



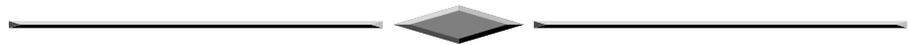
ROOM DOCUMENT NO. 7

DAC WORKING PARTY ON AID EVALUATION

**EVALUATION OF GENERAL BUDGET SUPPORT:
A PRELIMINARY STUDY BY DFID IN
PREPARATION FOR JOINT EVALUATION**

**Submitted by the
UK Department for International Development (DFID)**

Agenda item 4a



**36th meeting
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DFID's Evaluation Department has launched a preliminary study of DFID assistance provided in the form of General Budget Support. This preliminary study is intended as preparation for, potentially, a series of joint donor investigations into the effectiveness of general budget support as an aid-financing instrument for poverty reduction. It is only a preliminary study because an investigation into the budget support instrument would need to look at more than just DFID actions and activities: it would need to focus on donor efforts as a whole.

The first phase is intended to provide a platform for future more detailed joint evaluation work. DFID's Evaluation Department proposes to hold a workshop for DAC evaluators towards the end of the year to review the results of this preliminary study and to consider options for joint evaluation in this area.

What to Evaluate?

The first step in DFID's preliminary study is to **clarify intent**. A logical model has been drawn up, linking inputs and programme activities with expected outputs and outcomes.¹

The medium-term outputs identified in the logical framework are:

- reduced transaction costs
- increased allocative efficiency in public spending
- increased predictability of budget funding
- increased effectiveness of public administration
- strengthening of democratic accountability.

A key line of enquiry in Phase 1 is to explore the theory (or cause and effect) that links input and activity level processes with these medium-term outputs. It is too early to judge whether or not budget support is effective in delivering poverty outcomes, or for that matter in delivering interim outcomes such as macro economic stability.

Evaluation Assessment

DFID's preparatory study will focus on input and activity level processes to capture what changes are taking place in practices and behaviours (donors and government) to deliver direct budget support. This is the **programme reality** against which the validity of the logical model would be tested. Case studies are planned to see how closely DFID inputs and activities reflect policy statements and supposed policy direction².

Given the evidence found in country case studies, the evaluation would be able to **judge the likelihood** that programme objectives (outputs and outcomes) are likely to be achieved; and assess, on the basis of the evidence found, whether or not DFID and others are moving in a direction which reflects policy intent.

The information gathered at this level would generate questions for further evaluation work (an evaluation framework), and indicate whether this would be useful for improving performance and where it might be focused.

¹ The Inception Report will be distributed at the end of May

² The case study countries include Uganda, Mozambique and the Andhra Pradesh state of India. A desk study will look at programme documentation in the case of Tanzania.

Questions for DFID

The evaluability assessment will generate lessons from evidence found at the input and activity level. Its area of focus will be on processes and how closely behaviour at this level matches that envisaged in DFID policy statements.

Are country programmes shifting rapidly to budget support?

There is a widely held perception in DFID that DFID country programmes, especially in Africa, are moving rapidly toward budget support, implying a reduction in project supported activities which have traditionally provided the focus for staff activity and programme management. MIS information and interviews could be used to test just how far this assumption is true, and what it is that DFID is actually supporting. Assessment will indicate just how much staff time is devoted to project level activities as opposed to budget support.

Has decentralisation from regional to country offices changed working practices? *Is the country office still set up to deliver projects? Has the mix of skills changed? Do economists dominate budget support? Are sector advisers, social development advisers and governance advisers involved in the design of budget support? How has this affected their roles in relation to sector policy and programmes? How have they adapted?*

Does endorsement of budget support by DFID's senior management influence staff decisions? DFID management is encouraging the introduction of budget support. Hence country teams may feel compelled to provide budget support even though it may not be the most appropriate aid instrument in a particular setting. The study will assess how far this is so.

Questions for the donor community

How many donors deliver budget support (share in total aid, share in the budget?)

Are the objectives of budget support clearly stated and widely understood? *Is there a common perception regarding what budget support can achieve?*

To what extent are donors harmonising procedures around budget support? *Are donors adopting common systems for disbursement, reporting, accounting and so on? Is disbursement linked to normal budget cycles and procedures? To what extent has budget support increased the predictability of budget financing? To what extent has budget support reduced or rationalised donor conditionality?*

What factors hinder effective implementation? *What are the key challenges and constraints? What are the opportunities? What would help?*

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