

AGENDA ITEM IV.
Budget Support Evaluations

**Evaluating the effects of budget support:
Where are we now? What's next?**

This draft document has been prepared by the Steering Group for discussion under agenda item IV at the 12th meeting of the Evaluation Network.

Contact: Adrian Costandache

Ioan-Adrian.COSTANDACHE@ec.europa.eu

Evaluating budget support: Where are we now? What's next?

Discussion questions

1. How would members like to take this work forward?
2. Do you support the suggestions for further work proposed?
3. What specific evaluations would you like to be involved in?

Introduction

In 2008, a group of OECD DAC members came together under the leadership of the European Commission to launch a new round of joint evaluations of budget support interventions. This work was initiated in the context of heightened political interest in the results of budget support and rising pressure on evaluation departments to produce solid evidence on the effectiveness and impacts of this unique aid modality. Demand for evaluation and better evidence to demonstrate results remains high today.

In 2008 and 2009 a methodological approach to carrying out these evaluations was developed and numerous documents issued including Concept Papers, and Terms of Reference. Institutional arrangements were made to begin joint evaluations in specific countries. Steering Committee meetings bringing together a larger number of representatives took place in 2009. A Core Group was formed (composed of EC, Belgium, Canada, Germany, the Netherlands and the United Kingdom) to guide the process and in the fall of 2009, three pilot case studies were launched in Mali, Tunisia, and Zambia.

This short note takes stock of where we are now on this topic and outlines a proposed way forward.

Where we are now

Status of the pilot evaluations

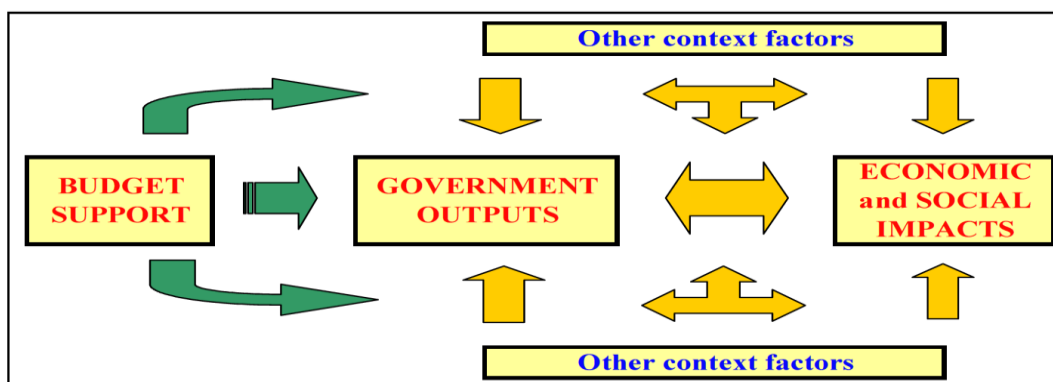
Three pilot evaluations have been completed or are in the final stages of completion. The Tunisia evaluation has been published and is available on DEREc and the EC website. The Mali report is being finalised and it should be available towards the end of July. A draft of the Zambia report, including sector case studies on macro-economic impact, infrastructure (roads, water and sanitation), agriculture, health and basic education, has been done and revisions are taking place. The final report is expected in September.

A fourth evaluation, of budget support to Tanzania, has been under preparation, but the tender process has been interrupted due to a limited number of interested prequalified tenderers. The evaluation is led by the European Commission.

Status of the development of the methodology

Each of the evaluation teams has produced a technical note on the lessons learned during their piloting of the methodological approach. The methodology consists of three steps (see image below) and is focused on understanding broader budget and development processes and then assessing the contribution of

external support within this broad context. The evaluations looked at five components (inputs, outputs, induced outputs, outcomes and impact). This approach has proven useful in the three evaluations, though many lessons were learned by the management group and evaluation teams. The methodology now needs to be revised to reflect these experiences.



Emerging findings

The findings from Tunisia are available (in French). The other two pilot evaluations are not yet final and there has not yet been time to carry out a full cross-analysis. It has therefore been decided that it would be premature to share emerging findings to avoid extrapolation from incomplete information.

Next steps

Methodology

Further tests of the methodology are needed. Development of the evaluation approach will continue to be an iterative process. Specifically, the Steering Group has agreed that it would be useful to try out the methodology outside of Africa, to look at countries where development progress has been less positive, and to explore its use in situations of fragility and conflict. The methodology will be revised based on the three pilot studies and continue to evolve based on ongoing experience.

Proposals for joint evaluations

Concrete proposals have been made for further joint work. It is hoped that having a shared plan for further joint work (over a 2-3 year horizon) will help to begin meeting the intense political pressure for better information about results. The following specific proposals for new joint evaluations of budget support have been made.

- Germany is ready to take the lead in a joint evaluation of budget support in Peru;
- Finland is interested to participate in an evaluation done in Mozambique, but not to take the lead;
- Belgium would be interested in Uganda, Rwanda or Burundi and is willing to take the lead starting from 2012;
- The European Commission is currently leading Tanzania budget support evaluation which will be launched soon and is ready to take the lead in 2012 for an evaluation in another country from Sub-Saharan Africa.

Members are invited to express interest in leading a joint evaluation of budget support in the next two-three years, or in joining one of the proposed evaluations.

Managing the work

It is recommended that the current Core Group constituted by the European Commission, Belgium, Canada, Germany, the Netherlands and the United Kingdom continue as the responsible entity for coordinating this initiative. It is also proposed that the Steering Group maintain its role in guiding the overall process.

The Steering Group will meet in June to finalise plans for a synthesis of the three pilot studies and revision of the methodology. Another meeting of the Steering Group should be organised in October or November 2011 (together with the meeting of the heads of evaluation units) in order to discuss: the synthesis of the 3 evaluations; the refinement of the methodology (state of play); and preparation of the new joint evaluations.

Suggestions for future work

It is hoped that this joint approach will help individual evaluation departments meet the high political demand for results information and that this process will contribute to strengthening overall knowledge on budget support and its evaluation.

To these ends, the following basic guiding principles are suggested to inform further joint work:

- To avoid a multiplicity of initiatives undertaken by individual donors to evaluate budget support interventions, the OECD DAC Evaluation Network members should agree to **support collaborative approaches** to these evaluations to the maximum extent possible.
- Members should consider working within their own institutions to **manage demands from policy makers** and raise awareness about this joint process, in order to strengthen support for the work and bolster interest in and acceptance of the results.
- **Plans to evaluate budget support operations should be shared** proactively as early as possible, to allow ample time for coordination and engagement of relevant stakeholders. When an individual evaluation is deemed necessary or unavoidable, the Core Group should be informed in order to take this into consideration in planning and to maximize synergies.
- To support establishment of comparable results and strengthen the collective knowledge base, members will **endeavour to use the suggested methodological approach** and sample terms of reference and to feedback on their experience. The Steering Group should oversee collection of feedback to support continual learning and updating of the evaluation methodology.
- **Reference Groups should be established** to engage country-level stakeholders and facilitate wider participation from all relevant stakeholders in the evaluation process. (The exact level of participation and make up of such groups should be determined on a case by case basis.)
- The government of the partner country is an important stakeholder of a budget support evaluation and therefore its support and participation will be crucial to the success of such intervention. **Governments should be informed early on** in the planning process to facilitate their engagement and help ensure that evaluations provide information which partner countries' governments find useful for their own decision-making processes and for their own accountability to their citizens.