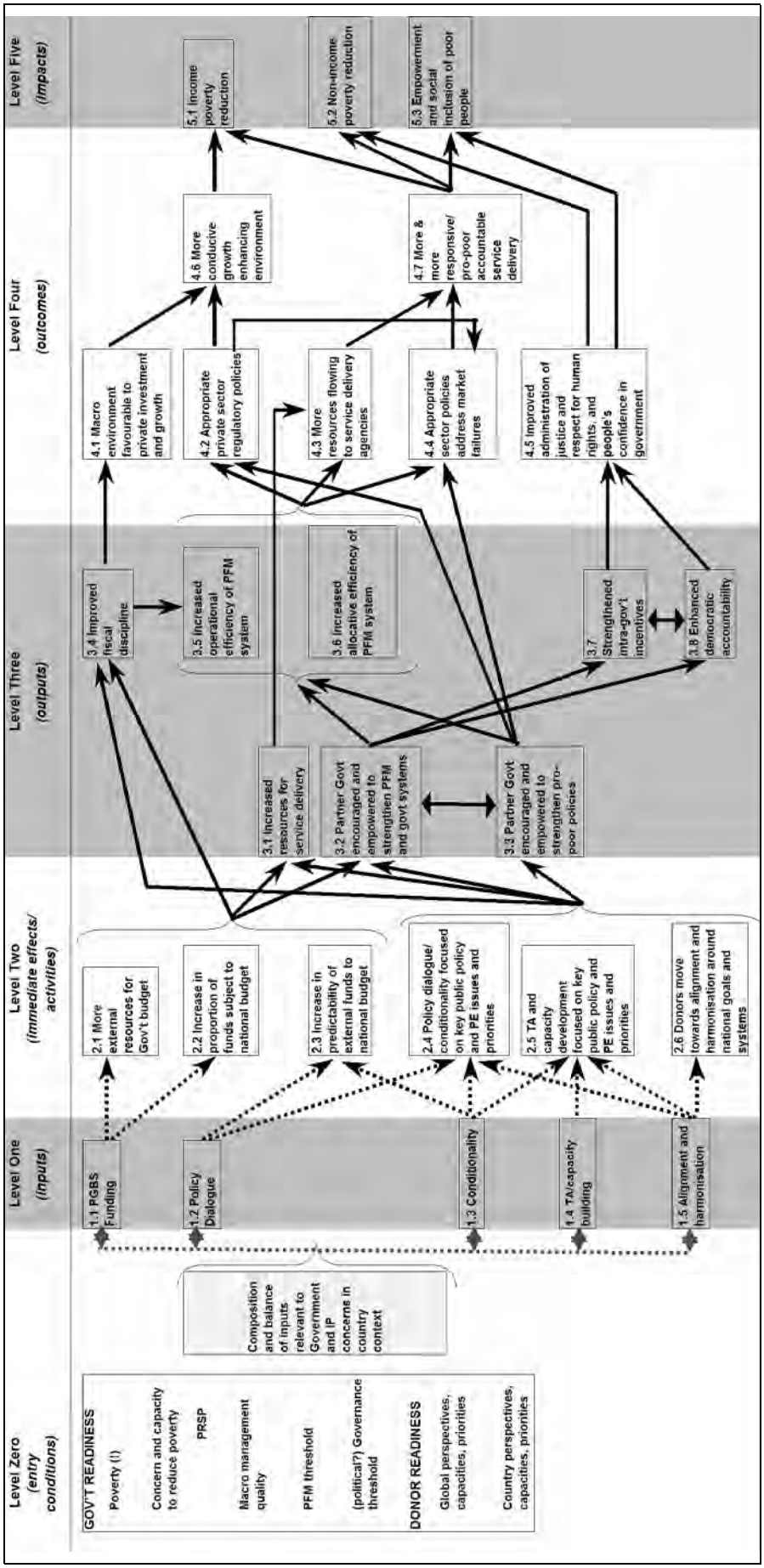
EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
6. How efficient, effective and sustainable has been the contribution of PGBS to macroeconomic performance? **Levels**: **4←1** flow of funds (effectiveness, efficiency, sustainability	The extent to which predictable and flexible delivery of PGBS funds has contributed to fiscal discipline and macro-economic stability. The extent to which such improvement has been stable over the years and has allowed changes in institutional behaviour (private sector investment, central bank decisions, etc.). The extent to which increased flow of funds has reduced inflationary financing and/or domestic financing of the budget deficit. The effects (positive or negative) of public expenditures and their financing (PGBS) on private investment. The effects of PGBS on tax revenue. *Principal Causality Chain(s)* 2.1/2.2/2.3→3.4→4.1→4.6 2.4/2.5/2.6→3.4→4.1→4.6 *Counterfactual(s):* (a) same aid volume, alternative modalities; (b) less aid.	PGBS inputs in the context of overall trends in economic indicators (growth, inflation, balance of payments, exchange rate, public and private investment, etc.). Country-level studies of economic performance, analyses of growth and growth patterns etc.	National economic statistics (government and central bank sources). Standard international sources of economic data. IMF Article IV consultations, other IP economic assessments; independent economic assessments (e.g. EIU). National and international surveys of business climate and business opinion. Country-specific studies (by both national and international institutions). Consultation with key informants (public sector, IPs, private sector).

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
7. How efficient, effective and sustainable has been the contribution of PGBS to improving government performance in public service delivery? **Levels: 4←1** institutional effects (effectiveness, efficiency and sustainability)	The extent to which GBS has contributed to increasing the efficiency and effectiveness of pro-poor public service delivery and improving the access of poor people? The extent to which such an improvement is based on enhanced institutional capacity and significant changes in the relationship between delivery institutions and beneficiaries. The extent to which TA/CB associated to PGBS has enhanced capacities of government core institutions in a sustainable way. *Principal Causality Chain(s)* 3.5/3.6→4.4→4.7 3.3→4.4→4.7 3.1→4.3→4.7 *Counterfactual(s):* Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	Evidence on trends in the availability and use of basic public services, especially by poor groups. Evidence on the predictability of PGBS and disbursement schedules, predictability of local government disbursement. Evidence on changes in accountability of public institutions and service delivery agencies. Evidence on capacity development programmes (rationale, implementation, results) linked to both PGBS and non-PGBS inputs.	National data on provision and uptake of basic services, including household surveys, PPAs, etc. Service delivery surveys. Relevant national, sector and programme-specific studies (including the institutional analyses cited for EQ 6 above). Consultation with key informants (public sector, IPs, non-government – including clients for government services).

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
8. How far has PGBS strengthened government impact on poverty? **Levels: 5←1** (impact and sustainability)	The extent to which PGBS (allowing for the time lags of its operations) has strengthened —or is strengthening— the impact of government on the different dimensions of poverty reduction, including through: – the use of health, education and other basic services by poor groups; – the improvement of the macroeconomic environment leading to increased incomes and economic opportunities for the poor; – the empowerment of poor people because of improvements in the accountability of government, greater participation in processes of decision making, or improvements in the administration of justice. Risks/unintended effects: the extent to which PGBS might have neutral effects or even be harming dimensions of poverty reduction including through (e.g.): – diversion of attention from key economic or poverty issues (i.e. regional inequalities, growth); – switching accountability to donors; – propping up corrupt regimes, etc. *Principal Causality Chain(s)* 3.2→3.7→4.5→5.2/5.3 3.2→3.8→4.5→5.2/5.3 4.6→5.1 4.7→5.3 *Counterfactual(s):* Less aid. Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	Evidence on trends, levels and distribution of income poverty, other dimensions captured by MDGs, and empowerment. Evidence on the extent to which poverty features explicitly in public policy analysis and monitoring. Evidence on the sources and sustainability of poverty reduction that has occurred. Evidence of persistence of regional inequality/low growth, corruption, etc. which is not explicitly addressed through PGBS programmes or actually affected through them.	National and international economic and social statistics. Household surveys, PPAs, other specific studies. Studies and international ratings of transparency, governance indicators etc. Studies of evolving political processes, including decentralisation. Studies (local as well as national level) of sources of poverty reduction and likely future trends. Consultation with key informants (public sector, IPs, civil society organisations and private sector).

EQ / Levels/ & DAC Criteria	Judgement Criteria	Relevant Evidence	Sources
9. Is the PGBS process itself sustainable? **Levels 5←0** (Feedback Loops) sustainability	The extent to which PGBS allows a shared learning process between Government and IPs with flexible mechanisms for adjusting to experience (including adjustment to maximise the complementarities amongst different forms of aid). The extent to which such a process encompasses all the three main flows of PGBS (funds, institutions and policies) with adjustments related to actual results at all stages in the chains of causality (from quality of inputs to overall poverty impact). The extent to which the process provides appropriate and timely feedback to all stakeholders so as to ensure the continuity and durability of PGBS. *Principal Causality Chain(s)* Feedback loops as illustrated in EEF diagram (Figure 3.2). *Counterfactual(s):* Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	Evidence on IPs entry conditions for PGBS, and the durability of IP commitments (related, inter alia, to IP domestic stakeholder concerns). Consistency between level of PGBS funding and other inputs and the result-based logic of PGBS. Evidence on government commitment to and ownership of PGBS process. Evidence of consistency (or otherwise) between government and IP objectives, coherence among IPs, and consistency between PGBS and non PGBS aid processes. Evidence of PGBS process capacity to adjust and to evolve, and to anticipate and survive crises.	[See also sources for EQ1 and EQ2.] Records of monitoring and reporting relevant to PGBS at each level. Records of formal consultative processes between government and IPs (including joint PGBS mechanisms), augmented by studies of associated informal processes. Case studies of crises and frictions in the PGBS process (and similar episodes in pre-PGBS aid). Consultation with key informants (public sector, IPs, civil society organisations and private sector).

Figure 4.1: Causality Map for the Enhanced Evaluation Framework *[from Chapter 4]*



Published by Department of International Development on behalf of the Steering Group of the Joint Evaluation of General Budget Support

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Public Enquiry Point: 0845 3004100
From overseas: +44 1355 84 3132
ISBN 1 86192 716 9

Printed & Supplied by **JOHN McCORMICK & CO. LTD.**
McCormick House, 46 Darnley Street, Glasgow G41 2TY Tel: 0141-429 4222 Ref: 52298