



# **ROOM DOCUMENT 1**

**DAC Network on Development Evaluation**

## **JOINT EVALUATION OF GENERAL BUDGET SUPPORT UPDATE OF PROGRESS**

This note has been prepared, by DfID, for information at the 4th meeting of the DAC Network on Development Evaluation, 30 – 31 March 2006.



**4th meeting  
30 – 31 March 2006**

## INTRODUCTION

The evaluation of General Budget Support is a joint initiative of 24 donors and 7 partner Governments under the auspices of the DAC Network on Development Evaluation. The evaluation process began in 2003 and previous DAC Network meetings have been updated on progress. For those new to the forum, papers can be found on the DAC member's website:

<http://www.oecd.org/dac/evaluation/members/gbs>

login: dacevaluation, password: evaluation.

## MAIN POINTS OF PROGRESS SINCE LAST DAC NETWORK MEETING:

The last meeting of the Network in June 05 coincided with the **field visits** for the joint evaluation in Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam. These were successfully completed by July 05 but with some follow up over the next 2 months in some partner countries to strengthen the evaluation. A **workshop** of the consultants with the Management Group (MG) and partners took place in late July to consider the emerging evidence and to quality assure the evaluation process.

**Draft Country Reports (CRs)** were submitted to the Steering Group (SG) in September for an SG meeting in October. Further work was requested to improve the quality of the CRs, notably to strengthen the causality analysis and the consistency of ratings used throughout the reports. An extension of time and resources was approved by the SG to deliver this enhanced quality.

In December, another quality assurance workshop was held to discuss cross country findings for the **Synthesis Report (SR)**. A draft of the Synthesis Report was submitted in January 2006 ahead of a SG meeting in February. Final CRs were also submitted at this time.

The **February SG** was very successful, the reports were very strong and only a few minor comments were made on the CRs. More comments were given on the SR to maximise the value of that document in informing current policy debates on GBS.

The final SR and CRs are due in March, to be approved by the MG with some SG participation in the SR. They will be published ahead of the **9-10 May 2006 International Dissemination Conference or Policymakers Forum** to be chaired by Richard Manning at the DAC, Paris. The MG is also supporting a Strategic Partnership with Africa (SPA) conference in Brussels in April to engage African partners more fully in the policy improvement process.

A number of **short briefs** are also being prepared by the consultants summarising each report and summarising conclusions and recommendations against thematic questions for different audiences in order to improve the effectiveness of communicating the conclusions and recommendations of this important joint evaluation to others. All products, once published, will be placed on the public part of the DAC website.

Finally, **in country dissemination** workshops are under discussion with our partners and a programme of these will take place between May-September 2006 with MG support.

## MAIN CONCLUSIONS AND RECOMMENDATIONS FROM SYNTHESIS REPORT

While process is important for updating the network, we are now at the stage of presenting conclusions and recommendations and are certain the Network will be most interested in this. The final reports will not be available until 31 March which means this paper reflects material as at draft report stage in February – but we do not expect major changes from this point.

**General Budget Support is relevant.** The design is well contextualised and evolves over time. No single model. Only in one case was the relevance of the instrument challenged (Malawi) where macroeconomic instability and lack of political commitment were lacking. These appear to be important bases from which to build effective GBS; **no other entry conditions** are necessary. GBS delivered a positive performance even in Rwanda where donors considered GBS to be based on a weaker set of initial conditions post conflict. Lessons include the **importance of good design, a**

**shared understanding of design and objectives** (donors and partner Government) and **thorough political analysis to assess political will** for reform for poverty reduction (linked to question marks about the extent of real ownership of PRSPs).

**Efficiency and effectiveness** of GBS were tested in relation to a range of evaluation questions focusing on different causality chains set out in the enhanced evaluation framework. **GBS delivered harmonisation and alignment** more effectively than other instruments and there were important **spillover effects** from GBS improving harmonisation and alignment across the aid portfolio. Direct effects of harmonisation in improving government efficiency were not found as expected: Although the incidence of transactions costs shifts, **GBS does not reduce transaction costs overall** even in the medium term, largely because costs associated with GBS accrue in parallel to those in relation to other aid instruments which continue alongside GBS. The joint evaluation of Aid Effectiveness (Paris Agenda) will pursue these themes.

**GBS has strengthened Government systems** both through the **systemic effects** of use of those systems (with greater funds) and through associated **dialogue and technical assistance**. Notably, **public financial management** improvements including in **budget efficiency and transparency** were found in countries with longer experience of GBS. These effects have been hard to reach with other aid instruments. An important lesson is that **technical assistance needs to be better coordinated** and harmonised and strategies should pursue capacity building not just at central levels but also at **sectoral and local levels** where funds are spent through decentralised governments. To make dialogue more effective, GBS should **focus on areas of consensus** between partners. GBS was also found to **strengthen intra governmental incentives** between line ministries and ministries of finance (although the role of Parliament has been less notable).

**GBS and sector budget support** were found to be similar in practice and many of the conclusions on GBS also apply to SBS. **Predictability of GBS funds is also improving**, notably in the short term. Longer term, donors still are unable to commit to 3 year GBS cycles to facilitate MTEF planning.

The main causality chain which was found to deliver down to **outcome and impact on poverty reduction** directly was through flow of funds to the **expansion of service delivery**: GBS resulted in increased expenditures on health and education service delivery. However, the expansion was achieved at the **expense of quality and equality of access**. This sequencing of expansion before quality and equality of access is common to other aid financed service delivery expansions but does highlight the importance of focusing energies of issues of quality. In particular, the **definitions of pro-poor expenditures** used by partners are weak and could better target quality and equality considerations.

The evaluation concludes that **GBS is not a panacea**. Expectations about the effects of the instrument need to be realistic. **No specific effects of GBS on reducing corruption** were found and only **marginal effects could be found on improvements in domestic accountability** (e.g. transparency and participation). GBS was found to have **no effects through growth to income poverty** other than through supporting macroeconomic stability which was attributed to the IMF and PRGF programmes. The recommendations likely to flow from this are the need for **continuation of a mix of aid instruments** in all countries to meet different targets, the importance of **bringing the growth agenda into the PRSP** process and therefore into GBS (as is now happening) and the importance of setting a **realistic bar** against which to evaluate the effects of GBS over the short and medium term

The **sustainability of GBS** was considered (as the more relevant question than sustainability of effect in a formative evaluation). GBS practice is **learning** from experience. But the demand for short term results is at odds with the longer term institutional strengthening objectives of the instrument. Importantly, in some partner countries, the evaluation **recommends a longer term approach** to the instrument with less short term management by the donors so as not to undermine the longer term systemic effects of GBS in strengthening government systems.

The final reports from the evaluation will be used to inform **policy revisions** which will be taken forward by policy colleagues within donors and partner Governments. In addition to establishing the overall effects of GBS, there are **many lessons in the evaluation** which will help improve the effectiveness of GBS overall in the future.

#### **NOTE ON APPROACH AND METHOD**

The original ToR requested a **Note on approach and Method** which would be discussed not within the SG but within the DAC Network on Development Evaluation. Again, this meeting comes slightly too early for this note which is not available until later in March. But this evaluation, called 'probably the most complex' by Horst Brier's work, has developed a number of **useful lessons** for the evaluation community to take forward, not least on methods for evaluating GBS which as an aid modality, is likely to remain of central importance to our programmes for many years. It would be helpful if the Network could discuss lessons from this evaluation at their next meeting. The MG and consultants will also be preparing some process lessons to enrich the material.

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