



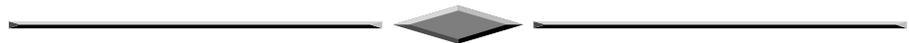
ROOM DOCUMENT 1

DAC Network on Development Evaluation

JOINT EVALUATION OF GENERAL BUDGET SUPPORT

Item II: b

This progress report has been prepared by the GBS Steering Committee for presentation at the meeting of the DAC Network on Development Evaluation 9-10 November 2004.



**2nd meeting
9 – 10 November 2004**

JOINT-EVALUATION OF GENERAL BUDGET SUPPORT

UPDATE OF PROGRESS TO 2ND MEETING OF DAC NETWORK ON DEVELOPMENT EVALUATION, 9-10 NOVEMBER 2004, PARIS

1. Introduction

The purpose of this note is to advise DAC network members on progress in the Joint Evaluation of General Budget Support (GBS) following the decision at the DAC Evaluation Network meeting (Paris 24-28 March 2003) to create a technical working group for preparing this joint evaluation and the update to the last DAC Network meeting (Paris 14-15 Jan 2004). Section 2 provides background for the benefit of newer members of the network, section 3 highlights progress since January 2004 and section 4 lists next steps. The model for the evaluation is in section 5 and a contact point is provided in section 6.

2. Background

For the benefit of newer members, an informal two-day workshop on 'Evaluating GBS' was held in Glasgow, 3-4 March 2003, hosted by DFID's Evaluation Department (EvD) under the aegis of the DAC Evaluation Network. This workshop presented an Evaluation Framework for GBS, resulting from an Evaluability Study of GBS commissioned by DFID. The Framework was also presented at a one-day workshop in Kampala, 28th May 2003, hosted by the Ministry of Finance, Planning and Economic Development, Government of Uganda. The DAC Evaluation Network members agreed to evaluate GBS jointly based on this Evaluation Framework at a DFID hosted workshop in Brighton, October 2003 where the scope and focus of the evaluation were agreed. A Steering Group of 23 donors and a Management Group of DFID, EC, Sida and Netherlands were also established at that time. A Steering Group meeting in January 2004 approved a sampling strategy for the evaluation together with a basket fund arrangement which facilitated co-financing. This brings us up to the last DAC Network on Development Evaluation meeting where Room Document 3 charted progress at that time in more depth.

3. Main points of progress since the last DAC Evaluation Network meeting (January 2004)

Partner countries have been engaged in the joint evaluation process and have joined the Steering Group – the final list of 7 partner countries for country specific evaluations to feed into the synthesis work is Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam. AusAid has additionally provided papers on experience with GBS in Papua New Guinea to feed into the synthesis work. A separate joint evaluation of GBS in Tanzania has used the Evaluation Framework and terms of reference for the joint evaluation and these findings will also be used in the synthesis products.

Terms of Reference have been agreed by the SG setting out the scope of work and key evaluation questions. The evaluation seeks to learn lessons about more and less effective approaches to GBS (unearmarked support to the consolidated budget relying on Government systems of budgeting, financial management and accountability) drawing on the DAC criteria: To what extent, and under what country contexts, is GBS relevant, efficient and effective in achieving sustainable impacts on poverty reduction?

An **international competitive tendering** process using the Official Journal of the European Commission has been completed and the MG have selected a preferred bidder. Negotiations have concluded with the bidder and contracts have been issued to a consortia led by the International Development Department at the University of Birmingham, UK.

A **basket fund** has been established by DFID and 13 donors have signed Memoranda of Understanding with DFID to co-fund the programme. The bulk of resources are now in place.

A **literature review** was commissioned to update the one originally prepared in the GBS Evaluability Study. This is now complete and shortly to be published as a Sida Working Paper. In short, the existing literature focuses largely at the GBS input level, so while much is known about GBS and complimentary inputs of harmonisation, alignment, conditionality and, to a lesser extent, policy dialogue and technical assistance, little evidence is available linking these inputs to their anticipated outputs or outcomes. Some unintended relationships are noted, for example where transaction costs have been found to increase with the use of GBS. The review pointed the evaluation into certain priority areas where less is known (including: impact of unpredictability; impact on growth; incentives to use new financial management systems; and, impact of policy dialogue to justify transaction costs). A summary of the key findings from this review and implications for the evaluation has also been finalised.

The Steering Group has met (London, October 2004) to review progress and, in particular to steer the evaluation team's approach and methods – which draws on the Evaluation Framework and uses 5 evaluation methods to address the causality in the framework from GBS to poverty reduction from both an institutional and a flow of funds approach. The methods include top down partnership analysis, macroeconomic analysis, public financial management analysis and institutional analysis meeting bottom up poverty change analysis. The interplay of these methods is expected to be extremely valuable in understanding causality and in triangulating, hence giving rigour to, evaluation findings.

Inception missions have begun (Vietnam and Mozambique complete, most others in progress and due to complete by end November). A draft inception report is expected in January 2005. The Steering Group will meet on this before finalisation of the report towards the end of February 2005.

4. Next steps in the joint evaluation

The **timeframe** has changed from original plans on the basis of the comprehensive methods proposed by the evaluation team. Fieldwork will be Feb-May 2005 with draft country evaluations all in by July 2005 (to be finalized after a Steering Group meeting in early September 2005). The draft synthesis will be available in October 2005 and finalized in November after another Steering Group meeting. A note on approach and methods will conclude the main evaluation contract in December 2005.

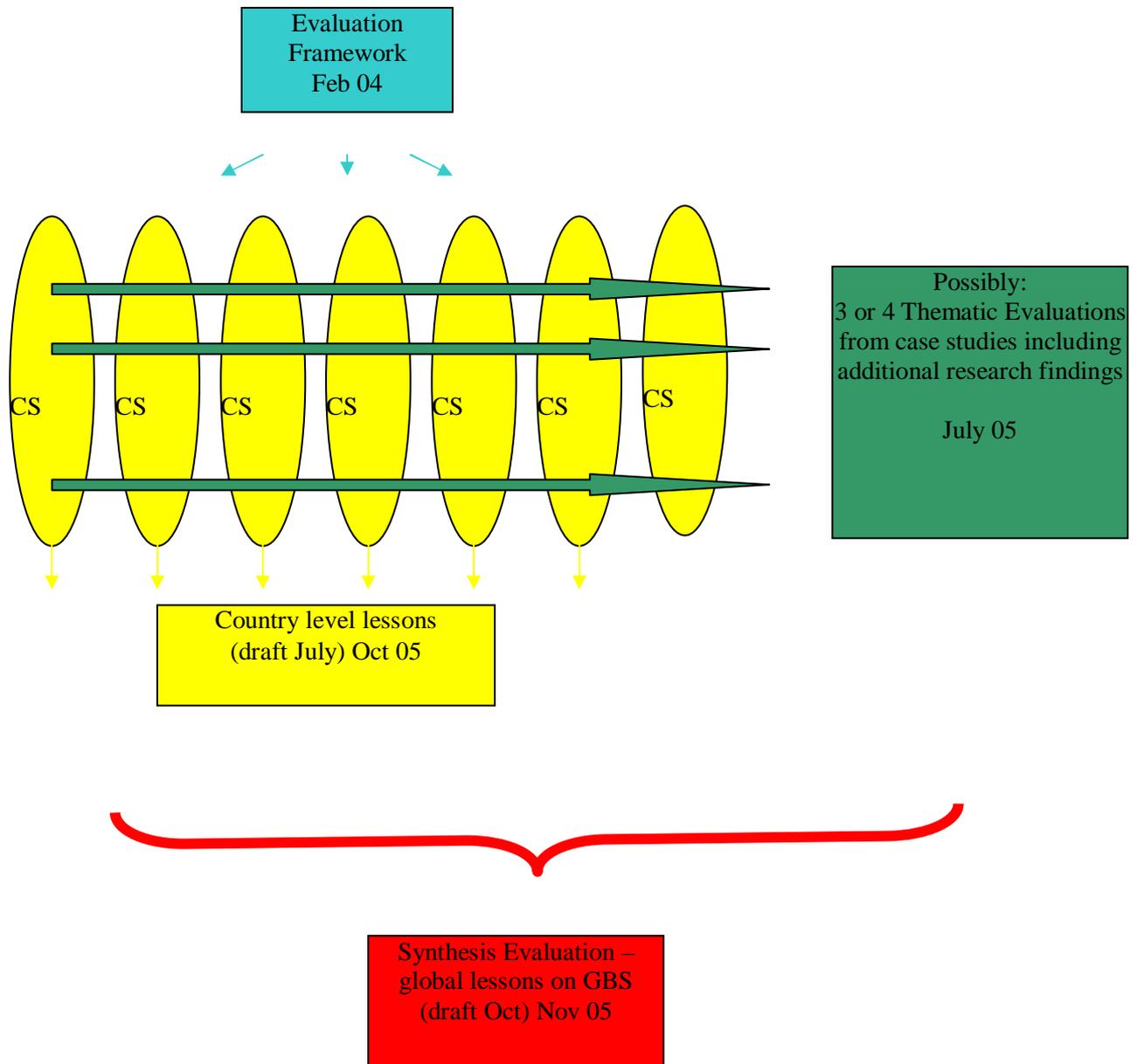
The MG are establishing a **review panel** of expert evaluators to comment on draft reports and to act as discussants for the SG. We hope to engage a variety of backgrounds and opinions on the subject matter to strengthen the scrutiny over the quality of the evaluation.

A **Communication Strategy** for the evaluation is in progress – we hope to establish a protected website for draft and background papers – and are exploring the possibility of linking this to the DAC Network's website. We also propose a major dissemination conference in January 2006. Existing published papers are on DFID's website (www.dfid.gov.uk).

The Steering Group has decided to postpone arrangements for **thematic evaluations** to support the main evaluation until after the inception report (Jan 2005). Current topics on the table include: a comparative study of GBS, SWAps and project aid; a study of transactions costs; a study addressing more explicitly the counterfactual; a study on the impact of GBS on the costs of doing business; or, a study on the effectiveness of performance assessment frameworks in GBS operations. Whether we progress any of these themes will depend on gaps in the main evaluation and whether substantive value can be added by desk based work.

The Netherlands has had to withdraw from the **Management Group** (remaining on the SG) due to time pressures. We are very grateful for Fred van der Kraaij for his inputs over the last year. DFID will be approaching other SG members to fill this gap with a MG member to lead on the communication strategy for the joint evaluation and to participate in MG activities including bimonthly UK based meetings.

5. TOWARDS A MODEL FOR THE EVALUATION.....



Queries

Queries can be addressed to DFID in the first instance. To Mike Hammond as Head of Evaluation or to Kate Tench as Team Leader for the joint evaluation of GBS (k-tench@dfid.gov.uk , Tel +44 (0)1355 843639, Fax +44 (0)1355 843642).