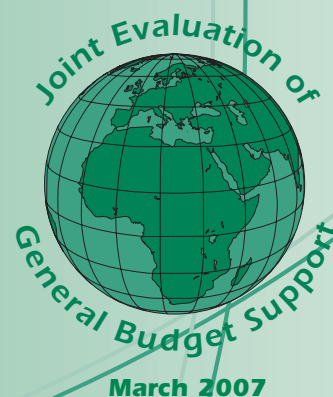


# **Evaluation of General Budget Support – Note on Approach and Methods**

**A Joint Evaluation  
of General Budget  
Support 1994-2004**



The Joint Evaluation of General Budget Support is supported and guided by the following organisations and countries, which form its Steering Group:

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Burkina Faso	Malawi
Mozambique	Nicaragua
Rwanda	Uganda
Vietnam	

# JOINT EVALUATION OF GENERAL BUDGET SUPPORT 1994–2004

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



## Evaluation of General Budget Support



## NOTE ON APPROACH AND METHODS

**IDD and Associates**



**March 2007**



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## Evaluation of General Budget Support

### NOTE ON APPROACH AND METHODS

#### Preface

May 2006 marked the publication of the Joint Evaluation of General Budget Support (JEGBS). It was commissioned by a consortium of donor agencies and seven partner Governments<sup>1</sup> under the auspices of the DAC Network on Development Evaluation. This evaluation examined to what extent, and under what circumstances, Partnership General Budget Support (PGBS) is relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth.

It was an important evaluation because:

- i) We are currently witnessing a substantial shift among the donor community from providing aid to partner governments through more traditional projects and aid instruments to, where appropriate, forms of General Budget Support (GBS). Between 1994 and 2004 well over USD 4 billion was delivered to developing partner governments in the form of GBS.
- ii) Many agencies are currently ‘scaling up’ the resources spent on development, leading to an increased need to demonstrate ‘impact’ and/or the development outcomes of this increased expenditure. This evaluation demonstrates the rigorous use of a logical framework which was designed to represent the complexity of GBS enabling the intervention logic to be spelt out and the component parts tested in so far as possible.
- iii) The methodology used for the evaluation was complex and it was able to build substantially on two earlier pieces of work.<sup>2</sup> These culminated in the production of a more refined evaluation framework that was to form the initial building blocks for this evaluation; and
- iv) It was “probably the largest joint evaluation ever undertaken so far” (OECD/DAC Horst Breier, 2005) with more than twenty donor agencies being involved.

This Note on Approach and Methods has been written as a stand-alone document, although it is closely allied to the JEGBS Inception Report (IR). The IR provided the theoretical underpinnings of the evaluation instruments that were employed, whereas this note provides the reader with an ex-post assessment of their relevance and the experience the evaluation team had employing them in an evaluation of this type and scale.

This final output of the joint evaluation has been designed to act as a convenient point of reference for those undertaking evaluations of this type in the future. This is partly because this

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<sup>1</sup> The consortium comprised the Governments of Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Japan, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and USA, plus the European Commission (EC), the Japan Bank for International Cooperation (JBIC) and the Inter American Development Bank (IADB), the IMF, OECD/DAC and the World Bank. The evaluation was undertaken in collaboration with the Governments of Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam, who were also members of the SG. The study was designed to interact closely with aid agencies and with government and other stakeholders at country level. There were government and donor contact points in each country.

<sup>2</sup> Booth, D., Harding, A., Hoole, D., Lawson, A., and Naschold, F. (2003) *General Budget Support Evaluability Study*. OPM/ODI; and Booth, D. and Lawson, A. (2004) *Evaluation Framework for General Budget Support*. London: ODI.

evaluation and the methodology employed was decided upon as the most appropriate and robust given the circumstances at the time. Some of the issues faced include:

- PGBS is still a relatively young aid instrument, making it hard to follow the causality chain through to the impact stage;
- the seven country case studies were selected as illustrative rather than representative samples of countries that receive GBS;
- an econometric approach was not feasible as, at the time of the evaluation, although improving, the standard international data on aid were of limited value for charting trends in the types and levels of GBS flows to provide robust results; and
- no single overall counterfactual was used, but instead appropriate counterfactuals for each sub-enquiry.

These issues, amongst additional ones highlighted both in the Synthesis Report and within this note, should be independently examined at the design stage of future GBS evaluations.

In the light of the thematic declarations made in Rome, Monterrey and Paris large joint evaluations will increasingly become a reality of the future. Chapter 3 therefore highlights some of the complexities, advantages and pitfalls of undertaking a joint evaluation on this scale. However, the reader should be aware that this is written from the perspective of the evaluation team – what it does not reflect upon is the sustained effort required from both the Management Group and Steering Group to arrive at a consensus on both the direction and approach of the evaluation, without compromising its independence. Future evaluators should not underestimate the complex nature of the relationship between the various stakeholders and the need to find a common path. This is required to ensure the evaluation findings are ‘owned’ by all parties but also so that they do not become diluted.

**This report represents the views of the authors and not necessarily the views of the Steering Group or its members.** We would, however, like to express our sincere thanks to Stephen Lister (the head of the evaluation team) and his team for all their hard work, which has culminated in the production of a rigorous and high calibre evaluation in a relatively new and highly complex area. In addition to this we would also like to note the considerable contributions made by Kate Tench and members of the management group.

Nick York

Deputy Director, Evaluation Department, DFID and Chair of the JEGBS Steering Group.

## How to navigate this note

The Joint Evaluation of General Budget Support (JEGBS) has been the largest and the most complex joint aid evaluation undertaken to date. The challenges of evaluating GBS required considerable development and adaptation of methodology as the study proceeded. The continued use of budget support, and the general trend towards more collaborative ways of delivering aid, will continue to raise challenges for evaluation.

It was therefore important to record and to review the methodology employed for the JEGBS, so that lessons can be learned and applied to future evaluations.

This note combines documentation, explanation and analysis:

- **Documentation:** it brings together in a single volume all the main evaluation instruments the JEGBS team used.
- **Explanation:** it explains why particular instruments were adopted and how they were applied during the evaluation, and it includes a review of the evaluation process as well as the evaluation instruments.
- **Analysis:** it gives the evaluation team's comments on the experience of the evaluation and the particular instruments employed, and offers some lessons for future evaluations.

The note is not a comprehensive review of evaluation methodology, nor is it a manual for future evaluations of budget support, but it is meant to be a convenient reference point for those who carry such work forward.

The Table of Contents, overleaf, shows the note's structure in detail.

- **Chapter 1** provides a brief **background** to the evaluation.
- **Chapter 2** explains the **methodology** that was developed and the **specific instruments** that were used during the evaluation. After noting the methodological challenges of the evaluation, the chapter describes the evaluation instruments in roughly their order of use – for identifying budget support, for analysing its effect, and for presenting the findings.
- **Shaded boxes** in Chapter 2 provide, for each instrument, a summary of the instrument's **purpose**, the evaluation team's **approach** to its design and use, plus **comments and recommendations** based on the experience of using it.
- All the evaluation instruments can be found in the main JEGBS reports (the Inception Report, the seven Country Reports, and the final Synthesis Report) and this note will be of less value to anyone who is not familiar with those reports. For convenience, however, **examples of each instrument** are provided in the **Annexes**.
- **Chapter 3** comments on lessons learned from the **evaluation process**.
- **Chapter 4** provides overall **reflections on the methodology** and **lessons of experience** from undertaking the evaluation.

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## **Acronyms and Abbreviations**

AAP	Assessment and Action Plan
AfDB	African Development Bank
CB	Capacity Building
CCI	Cross-Cutting Issue
CFAA	Country Financial Accountability Assessment
CG	Consultative Group
CIDA	Canadian International Development Agency
CM	Causality Map
CPAR	Country Procurement Assessment Review
CR	Country Report
CSO	Civil Society Organisation
DAC	Development Assistance Committee (of the OECD)
DFID	Department for International Development
DRN	Development Researchers' Network
EEF	Enhanced Evaluation Framework
EF	Evaluation Framework
EQ	Evaluation Question
ESAF	Enhanced Structural Adjustment Facility
GBS	General Budget Support
H&A	Harmonisation and Alignment
HIPC	Heavily Indebted Poor Countries
HQ	Headquarters
IDD	International Development Department
IFS	International Finance Statistics
IMF	International Monetary Fund
IP	international partner
IR	Inception Report
JEGBS	Joint Evaluation of GBS
LG	local government
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MG	Management Group
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NCG	Nordic Consulting Group
NGO	Non Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PAF	Poverty Action Fund (Uganda); Performance Assessment Framework
PBA	Programme Based Approach
PEAP	Poverty Eradication Action Plan (Uganda)
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PFM	Public Finance Management
PGBS	Partnership General Budget Support
PPE	pro-poor expenditure
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy

PRSC	Poverty Reduction Strategy Credit
PRSP	Poverty Reduction Strategy Paper
QA	Quality Assurance
SAF	Structural Adjustment Facility
SASP	Structural Adjustment Support Programme
SBS	Sector Budget Support
SG	Steering Group
SR	Synthesis Report
SWAp	sector wide approach
TA	Technical Assistance
TL	Team Leader
TOR	Terms of Reference
UK	United Kingdom
USD	US dollars
WAEMU	West African Economic and Monetary Union

## 1. INTRODUCTION

### Background

1.1 The Joint Evaluation of General Budget Support (JEGBS) was commissioned by a group of 24 aid agencies, working within the framework of the OECD DAC Evaluation Network. They were joined on the evaluation's Steering Group (SG) by the governments of the seven countries used as case studies – Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam. The study was contracted on behalf of the SG by DFID (UK), who also chaired both the SG and the Management Group (MG).

1.2 The evaluation was undertaken by a consortium led by the International Development Department (IDD) of the University of Birmingham. The other principal members of the consortium were Mokoro Limited (UK), ECORYS (Netherlands), Development Researchers' Network (DRN, Italy) and the Nordic Consulting Group (NCG). More than three dozen consultants, including those based in the study countries, contributed to the study's reports. The consortium began work in August 2004 and the final country and synthesis reports were presented to the OECD DAC in May 2006.

1.3 The evaluation period was stipulated as 1994–2004, and, as summarised in the Terms of Reference (TOR):<sup>3</sup>

The purpose of the evaluation [was] 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. (TOR §3.1)

1.4 The main outputs of the evaluation were an Inception Report (final version delivered in May 2005<sup>4</sup>), the seven country studies, and a Synthesis Report (see the select bibliography in this volume for full citations). All the reports (including translated versions in some cases) are available on the DAC Evaluation Network web site.

1.5 This *Note on Approach and Methods* is the final stipulated output of the Joint Evaluation of General Budget Support. It was specified as follows:

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)

### Approach

1.6 Chapter 2 of this note reviews the evaluation methodology and the various evaluation instruments developed and used during the study. This has two main purposes: to document the instruments used (full details and examples are annexed) and to comment on the relevance and utility of the different instruments. In order to make this note reasonably self-contained we have borrowed extensively from the Inception Report's discussion of methodology. We also reproduce from the Synthesis Report a number of boxes that deal directly with definitions and approaches.

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<sup>3</sup> The full TOR are annexed to the Inception Report.

<sup>4</sup> IDD and Associates (2005), published in June 2005.

1.7 Chapter 3 comments on the evaluation process. This was the largest joint evaluation sponsored by the DAC, and the success of such work depends as much on the evaluation process as on the intrinsic methodology adopted. Chapter 3 relates the experience and lessons learned from this evaluation to the good practice guidelines in three OECD DAC papers: the 2000 guidelines *on Effective Practices in Conducting a Multi-Donor Evaluation*, the 2005 Evaluation Network Working Paper, *Joint Evaluations: Recent Experiences, Lessons Learned and Options for the Future* (prepared by Horst Breier for the DAC Evaluation Network), and *Guidance for Managing Joint Evaluations* (DAC Evaluation Series, OECD 2006). The latter is an update of the 2000 guidelines. Chapter 4 provides some overall reflections and suggests the main lessons that should feed into future evaluations.

1.8 The note is, of course, written from the perspective of the evaluation team. It does not review the evaluation process prior to the commissioning of the consultancy, and neither is it a comprehensive review of evaluation methodology. As stipulated in the TOR, it is intended to feed into future guidelines for the evaluation of GBS, but it is beyond the scope of the note to formulate such guidelines.

## 2. EVALUATION INSTRUMENTS DEVELOPED AND USED

### Overview

2.1 Prior to the joint evaluation, there had already been a great deal of work on the methodology of GBS evaluation. In 2001 the UK's Department for International Development (DFID) began a series of evaluability studies, culminating in a draft framework for the evaluation of general budget support (GBS). In 2003, the process was taken forward by a much wider group of aid agencies and partner countries, linked through the development evaluation network of the OECD's Development Assistance Committee (DAC). This work culminated in a proposed Evaluation Framework which was attached to the TOR for JEGBS (Lawson and Booth 2004).

2.2 The previous evaluability work had already determined the broad approach that would be adopted, i.e. country case studies using a logical framework to test hypotheses about causality.<sup>5</sup> However, the TOR stipulated that considerable further development of the methodology should be undertaken. The TOR were not particularly clear about what precisely was required. A principal preoccupation of the inception phase, therefore, was the further elaboration of the methodology and of instruments through which to apply it. Also during the inception phase, the SG/MG decided that the evaluation should focus only on the subset of General Budget Support which was termed *Partnership* GBS (PGBS) – see Box 1. The DAC evaluation criteria (Box 2) were a fixed point of reference for the study.<sup>6</sup>

### Box 1: The Definition of Partnership GBS

It was agreed during the inception phase that the particular focus of the evaluation should be on "partnership GBS" ("new GBS" and "poverty reduction GBS" are equivalent terms). In all cases, partnership GBS was an innovation in the latter part of the review period.

PGBS was distinguished from other forms of GBS by its focus on supporting partner countries' poverty reduction strategies, and by seeking agreed rather than imposed conditionality.

The study was not required to evaluate the forms of GBS that preceded partnership GBS, but it was expected to use the earlier experiences of programme aid as a point of comparison in assessing partnership GBS.

2.3 We comment on the study process in Chapter 3 of this note. In the present chapter we abstract from the processes (often rather tortuous) by which particular approaches and instruments evolved and simply explain the instruments, their rationale, and the evaluation team's experience in using them. The instruments are presented in roughly their order of use: first for identifying PGBS, then for analysing its effects, then for presenting the findings. Subsequently we reproduce from the Synthesis Report a number of boxes which addressed various aspects of definition and analysis. We begin with a summary of the challenges in evaluating GBS.

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<sup>5</sup> During the inception phase, the evaluation team explored, but rejected, the possibility of undertaking an econometric analysis as well (see Box 4 below).

<sup>6</sup> These criteria do not include any notion of "coherence": the term does not appear in the DAC evaluation glossary (OECD DAC 2002), but the concept is difficult to avoid in assessing aid strategies and aid effectiveness.

### Box 2: The DAC Evaluation Criteria

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.
- *Impact*: 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.

Source: OECD DAC 2002 (Glossary of Key Terms in Evaluation and Results Based Management).

## Challenges in Evaluating GBS

2.4 Project evaluation methodology is well established, and relatively straightforward (although such evaluations frequently abstract from the problems of fungibility – see the discussion of counterfactuals below). Programme Based Approaches (PBAs<sup>7</sup>) 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.

## Complexity

- 2.5 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).

---

<sup>7</sup> We used the following definition of PBAs:

*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.*

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



- (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. 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 country context – might 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.

### Counterfactuals

2.6 The DAC glossary of evaluation terms defines the counterfactual thus:

The situation or condition which *hypothetically* may prevail for individuals, organisations or groups were there no development intervention. (OECD DAC 2002)

2.7 The TOR's approach to counterfactuals was unsatisfactory. At various points the TOR stressed that the evaluation was not to be a comparison of GBS with other aid modalities. This may have reflected the sensitivities of some SG members in the debates about the respective merits of project aid and budget support. However, any evaluation 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?). Box 3 summarises the approach to counterfactuals that was agreed during the inception phase. As noted therein, this approach to counterfactuals was reflected in the guidance on evaluation questions (reproduced as Annex 5 of this note). For each main evaluation question the counterfactuals likely to be most relevant were identified. In the country reports, successive chapters addressed each of the main EQs. Each such chapter concludes with a discussion of the counterfactuals relevant to the particular EQ.

2.8 Attention to counterfactuals is also reflected in the SR's discussion of whether PGBS was additional or a substitute in each of the countries studied (see SR ¶3.17–3.18 and Box 3.1).

### Box 3: Approach to Counterfactuals

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.

For aggregate flow-of-funds and budgetary effects, it is certainly appropriate to ask whether 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 a macroeconomic effect such as 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.

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 (did the previous modality 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.

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

This approach to counterfactuals was reflected in the guidance on evaluation questions. For each main Evaluation Question in the country reports, a final section summarises the relevant counterfactual considerations.

*Source:* Appeared as SR Box 2.4 (Adapted from IR ¶3.27–3.31).

2.9 **Annex 9** summarises the counterfactuals mentioned for each EQ in each of the country reports. In practice, alternative aid modalities feature strongly among the counterfactuals. However, the reports' reflections on counterfactuals are very nuanced because (a) the appropriate counterfactual is a matter of conjecture, rather than an alternative scenario that can be reconstructed in detail; (b) a complete substitution of one modality for another is rarely seen as a realistic option; and in any case, (c) many of the more interesting observations are about the interactions between different aid modalities. Explicit consideration of counterfactuals thus encouraged reflection on complementarities as well as possible substitution among aid modalities.

### **Causality and Attribution<sup>8</sup>**

2.10 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?

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

2.12 Two prime requirements are:

- 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.

2.13 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. This issue is taken up in the discussion below of the Causality Map but we first explain (a) the documentation of the evaluation subject, and (b) the logic chart which was the centre-piece of the evaluation methodology.

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<sup>8</sup> 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 drafts of the Inception Report) alternative techniques but two sides of the same coin.

## Identifying and Documenting GBS

### Instrument: Inventory of GBS and Related Programmes

**Purpose:** To identify and describe the GBS that was the subject of the evaluation.

**Approach:** In the absence of useful international statistics on GBS, it was necessary to develop country-level inventories of the GBS operations that formed the subject of the evaluation. In any case, the characteristics of GBS operations need to be carefully described. It was necessary for the evaluation team to apply consistent definitions in identifying PGBS, since government and aid agency descriptions/labels for their operations are often inconsistent and misleading. The inventories were deliberately cast wider than PGBS to include other forms of financial programme aid, both for comparative purposes and to ensure that no PGBS was inadvertently overlooked.

**Example Provided:** **Annex 1** reproduces the inventory for Uganda. Note that all the country inventories were based on the same checklists, but that formats were adapted to fit country contexts.

**Comments/Recommendations:** Compiling such an inventory should be the first step in any future GBS evaluation. It requires substantial work, drawing largely but not exclusively on documentary sources. Questionnaires to in-country aid agencies are not an adequate approach to preparing a definitive inventory.

2.14 Because of its scale, GBS is inherently lumpy, and there had been a finite set of budget support operations in each of the study countries between 1994–2004. The evaluation team's approach was 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 was considered but rejected during the inception phase – see Box 4.)

### Box 4: 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<sup>9</sup> As part of the inception phase of this study, the feasibility of an econometric analysis of GBS performance was explored.<sup>10</sup> Although there appeared to have been significant recent improvements in the principal (OECD DAC) data sources, it was decided not to pursue this line of enquiry within the JEGBS 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.

Improvements to international aid data may make an econometric approach more practical in future. However, because of the time scale required to establish relationships, and the "black box" nature of the conclusions (Bourguignon and Sundberg, 2007), this would not plausibly substitute for the more disaggregated case-study approach that was adopted for JEGBS. It would be difficult for an econometric approach to consider the detailed causality behind its findings, or to explore subtleties of PGBS design and its interactions with other modalities.

Source: Based on Inception Report, Box 2.3.

<sup>9</sup> 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).

<sup>10</sup> 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.

2.15 The primary purpose of the inventories was to identify programme intentions, procedures and inputs so that their outputs and outcomes could then be examined in the evaluation.

2.16 The inventories deliberately sought to capture all forms of budget support, not just what was unambiguously partnership GBS according to the TOR definition. This approach recognised 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 study found that there was not the sharp distinction between GBS and Sector Budget Support (SBS) that the TOR assumed (see SR ¶2.3–2.4). 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.

2.17 Apart from the identification of the different international partners involved in each programme and the scale of their assistance, the inventories sought to capture the following aspects of the programmes:

- (a) **Programme intent:** the intention behind the provision of unearmarked budget support is one of the principal distinguishing features of partnership GBS. The inventories sought 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:** PGBS 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 attempted 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 poverty reduction strategy (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 PGBS is supposedly characterised by orientation to government leadership, capacity building and long-term commitment to poverty reduction. We sought 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 PGBS, 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

sought 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.

2.18 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 the inventories was an essential base for the GBS evaluation.

#### **Instrument: Internationally Standard Comparison of GBS Across Countries**

*Purpose:* To aggregate and compare the relative importance of PGBS flows across the study countries.

*Approach:* The evaluation team used the most robust available data in each study country. This meant that PGBS figures from country to country were not necessarily strictly comparable. The standard summary tables juxtaposed country-level data on PGBS with internationally standardised data on aid flows, GDP etc.

*Example Provided:* **Annex 2** reproduces all 7 country tables and the explanatory notes and caveats that go with them.

*Comments/Recommendations:* These comparative data served their purpose but it is important to recognise these figures as approximations.

2.19 It was essential to base the country studies on country-level information. However, this meant it was not straightforward to make international comparisons of PGBS flows relative to total aid. The team therefore developed a standard summary table which juxtaposed country-level PGBS information with standard international data on aid flows etc. The resulting figures are approximations, but the format adopted was also useful in providing an overview of different donors' involvement in various forms of programme aid in each country.

## The Enhanced Evaluation Framework

2.20 The Enhanced Evaluation Framework (EEF) has to be understood in the context of the original Evaluation Framework (EF) from which it was developed.

### *Origins and Outline of the Evaluation Framework*

2.21 The Evaluation Framework was commissioned on behalf of the OECD DAC Evaluation Network. It drew on an earlier GBS Evaluability Study<sup>11</sup> produced for the Evaluation Department of UK DFID. The expectations, priorities and objectives of budget support were unpacked and discussed in the EF which was:

... 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)

2.22 The logical framework approach was not new to this field<sup>12</sup> but the Evaluation Framework was an elaborate and rigorous version, based on a very specific set of hypotheses about how GBS is meant to work. The full Evaluation Framework took this to an impressive level of detail. Key features were:

- The standard logical sequence of five levels (Inputs, Immediate Effects,<sup>13</sup> Outputs, Outcomes and Impacts) as depicted in Figure 1 (the concise summary version of the EF).
- 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*

2.23 The TOR (§5.3) made clear that the EF was an essential platform for the JEGBS, but that it was 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.

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<sup>11</sup> 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.

<sup>12</sup> See White, H. (1999) *Dollars, Dialogue and Development: An Evaluation of Swedish Programme Aid*. Stockholm: Sida.

<sup>13</sup> "Activities" is a common alternative designation for this level.

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.

2.24 In their comments on the first draft of the Inception Report the Management Group described 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.)

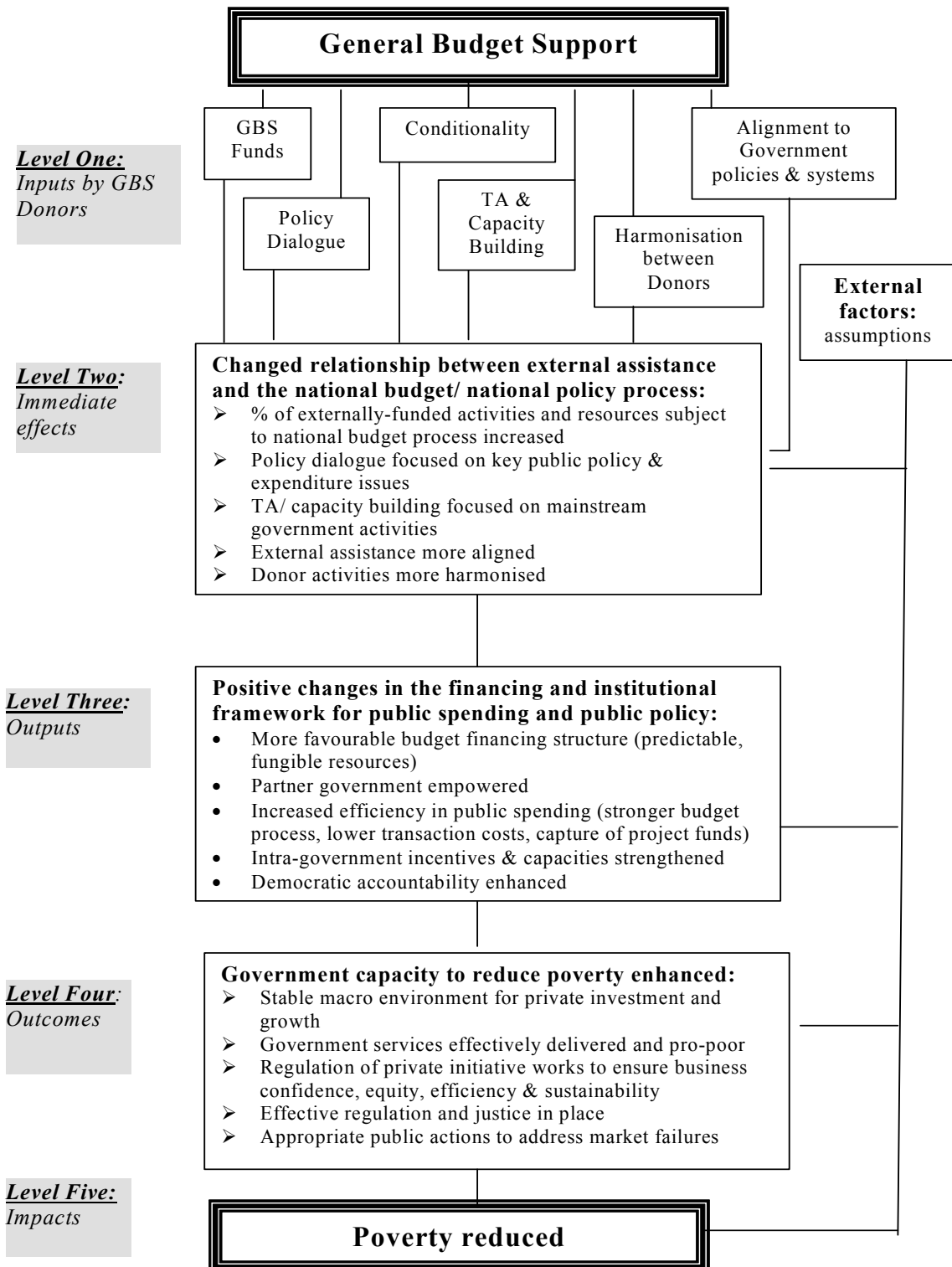
2.25 The evaluation team agreed that causality framework is a better name, because there were in practice two different, though complementary requirements. The first was actually to take a broader view than the EF does of what elements are relevant to be included within the evaluation.<sup>14</sup> The second (informed by the first) was 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 made 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 was clearly mapped onto the overall framework; but (c) it was not practical to depict all relevant sub-chains *in detail* on the same diagram or matrix.

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<sup>14</sup> The evaluation team noted that the TOR reference to the EF being "more general and broader in scope than the present evaluation" was best understood as referring to the EF's tendency towards operating as a comparative evaluation of competing aid modalities; in other respects, it may actually have adopted too narrow an interpretation of the relevant factors to be incorporated within the evaluation.



Figure 1: GBS Evaluation Framework (simplified version)



Source: Lawson and Booth 2004.

### *Assessment of the Evaluation Framework*

2.26 The Inception Report noted that, like any logic chart, the Evaluation Framework was 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 were as follows:

- (a) It did 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 unbundled the GBS inputs (into funds, dialogue, conditionality, TA, harmonisation and alignment), it did 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 treated GBS donors as a homogeneous group (almost as a single actor). (This is thus one example where it ignored interactions within a level.) Moreover, its language implied that there are GBS-donors and other donors, whereas in practice the GBS donors themselves also provide aid through other modalities.
- (d) It was oriented towards a comparison (and contrast) of GBS with other modalities, but did 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 treated "new GBS" as a single design. Moreover, it imposed 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 portrayed 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 was 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 were not spelt out.
- (h) A consequence of these and other simplifications was that many key influences on the performance of GBS were treated as assumptions and not well specified.

2.27 The EF was 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.

### **Instrument: The Enhanced Evaluation Framework**

**Purpose:** To provide a logical framework for the evaluation.

**Approach:** Enhancement of the original Evaluation Framework for reasons and in ways that were fully described in the Inception Report and are reiterated in this note.

**Example Provided:** Schematic overview diagram (**Figure 2**), as appeared in the Inception and Synthesis Reports.

**Comments/Recommendations:** All of the innovations in the EEF (Level 0, more attention to parallel inputs, disaggregation of poverty dimensions, explicit feedback loops, etc) were useful in helping to make the evaluation's analysis more focused and rigorous.

### *Overview of the Enhanced Evaluation Framework*

2.28 The Enhanced Evaluation Framework (EEF) is schematically presented in Figure 2. It addresses the shortcomings of the original Evaluation Framework as follows:

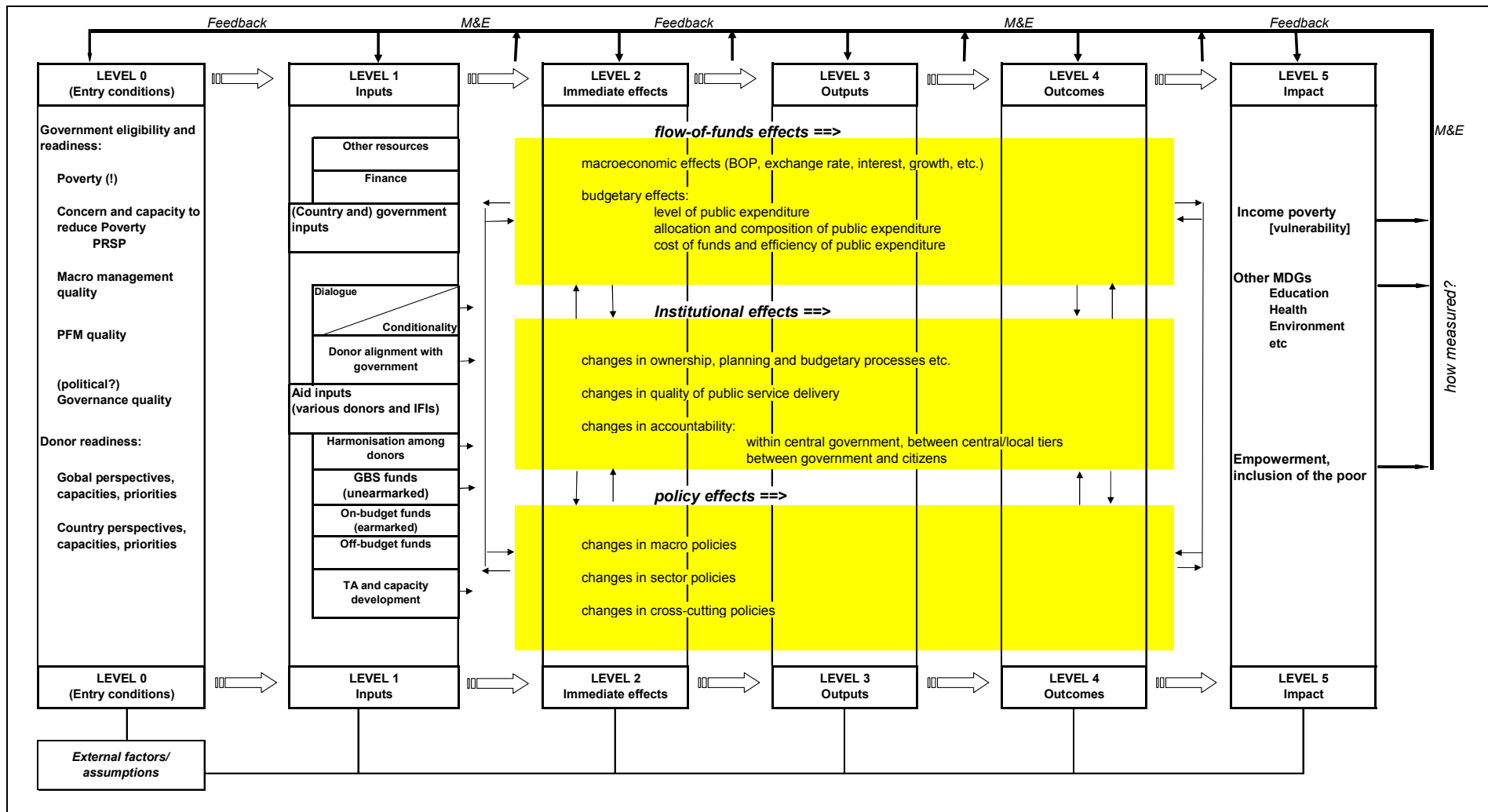
- (a) A new "Level 0" is introduced so that design context and entry conditions can be systematically addressed:
  - From a donor perspective, it is important to consider factors that make a partner government eligible for GBS.
  - It is also important, though, to consider the criteria that make a donor 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 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).
- (e) 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.
- (f) 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.

2.29 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.

Figure 2: The Enhanced Evaluation Framework



### *Using the EEF*

2.30 This Enhanced Evaluation Framework answers to the broader parts of the TOR specifications (§2.23 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 taken up in the complementary instruments that we describe below.

### **Instrument: Logical Sequence of Effects**

**Purpose:** To spell out the logic and assumptions underlying the EEF.

**Approach:** To link the logic and assumptions to the general and specific questions, evidence and indicators through which the logic can be tested.

**Examples Provided:** The concise and extended versions that appeared in the final Inception Report are at **Annex 3**. The concise version is also reproduced below as Box 5.

**Comments/Recommendations:** Preparing this matrix was a necessary and useful exercise in developing the EEF and Causality Map. But it was not a practical evaluation instrument in the field. Field teams had a surfeit of instruments and wisely used the ones that were more directly related to the required report structure. Time spent on laborious refinements to the matrix, at the MG's behest, after the main phase of field work had already begun, was wasted: the instrument's value lay in its broad structure, not the detail.

2.31 The detailed logic of the EF was spelt out in the EF's *Chapter 6: The Evaluation Framework in Detail*. A thoroughly revised version to elaborate the Enhanced Evaluation Framework was included as Annex G of the Inception Report and is reproduced as Annex 3 to this note.

2.32 The concise version that appeared in the body of the IR is reproduced below as Box 5. Note that the reference numbers at different levels correspond to those used in the Causality Map (the next instrument to be described).

**Box 5: EEF– Logical Sequence of Effects (Concise Version)**

**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**

- Public finance management (PFM)
- Pro-poor sectoral policies and good governance

**1.5 Alignment and harmonisation**

- International Partners' (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 (Poverty Reduction Strategy Paper/Medium Term Expenditure Framework)
- 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 macroeconomic 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**

**Instrument: Causality Map**

*Purpose:* To supplement the (Enhanced) Evaluation Framework with more detailed hypotheses about sub-chains of causality between and within levels of the framework.

*Approach:* The Causality Map (CM) is a visual depiction of key relationships set out in the Logical Sequence table (Annex 3 of this note).

*Example Provided:* **Figure 3** is the final version of the CM, with a key to the main causality sub-chains that were considered. **Annex 4** includes a summary of the synthesis findings about each link depicted.

*Comments/Recommendations:* The CM is useful in disaggregating the enquiry, enabling different elements to be separately investigated. Some commentators misconstrued the CM as an assertion of what GBS does. It is not. The role of the CM is to highlight *hypothesised* causality links. The evaluators' task is then to assess which if any of the particular links operate in practice and to what extent.

2.33 Figure 3 maps the causality hypotheses implicit in the Logical Sequence of Effects (Annex 3) onto the schematic EEF of Figure 2. The arrows do not show every possible causal link but are used to highlight what were judged to be the principal ones for investigation. In turn, the key evaluation questions (see below) were cross-referenced to particular causality sub-chains depicted in Figure 3.

2.34 The causality map was developed after the first round of field work, and was able to draw on field teams' empirical sense of what were likely to be the more important relationships to explore. It would not be possible to depict every conceivable causality sub-chain, and teams were encouraged to consider additional links if relevant.

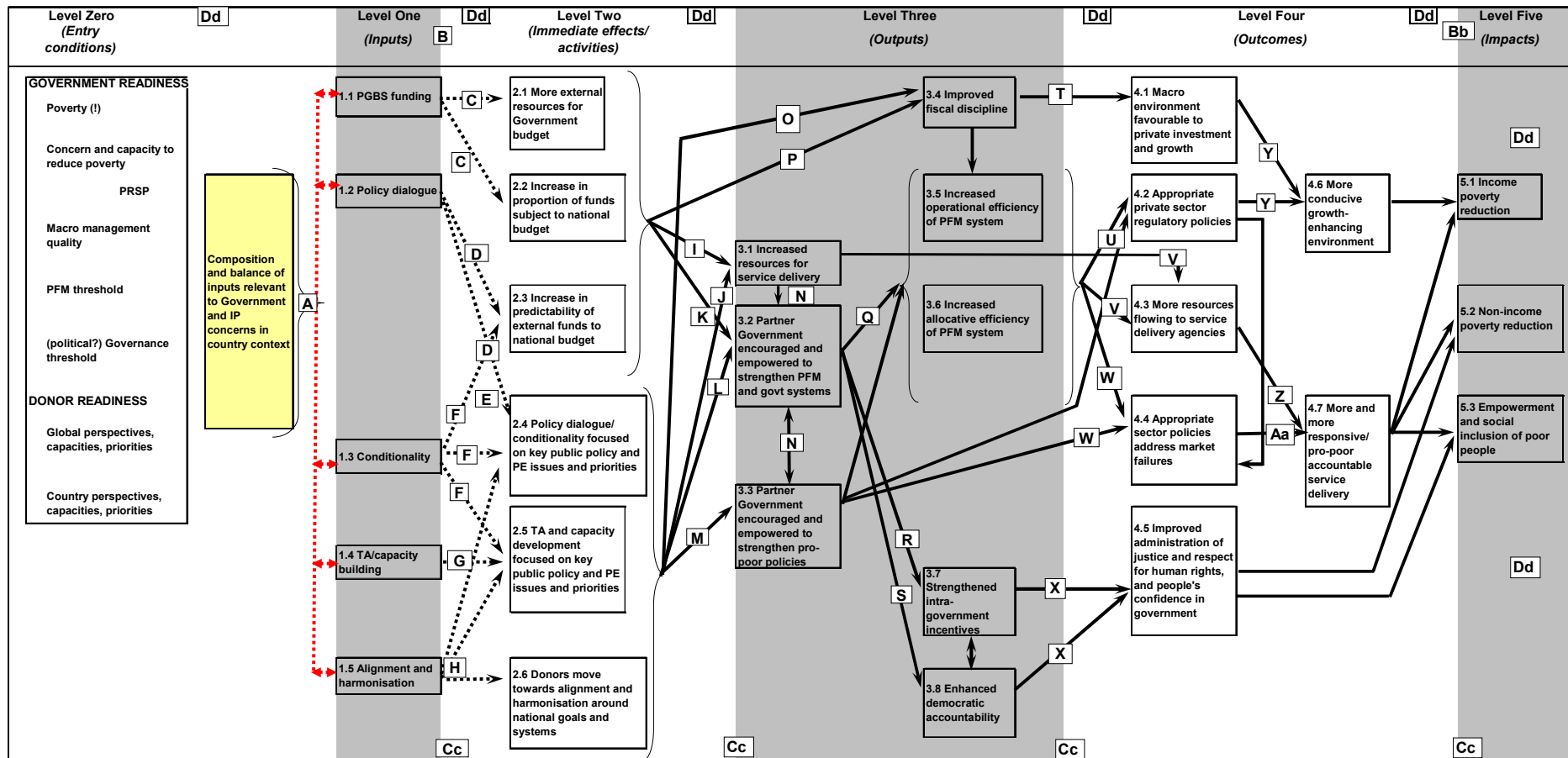


2.35 Annex 4 includes both versions of the final causality map, with and without the key that was added to identify the particular links that were included in the direct cross-country comparison. There was only one minor change to the final version of the map (the arrow from 3.1 to 3.2 was added).

2.36 Each Country Report included as Annex 5 a Summary of Causality Findings. In Part B of each CR, each chapter concludes with a section on *Principal Causality Chains* which discusses causality findings vis-à-vis specified sub-chains of the CM.

2.37 Standardisation of the CM enabled the direct comparison of causality findings across countries that was incorporated in the Synthesis Report's Annex E, which is a compilation of the causality findings from each country report. Box 4.1 in **Annex 4** extracts the synthesis findings against each of the main causality chains depicted in the causality map. Box 6 below notes which aspects of causality were easier to discern.

Figure 3: Causality Map for the Enhanced Evaluation Framework



## 2. Evaluation Instruments Developed and Used

### Key to the Causality Map

<b>A</b>	<b>Level 0 → Level 1</b> <i>The design and its relevance.</i>
<b>B</b>	<b>Level 1 → Level 2</b> <i>Overview of inputs to immediate effects</i>
<b>C</b>	<b>1.1 → 2.1/2.2</b> <i>PGBS effect on total external resources for budget and the proportion of funds subject to the national budget.</i>
<b>D</b>	<b>1.2/1.3 → 2.3</b> <i>Effects of dialogue and conditionality on predictability of external funding to the budget.</i>
	<b>1.2 → 2.4</b> <i>Increased focus of dialogue on key public policy and expenditure issues.</i>
<b>F</b>	<b>1.3 → 2.3/2.4/2.5</b> <i>Influence of conditionality on predictability of funding, on focus of dialogue, and on TA/CB.</i>
<b>G</b>	<b>1.4 → 2.5</b> <i>PGBS immediate (direct) effect on TA/CB</i>
<b>H</b>	<b>1.5 → 2.4/2.5/2.6</b> <i>Moves towards harmonisation and alignment with national goals and systems, reflected in dialogue and TA/CB work.</i>
<b>I</b>	<b>2.1/2.2/2.3 → 3.1</b> <i>Increased resources for service delivery (flow-of-funds effects)</i>
<b>J</b>	<b>2.4/2.5/2.6 → 3.1</b> <i>Increased resources for service delivery (dialogue/TA/harmonisation and alignment effects)</i>
<b>K</b>	<b>2.1/2.2/2.3 → 3.2</b> <i>Flow-of-funds effects on empowerment to strengthen PFM etc systems</i>
<b>L</b>	<b>2.4/2.5/2.6 → 3.2</b> <i>Dialogue/TA/ harmonisation and alignment effects on empowerment to strengthen PFM etc</i>
<b>M</b>	<b>2.4 → 3.3</b> <i>Dialogue encourages and empowers strengthening of pro-poor policies</i>
<b>N</b>	<b>3.1 → 3.3</b> <i>PGBS funding encourages and empowers strengthening of pro-poor policies</i>
<b>O</b>	<b>2.4/2.5/2.6 → 3.4</b> <i>Non-flow-of-funds effects on fiscal discipline</i>
<b>P</b>	<b>2.1/2.2/2.3 → 3.4</b> <i>Flow-of-funds effects on fiscal discipline</i>
<b>Q</b>	<b>3.2 → 3.5/3.6</b> <i>PFM empowerment of government → improved allocative &amp; operational efficiency</i>
<b>R</b>	<b>3.2 → 3.7</b> <i>Government empowerment to strengthen systems → stronger intra-government incentives</i>
<b>S</b>	<b>(2.2 →) 3.2 → 3.8</b> <i>Government empowerment to strengthen systems → enhanced democratic accountability</i>
<b>T</b>	<b>3.4 → 4.1</b> <i>Link from fiscal discipline to growth-enhancing macro-environment.</i>
<b>U</b>	<b>3.3/3.5/3.6 → 4.2</b> <i>Better PFM system and Government empowered to strengthen policies → Appropriate private sector regulatory policies</i>
<b>V</b>	<b>3.1/3.5/3.6 → 4.3</b> <i>Increased resources for service delivery and better PFM → More resources flowing to service delivery agencies</i>
<b>W</b>	<b>3.3/3.5/3.6 → 4.4</b> <i>Better PFM system and Government empowered to strengthen policies → Appropriate sector policies address market failures</i>
<b>X</b>	<b>3.7/3.8 → 4.5</b> <i>Government incentives/democratic accountability → people's confidence in government, administration of justice and human rights</i>
<b>Y</b>	<b>4.1/4.2 → 4.6</b> <i>Influence of macro-environment and private sector policies on environment for growth</i>
<b>Z</b>	<b>4.3 → 4.7</b> <i>More resources reach service delivery agencies → more and more responsive pro-poor service delivery</i>
<b>Aa</b>	<b>4.4 → 4.7</b> <i>Influence of sector policies on pro-poor service delivery</i>
<b>Bb</b>	<b>Level 4 → Level 5</b> <i>PGBS outcomes → poverty impacts</i>
<b>Cc</b>	<b>(all levels)</b> <i>Transaction Costs</i>
<b>Dd</b>	<b>(all levels)</b> <i>Feedback</i>

### **Box 6: Causality Findings – Some General Observations**

The causality findings tended to show that PGBS has had a greater impact on Level 2 and Level 3 of the Causality Map (immediate effects/activities and outputs) than on Levels 4 and 5 (outcomes and impacts). Additionally there was more certainty over the findings on effects at Levels 2 to 3. There were a number of reasons for these broad findings:

- Time lags mean that in some countries there has been insufficient time for complicated effects through institutional change and service delivery to become apparent.
- Data limitations mean that data on immediate effects and on outputs are often fairly readily available (often as a result of donor and partner government monitoring) whereas data on outcomes and impact are in an earlier stage of development.
- Attribution of causality to PGBS is easier at Levels 2 and 3 where the links between cause and effect can be more plausibly identified. At Levels 4 and 5 the outcomes and impacts identified are the result of a complex interaction of many factors, in which PGBS is only part of the story.

Against this background, different countries showed different patterns, reflecting, inter alia, differences in the maturity of PGBS in that country, different starting points in terms of stability, government capacity and so forth, and different balances between different aid modalities. Uganda (with a mature form of PGBS, substantial budget support funds and a relatively high capacity at the outset of PGBS) was a notable example where findings at impact level were positively linked with PGBS. In Malawi and Nicaragua the history of PGBS was shorter, the amounts involved were smaller, and government capacity prior to PGBS was weaker. In these countries no effect at impact level was noted.

The Enhanced Evaluation Framework distinguishes between flow-of-funds effects, policy effects and institutional effects (as illustrated in Figure 2 above). Where additional funds did flow, it was possible to identify causal links through to Level 4 (because budget allocations to service delivery agents could be observed) and even to Level 5 (particularly for some aspects of non-income poverty, such as access to services). This was true, for example, in both Rwanda and Uganda. Obviously, where funds were not additional or were intermittent, as in Malawi, such causal links could not be confirmed.

Other aspects of the flow of funds which are mediated partly through institutional effects (such as the empowerment of the budget-making process by making it more meaningful) were less readily identifiable, although there appeared to be a pattern of improvement up to Level 3 in those countries where PGBS was reasonably well-established. However, the onward links to outcomes and impacts were weaker.

Policy impacts through PGBS policy dialogue and conditionality were much harder to link reliably to outcomes and impacts. This reflects general problems on data and attribution, as well as the specific problem that PGBS dialogue and conditionality become inseparable from general dialogue and conditionality at these levels.

*Source:* Synthesis Report (¶5.105–5.112 and Annex E).

### Instrument: Key Evaluation Questions (EQs)

*Purpose:* To provide a common structure for the country enquiries and for the country reports.

*Approach:* Adapted from the logical sequence matrix and also linked to the report structure, to the causality map and to guidance on counterfactuals.

*Example Provided:* Fieldwork was undertaken against the set of EQs included as Annex K of the final Inception Report. This is reproduced in **Annex 5**. Subsequently, a number of EQs were refined, e.g. to eliminate duplication, to deal more consistently with CCIs and to fit better into the rating system (see below). Annex 5 therefore also includes the revised set of EQs that appeared in the final country reports. Box 5.3 in Annex 5 explains all the revisions.

*Comments/Recommendations:* The EQs were essentially a selected adaptation from the logical sequence matrix (Annex 3 of this note). The EQs were of much more practical value because of the way they were directly linked to the report structure (and in due course to the rating system, see below). However, the Management Group tended to overestimate the extent to which it would be possible to link each question rigidly to standard sets of indicators and counterfactuals. In addition, it proved necessary to have an additional section in each country report to address cross-cutting issues (see the explanation of report structures from ¶2.43 below, and the further discussion of cross-cutting issues from ¶2.49 below).

2.38 The logical sequence of effects (Annex 3 of this note) is so all-encompassing and so detailed that it is not a very practical guide in the field. The evaluation team developed a set of evaluation questions to structure the field work and the country reports. Agreeing the EQs was a major focus of the Field Preparation Workshop in April 2005. There were nine main EQs, each with a number of subsidiary questions, all of which are included in Annex 5 of this note.<sup>15</sup>

2.39 The EQs were deliberately framed so as (a) to follow an appropriate sequence through the levels of the EEF, (b) to cover all areas of the EEF as depicted in Figure 2, with a minimum of overlap, and (c) to focus on the principal causality sub-chains depicted in the Causality Map, Figure 3.

2.40 Box 7 below summarises the nine main EQs and their links to levels of the EEF, to DAC evaluation criteria and to specific causality chains. Annex K in the IR (reproduced in Annex 5 of this note) provided much fuller details: it set out judgement criteria, relevant evidence and sources of data for each EQ. It also suggested the appropriate counterfactuals for each EQ, consistent with the approach to counterfactuals described in Box 3 of this note.

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<sup>15</sup> Annex Box 5.2 shows the EQs and subsidiary questions as published in the final Inception Report; Box 5.3 shows and explains the modifications to questions that were made in the interests of clarity and to facilitate the ratings system as it subsequently developed.

**Box 7: Key Evaluation Questions Linked to DAC Criteria and the Causality Map**

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 <i>Relevance</i>	(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 <i>Effectiveness and efficiency</i>	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) <i>Effectiveness, efficiency and sustainability</i>	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) <i>Effectiveness, efficiency and sustainability</i>	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) <i>Effectiveness, efficiency and sustainability</i>	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) <i>Effectiveness, efficiency, sustainability</i>	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) <i>Effectiveness, efficiency and sustainability</i>	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 <i>Impact and sustainability</i>	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) <i>Sustainability</i>	Feedback loops as illustrated in EEF diagram (Figure [2])

Source: Appeared as Box 4.2 in the Inception Report. Originally extracted from IR Annex K – the full matrix of key Evaluation Questions, including judgement criteria, evidence, data sources, counterfactuals.

2.41 The EQs and their sub-questions are all themselves quite complex questions, and (as noted in the summary box above), it was not possible to link each question rigidly to a standard internationally comparable indicator. However, a system of ratings was developed as a means of standardising assessments and facilitating comparisons across the study countries.

### Instrument: Ratings against Evaluation Questions and sub-Questions

**Purpose:** To facilitate comparisons and consistency across the countries studied. In particular to help distinguish between trends in the background situation and changes that might be attributable to PGBS effects.

**Approach:** Simple rating scales used, but distinguishing between efficiency and effectiveness, and also between general trends and the specific influence attributable to PGBS.

**Example Provided:** **Annex 6** reproduces the rating analysis and explanation from the Synthesis Report's Annex C.

**Comments/Recommendations:** This evaluation was conducted by interlocking country and synthesis teams. The rating system was a pragmatic way of checking consistency across country assessments and looking for patterns in cross-country findings. Rating relied on the judgement of the evaluation team (having regard to similar criteria and indicators). While the team is confident of the broad consistency of the ratings given, there is no guarantee that a different set of evaluators would apply the same absolute ratings. Extreme caution should be exercised in drawing any comparisons between these ratings and those that might emerge from future evaluations of GBS in other countries. The ratings relating to effects on macroeconomic performance were not regarded as robust (hence the conclusion "In general we consider that macroeconomic issues and their interactions with GBS (as discussed in the respective CRs and SR) are too complex to be usefully characterised in a very simple rating system.")

2.42 The detailed explanation of the rating system is provided in Annex 6. It is summarised in Box 8 below. A full set of cross-country rating comparisons, with commentary, was provided in Annex C of the Synthesis Report.

### Box 8: The Rating System

Key features of the rating system:

- A set of over-arching key Evaluation Questions provides an organising framework for the ratings.
- The ultimate task against each EQ and sub-question (evaluation criterion) is the need to identify the effect of PGBS (see earlier discussion of causality and attribution).
- For each sub-query the ratings demand a logical series of considerations that help the evaluators to distinguish between:
  - the background situation in the country concerned (a trend is also indicated);
  - the efficiency of PGBS as an influence on this aspect of the situation;
  - the effect of PGBS on the situation.
- The evaluation system also indicates the degree of confidence in each finding.
- The same simple scale (strong/moderate/weak) is applied throughout; finer gradations have been deliberately avoided, to avoid spurious precision.
- It allows for the possibility that a particular effect is not found, negligible or not applicable in a particular case.
- Cross-country consistency (aided by the cross-membership of teams, the overview of subject specialists, etc.) was also cross checked against the Causality Map (see Annex E of the SR).
- The ratings were not the primary output of the evaluation. They were useful in systematising thought during the evaluation, and in checking that assessments across countries are broadly consistent. However, it is neither possible nor desirable to reduce qualitative issues entirely to quantitative judgements. The ratings are only an adjunct to the text.
- Hence, in each country report, the discussion of sub-questions is preceded by a review of relevant facts, and followed, for each main EQ, by a review of overall causality findings and a discussion of possible counterfactuals.

### Instrument: The Report Structure

**Purpose:** To ensure systematic and comprehensive coverage of the TORs across all Country Reports, in a way that would also facilitate Synthesis work.

**Approach:** 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. This was taken into account in framing the EQs. The report structure included in the final Inception Report (its Annex J) was reviewed when draft CRs had been submitted. Significant changes were made, e.g. to incorporate the revised EQs and rating system, to include cross-cutting issues (CCIs) as a separate section, to provide a standard summary table of findings, conclusions and recommendations (discussed separately below), etc.

**Example Provided:** **Annex 7** provides the main headings of the standard structure. All the CRs follow the same structure in detail (refer to the Tables of Contents of the CRs).

**Comments/Recommendations:** This was a very important practical way of ensuring that all the CRs were consistent and comprehensive; it greatly facilitated the drafting of the Synthesis Report.

2.43 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).

2.44 Part B is the analytical section (drafters were instructed not to include recommendations in this Part). Each chapter in Part B responds to one of the key Evaluation Questions. In each case the chapter was required (briefly) to:

- (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 7 above]).
- (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 of the SR, Annex 4 of this note). In doing so, evaluators were required to indicate both:
  - The strength of the apparent causal link from PGBS to a particular effect (no effect, weak, moderate, strong);
  - The evaluators' confidence in the attribution (high confidence, medium confidence, low confidence).

The rating system (described above) was used to standardise these assessments.

2.45 Part C of the final CRs (not based on separate EQs) required 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.

2.46 Part D provided overall conclusions and recommendations (linked to the matrix of findings, conclusions and recommendations discussed next). Each CR also had a standard set of appendices, again maximising the ease of comparison and synthesis across countries.



**Instrument: Standard Summary of Findings, Conclusions and Recommendations**

**Standard Summary Table of Findings, Conclusions and Recommendations**

*Purpose:* To facilitate identification and cross-referencing of recommendations within each CR. To encourage discipline in distinguishing findings, conclusions and recommendations.

*Approach:* See sample table.

*Example Provided:* **Annex 8** reproduces the summary table from the Uganda CR.

*Comments/Recommendations:* Useful device, and would have been less onerous if specified at the outset.

2.47 The Inception Report noted that (because of complexity):

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). (IR ¶3.3.)

2.48 The report structure reflects the flow from findings to conclusions to recommendations. (Hence, for example, the instruction to country teams to eschew recommendations in Part B.) At a late stage in report preparation it was decided to include a standard matrix showing the relationship between findings, conclusions and recommendations for each country. This followed the sequence of EQs and the Part C chapters on cross-cutting issues and themes. It served both as a summary and as a check on the completeness and rigour of the report. It was laborious to compile at the end of the drafting process – it would have been more efficient to specify it from the outset, so that it could have been compiled and refined as the main drafting took place.

## The Treatment of Cross-Cutting Issues

### Cross-Cutting Issues identified in the TOR

2.49 The Terms of Reference highlighted 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. (TOR §4.4)*

2.50 A specialist for each of these CCIs was included on the evaluation team, but their time allowances were very limited, and it was clear that the country studies could not include an in-depth assessment of each CCI. Drawing on inputs from the CCI specialists, the Inception Report included a detailed assessment of how the CCIs might be taken into account (see IR, Annex H). Key points:

- (a) The CCIs are not symmetrical and therefore impact differently on GBS controversies. For example, governance issues<sup>16</sup> are at the heart of many of the practical debates that surround the implementation of budget support programmes; HIV/AIDS, among other aspects, vividly raises issues about the earmarking of aid, and so forth.
- (b) While it would be inappropriate to ignore the CCIs, the resources were not available 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.
- (c) Like GBS itself, the CCIs have to be assessed in the context of the broader relationship between government and donors to which GBS contributes.
- (d) CCIs need to be considered at all levels of the evaluation framework, and in relation to all three streams of influence. Relevant evidence should be found by examining, for instance:
  - How do the cross-cutting issues feature in planning and policy making (Level 1)?
  - 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 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 evaluation framework?

2.51 It was noted that the strategic and practical issues concerning GBS and the CCIs should 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?

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<sup>16</sup> The Inception Report suggested that human rights and democracy issues should be addressed under the slightly broader heading of (political) governance, which has been a crucial theme in GBS experience.

- Does it close off particular options?
- Has GBS in practice led to a relative neglect of CCI? 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?

### **Additional Cross-Cutting Issues, and Presentation of Findings**

2.52 It was not immediately clear how best to treat the CCIs within the structure of the country reports. At the draft country report stage, the four specified CCIs were addressed as if they were an additional EQ, but this did not work well. Partly this was because a number of other cross-cutting issues emerged that also needed to be systematically addressed: these included the balance between public and private sectors, government capacity and capacity building, political governance and corruption, the interplay between aid modalities, the transaction costs of aid, and the relationship between ownership and conditionality.

2.53 Accordingly the final country report structure was adapted to include a separate main section on cross-cutting issues (see ¶2.43–2.46 above, and Annex 7). The following grouping of topics worked reasonably well:

- Chapter C1: Policy CCIs (the four specific CCIs highlighted in the TOR)
- Chapter C2: Public and Private Sector Issues.
- Chapter C3: Government Capacity and Capacity Building.
- Chapter C4: Quality of Partnership (including ownership and conditionality, the interplay between aid modalities, and transaction costs).
- Chapter C5: Political Governance and Corruption.

### **Additional Contributions on Method and Definitions**

2.54 The Synthesis Report noted a number of other areas where, in the course of the study, the evaluation team found it necessary to refine definitions, highlight issues of method, and spell out the approach the team adopted. The main examples were highlighted in self-explanatory boxes within the SR. For ease of reference, these are reproduced below. The principal topics are:

- guidance on definitions and observation of **ownership** and **accountability**;
- a note on problems in the definition of "**pro-poor expenditures**";
- guidance on the different dimensions of **predictability**;
- a note elucidating the concept of **discretionary expenditure**, and drawing attention to the different possible meanings of "**on-budget**";
- working definitions of **allocative and operational efficiency**; and
- a clarification of the concept of **transaction costs**.

2.55 In all cases it was important to adopt definitions that were clear and appropriate, to avoid common fallacies, and to standardise definitions and methods of judgement across all the country teams.

## Ownership and Accountability

### Box 9: Ownership

Ownership is a common term but an elusive one. This box briefly summarises the definition, the hypotheses and the types of evidence for ownership that concern this evaluation.

#### Definition and Measurement

We adopted the following basic definition (IR Annex F), which also addresses the measurement of ownership.

*The leadership, energy and responsibility which is put into an action.*

*At the policy level it [may be] measured by four criteria:*

- 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). (Johnson and Wasty 1993.)*

#### Hypotheses

The anticipated effects of PGBS arising from greater ownership are best understood in terms of a principal-agent model of the aid relationship, which is implicit in the causality framework.

By comparison with a situation of donor control and imposed conditionality, PGBS is expected to lead: (i) government to respond more clearly to the agenda of national principals (citizens and politicians), and (ii) core government bodies (finance and planning) to more effectively manage the actions of policy agents (line ministries, local government and non-state actors) by controlling the incentives to which they respond. This is expected to help to overcome the typical perverse incentives (motivational and informational) of traditional aid. The question is whether the channelling of aid resources through PGBS does indeed modify principal-agent relations by nationalising 'principality' and agency.

#### Evidence

The starting point is to establish the location and degree of ownership, as a basis for identifying any subsequent effects that may be attributed to ownership.

Observation of ownership is difficult, because of the incentives for various parties to say what their partners or principals want to hear. Thus, written and spoken statements of policy and commitment, although relevant, cannot be taken at face value. They need to be probed, triangulated and, above all, tested against the record of action and performance. This is the approach on which this study's findings about ownership are based.

Source: Synthesis Report Box 5.4.

### Box 10: Accountability

**Overview:** PGBS involves a multitude of accountability relationships. This Box aims to clarify the terminology we use (cf. IR Annex F). The study has distinguished between accountability mechanisms that operate on a 'vertical' axis (external mechanisms used by non-state actors and their representatives to hold power holders to account) and those that operate on a 'horizontal' axis (institutional oversight, checks and balances internal to the state).

PGBS is based on the idea that operating through national systems will lead to greater possibilities of democratic and administrative accountability (cf. Box [9] on ownership). This arises at several points on the causality map: preconditions for PGBS, harmonisation and alignment, planning and budgeting, participation in the policy processes, and the empowerment element of poverty reduction, and as a cross-cutting issue in itself.

**Vertical forms:** *Elections* are the classic formal mechanism of vertical accountability, allowing citizens periodically to hold rulers to account. *Political accountability* classically operates 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. *Administrative accountability* operates through reporting systems by the bureaucracy to ministers and the legislature. Vertical accountability may be reinforced by *the media*, through independent scrutiny and the dissemination of information, and by the *advocacy and mobilisation* of civil society groups. (The effectiveness of *democratic accountability* as a whole depends on all these elements.)

**Horizontal forms:** *Legal and constitutional accountability* is through the judiciary which checks that politicians and officials do not exceed their legal authority. *Fiscal accountability* is exercised 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. *Administrative accountability*: reporting relationships within bureaucracies are supposed to assure internal accountability, but there may be gaps between formal systems and the informal reality. 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.

**Mixed forms:** The distinction between forms of accountability is not clear-cut, as indicated by the appearance of 'administrative accountability' under both headings above. Internal/horizontal reporting within the administration is a necessary basis for external reporting to parliament, civil society and the media. Moreover, attempts may be made to bridge the vertical/horizontal divide by engaging citizens directly in horizontal accountability mechanisms: public hearings, participatory budgeting and auditing, citizens' juries, etc. (Goetz and Gaventa 2001).

The idea of *mutual accountability* of government to donors and vice versa is a variation of a complex sort, because it involves agencies of two or more sovereign states (with their own electoral constituencies) taking on the obligation to give account to each other. Since failure to respect mutual obligations to each other cannot necessarily lead to democratic sanction within either sovereign state, such accountability may be better seen as a form of business contract. Nevertheless, the term 'mutual accountability' does seem to express an important (potential) change in the relationship between the partners.

Source: Synthesis Report Box 5.11.

## Pro-poor Expenditures

### Box 11: Pro-Poor Expenditures

In the late 1990s, the HIPC initiative prompted a focus on "pro-poor expenditures" (PPEs), with the aim to ensure that the poor benefited from debt relief. PRSPs have further raised the profile of the concept. However, the concept of PPEs needs to be treated with care.

In most of the evaluation countries there is some definition of PPEs allied to special treatment of those expenditures:

- **Definitions of Pro-Poor Expenditures.** The scope of PPEs varies across evaluation countries. Some countries have broad definitions of public expenditures linked to entire sectors or PRSP objectives which take up the majority of public expenditure (e.g. around 70% in Burkina Faso<sup>17</sup> and Mozambique). Other, far narrower definitions are linked to specific sub-sectors or programmes (e.g. Uganda, 35% of public expenditures). Some countries have precise definitions of pro-poor expenditures (e.g. Uganda), whilst others just identify priority areas (Rwanda). Vietnam is the only country not to identify pro-poor expenditures explicitly, although there is debate on how to make the budget more pro-poor. Social sectors, such as health and education, tend to dominate pro-poor expenditures. It is important to note that the definitions have evolved over time, and there is a tendency to strengthen the links with the iterations of the PRSP, as well as give an increased priority to productive sectors. Thus Rwanda's definition of priority expenditures now includes power generation.
- **Special Treatment and Monitoring of Pro-Poor Expenditures.** Usually PPEs are integrated into the budget, but may be identified separately in budget documentation, and may also be reported on separately. For example, in Uganda, the Poverty Action Fund, which represents the subset of PPEs in the budget, has separate tables in the MTEF, budget speeches and budget performance reports. PPEs are often given special treatment as well. They may be given priority or target shares in the budget processes (Uganda, Mozambique, Burkina Faso), and disbursements to PPEs may be protected during the financial year (Uganda, Mozambique, Burkina Faso, Malawi).

Defining PPEs can undoubtedly be useful early on, in facilitating the reorientation of the budget towards under-funded programmes (Uganda), or tracking key expenditures and enhancing their predictability whilst budget systems are strengthened (Malawi, Mozambique).

However, the concept of PPEs is problematic:<sup>18,19</sup>

- Different types of **definitions** of PPEs generate different problems. Broad definitions of PPEs do not cater for the need to ensure prioritisation of expenditures within sectors to maximise the impact on the poor (e.g. the balance between tertiary and primary education or health care). Meanwhile narrow definitions draw attention away from programmes which may be very important in a comprehensive strategy for poverty reduction (e.g. vocational education, the administration of justice).
- **Targets of expenditure shares** for PPEs may generate the demand for a continuously increasing share of expenditures, rather than promoting balanced expenditure allocations. Meanwhile special treatment of pro-poor expenditures may mean that other complementary expenditures are subject to less scrutiny and greater unpredictability.

In the long run, PPEs may distract from the need for decision-making processes which deliver efficient expenditure allocations (see Box [14]) in pursuit of poverty reduction objectives for the budget as a whole, and strong, comprehensive PFM systems. In this context the link between the PRSP, MTEF, and actual expenditures is crucial (both across sectors in the budget as a whole and within sectors).

Source: Synthesis Report Box 5.5.

<sup>17</sup> Based on Priority Action Programme. Earlier approaches in Burkina Faso were less inclusive.

<sup>18</sup> This point is echoed in the Tanzania GBS study (Booth et al 2004), which notes the over-simplicity of the broadly defined priority expenditure areas that were initially adopted. In Tanzania there was also a shift of de facto expenditure priorities towards economic services.

<sup>19</sup> The superficiality of much public expenditure analysis was pointed out long ago (see Pradhan 1996 on the illegitimacy of much standard PER analysis). Simplistic analyses persist because they are easier to do in the time (and with the data) available, and they respond to demands for easily identifiable indicators and actions.

## Predictability

### Box 12: Dimensions of Predictability

As noted in the OECD DAC guidelines on budget support (OECD DAC 2005a):

The term “predictability” is sometimes used in a rather broad way – which can confuse discussions. It is important to note that predictability has a number of dimensions, and to distinguish between predictability and volatility. Thus:

- **Predictability:** Aid is *predictable* when partner countries can be confident about the amounts and the timing of aid disbursements. There are several dimensions to this issue, starting from the extent to which partner countries can rely on donor pledges being translated into actual aid flows, and including non-arbitrary and transparent criteria for suspending or adjusting payments.
- **Volatility:** Aid is *volatile* when fluctuations in aid flows are large, relative to the volume involved.

The time horizon for predictability and volatility of budget support is also important.

- In the **short term** (including within the budget year) the timing of budget support disbursements, as well as the disbursement itself, can have major implications for the recipient. Expected funds that do not arrive on time can disrupt budget implementation and require expensive short-term domestic borrowing (both aspects of operational inefficiency – see Box [14]), with wider macroeconomic implications.
- In the **medium term** (say two to five years), the predictability of aid (including budget support) affects governments' abilities to plan expenditures strategically in line with national priorities.
- **Long-term** predictability is also relevant, particularly when aid is required to support governments' recurrent budgets. Strategies to expand public services to meet the MDGs for 2015 (most notably for education) require assured funding over an extended period.

Funds may be much more predictable over the medium term than over the short term if the uncertainty is about *when* rather than *whether* they will be disbursed. And it may be easier to forecast aggregate flows from a group of donors than to predict an individual donor's disbursements.

Different reasons for delay or non-disbursement also need to be considered. These may be simply administrative or technical, or they may be linked directly to the substantive conditions attached to budget support (hence the importance of the "non-arbitrary and transparent criteria for suspending or adjusting payments" referred to in the DAC guidelines).

Source: Synthesis Report Box 5.6.

## Discretionary and On-budget Funding

### Box 13: Discretionary and On-Budget Funding

#### Discretionary spending

Budget holders who have no discretion over expenditure cannot reasonably be held responsible for its results.

Some public expenditures (e.g. debt service, constitutional allocations) are a legal obligation which take first claim on available funds, while others are subject to the decisions of the budgetary authorities. In practice there are additional nuances to "discretion". The public sector wage bill almost invariably takes priority over non-wage costs, and short-run discretion is more limited than over the medium term when costs can be restructured.

In many developing countries, a combination of limited resources and poor public expenditure management results in a very constrained budget, in which the scarcity of discretionary funds leads to gross inefficiencies (e.g. schools without stationery, unmaintained buildings, failure to provide local counterpart funds for projects funded by donors).

When the uses of aid are tightly controlled by donors (as off-budget projects, or through real earmarking of funds) it reduces government discretion, and can exacerbate allocative and operational inefficiencies (Box [14]). Hence, a key rationale for the provision of PGBS is to provide more funding on-budget, so as to increase the discretionary resources available to the government and thus empower it to make and implement policies that require budget funds.

#### Different dimensions of "on-budget"

Off-budget financing can undermine the government's financial management systems and limits national accountability for the resources involved (although the intention may be to safeguard accountability to the donor). Hence the Paris Declaration commitment by donors to: *rely to the maximum extent possible on transparent partner government budget and accounting mechanisms*.

A study of off-budget aid in Mozambique drew the following distinctions:

To be fully 'on-budget' refers to funds that are recorded in the original government budget (on-budget), executed through the treasury system (on-treasury), accounted for through the public accounting system (on-accounting) and audited by the Auditor General's office (on-audit). A project or programme, which is not included in the state budget book also cannot be on treasury, on-accounting or on-audit. A project or programme may also, for example, be included in the budget book but executed outside the government system and not reported to national accounting offices. Thus the further along the project or programme proceeds through the budget cycle the larger becomes the proportion of projects/programmes not subject to national budgetary and accountability mechanisms. Consequently, different levels of detachment from the state budget can be found: some funds are completely off-budget and others partially on-budget (Pavignani et al 2002; Cabral et al 2005).

There is an important further point: recording aid within the budget does not necessarily bring it within the scope of the national planning, prioritising and budgeting processes. To fulfil this criterion, aid also needs to be "on-plan" with aid resources factored into the medium-term strategic expenditure planning of government – i.e. made subject to budgetary discretion, not simply notified to the government.<sup>20</sup>

Source: Synthesis Report Box 5.7.

<sup>20</sup> This point is strongly echoed in the Tanzania study:

How far has capturing information on external project commitments and disbursements made them subject to budgetary decisions by Cabinet and Parliament? Recording information in the budget estimates and appropriation accounts is of course a first step but, in practice, by the time such information is made available, decisions have already been taken on what will be funded. In principle, it might be possible for Cabinet or Parliament to demand the closure or restructuring of a donor project but there are no examples of this. It would seem more important to make initial decisions on project selection subject to political approval, which is one of the aspirations of the MTEF development process. This will in turn depend on the strengthening of sector strategy processes and the involvement of political decision-makers in their approval. For the moment, it would appear difficult to argue that any external resources other [than] GBS are properly subject to national decision-making processes. (Booth et al 2004, ¶94.)



## Allocative and Operational Efficiency

### Box 14: Allocative and Operational Efficiency of Public Expenditure

There is a classic distinction between three levels of outcome of a public finance management system.<sup>21</sup> The first level – *aggregate fiscal discipline* – is seen as a prerequisite for both *allocative efficiency* (strategic resource allocation) and *operational efficiency*:

- **Allocative efficiency** represents the degree to which resources are allocated in accordance with the strategic priorities of the government. In the context of a PRSP, greater allocative efficiency might involve reorienting expenditures towards PRSP priorities (see Box [11]).
- **Operational efficiency** is the rate at which resources allocated towards and spent on the government's strategic priorities are actually translated into results, or in short the value for money of public expenditure. Ways to achieve greater operational efficiency include improving the balance between capital and recurrent spending in the budget, increasing the share of the budget being spent by service providers, or a reduction in transaction costs.

Potentially, PGBS may both directly and indirectly improve operational and allocative efficiency. Firstly, if the recipient's budget is more efficient than other aid modalities outside the budget, then an absolute or relative increase in PGBS will improve the efficiency of overall public expenditure. Secondly PGBS funds may indirectly improve efficiency, by empowering the recipient government to improve the efficiency of budget allocations through the provision of flexible budget resources (see Box [13]).

Source: Synthesis Report Box 5.8.

## Transaction Costs

### Box 15: The Scope of Transaction Costs

Transaction costs occur at all stages of the aid management cycle, from the initial negotiation of aid through to its disbursement, and the implementation (through procurement, construction, etc) and monitoring of the activities it finances. There may also be conversion costs in moving from one instrument to another, and different elements of risk for different types of transaction.

Different ways of doing business may distribute transaction costs differently (e.g. between international partners and government, between country offices and HQs, between finance ministries and sector ministries).

Transaction costs are not a pure efficiency loss: the same activities that embody transaction costs may also have positive benefits (learning from working groups, mitigating risks through fiduciary safeguards and so forth).

Transaction costs are difficult to quantify, and there is much observer bias in their assessment. Much of the debate about transaction costs in relation to budget support has focused on the negotiation and monitoring costs experienced by the principals in the relationship, neglecting the balance of downstream transaction costs during programme implementation.

Source: Synthesis Report Box 5.9.

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<sup>21</sup> See for example the *Public Expenditure Management Handbook* (World Bank 1998).



### 3. THE EVALUATION PROCESS

#### Introduction

3.1 The process of conducting any evaluation is crucial to its success. The process for conducting a large joint evaluation is inevitably complex, with many different interests to reconcile. JEGBS is described in a recent inventory of joint evaluations as:

Probably the largest joint evaluation ever undertaken so far and an ambitious effort to come to grips with the crucial questions of substance, methodology and approach in evaluating GBS. (OECD DAC/Breier, 2005)

**Box 16: Joint Evaluation of GBS – Main Events and Dates**

Date	Event
<b>2003</b>	
14–15 October	SG Planning Workshop (Brighton)
<b>2004</b>	
14 January	SG (Paris)
23 August	Contract Start Date (mobilisation)
13–14 September	Team Workshop (Birmingham)
15 October	Contract Signature
26 October	SG (London)
October–December	Country Inception Visits
<b>2005</b>	
24 January	Draft Inception Report
1–2 February	SG Meeting to review Inception Report(Brighton)
23–24 February	Inception Workshop (Birmingham)
14 March	Revised Draft Inception Report
26–27 April	Field Preparation Workshop (Birmingham)
22 May	Final Inception Report <sup>22</sup>
May–July	Field Visits: May: Vietnam, Rwanda, Mozambique June: Nicaragua, Malawi, Burkina Faso July: Uganda
28–29 July	Synthesis Note Workshop (Birmingham)
from 12 September	Draft Country Reports and Draft Synthesis Note to MG/SG
5–6 October	SG meeting to review Country Reports and Synthesis Note (Reading)
13–14 December	Synthesis Report Workshop (Birmingham)
<b>2006</b>	
18 January	Submission of draft final Country Reports (English)
25 January	Submission of draft final Country Reports (translations)
14–15 February	SG Meeting to review draft Synthesis Report
9–10 May	Dissemination Conference (Paris)

<sup>22</sup> OECD's published version is dated June 2005.

3.2 Box 16 shows the main events and dates in the JEGBS timetable. The study phase did not begin smoothly. The process of agreeing a contract with the preferred consortium was protracted, partly because of issues in reconciling the bid with the available funds. In the event the inception work began ahead of contract signature, but the contracting authority prohibited communication between the MG and the evaluation team during this crucial period. The first draft of the Inception Report was rejected by the SG which abruptly demanded a change in Team Leader for the study. Achieving a better alignment between the SG/MG and the evaluation team required considerable subsequent effort from all parties, and all incurred substantial additional costs in completing the evaluation.

3.3 The detailed management lessons of this experience have been reviewed by the evaluation team leader with DFID. The present chapter of this Note focuses on more general lessons which the evaluation team considers may be useful to future joint evaluations. The following documents published by the OECD DAC Evaluation Network are taken as reference points for our comments:

- *Effective Practices in Conducting a Joint Multi-Donor Evaluation*, written by Annette Binnendijk, and published in 2000 in the DAC Evaluation and Aid Effectiveness Series (cited below as 2000 Guidance).
- *Joint Evaluations: Recent Experiences, Lessons Learned and Options for the Future*, an Evaluation Network Working Paper, prepared by Horst Breier, and discussed at the Network's meeting in June 2005.
- *Guidance for Managing Joint Evaluations*. DAC Evaluation Series, OECD 2006. This is an update of the Binnendijk (2000) guidance, in the light of Breier's 2005 paper and subsequent feedback from the DAC evaluation network. It is cited below as the 2006 Guidance.

## Terms of Reference

### *Formulation of adequate TOR*

Breier (¶128–133) stresses the importance of ensuring that TOR are thoroughly prepared and that they represent a consensus among the agencies participating in the joint evaluation.

This is echoed in the 2006 Guidance (p22):

Another challenge for joint evaluations is to agree manageable ToR that accommodate the particular issues and interests of all the participating agencies. Good ToR are especially important for joint evaluations as they provide a written document which all the participants have agreed.

3.4 The point is undoubtedly valid, but care is also needed to ensure:

- (a) that the time taken in securing agreement on the TOR does not leave too little time for the study itself, when there is a deadline for the production of its results;
- (b) that the reconciliation of different donor perspectives does not lead to formulations that are methodologically unsound (e.g. in appearing to exclude obvious counterfactuals from consideration).

Among the issues to cover in joint evaluation ToR, the 2006 Guidance (in its Box 6) notes:

... The evaluation methodology should either be outlined in the ToR or the consultants should be instructed to develop this during the inception phase (one or other approach should be chosen rather than a compromise)...

3.5 As Chapter 2 has made clear, the JEGBS did involve such a compromise, since the evaluation team was required to use, but also to make substantial modifications to, the methodology that had emerged from previous evaluability work. It may not always be possible to avoid such a situation. However, TOR should always be explicit as to whether there are (satisfactory) precedents for the work required. They should draw attention to existing studies which exemplify the type and quality of work that is required. If such studies cannot be identified, the budget, the timetable and the contracting procedures adopted should make due allowance for the innovation required.

3.6 However much effort has been put into TOR preparation there are likely to be clarifications required during the inception phase (e.g. the focus on a subset of GBS, or the extent of reformulation of the EF expected). This suggests that no amount of preparation can guarantee TOR that are perfect and re-emphasises the importance of close communication and collaboration between consultant and client during the inception phase.

#### *Synthesis reports, and varying the scope or balance of the work*

(2006 Guidance, p28): An overall synthesis report is normally prepared for complex joint evaluations that have multiple components or country studies. In some cases, the synthesis report is a collation of the executive summaries of the sub-studies. Another approach is for the synthesis report to go 'beyond' the contents of the sub-studies to arrive at overall findings, conclusions and recommendations. This builds synergies and becomes more than the sum of its parts.

(Breier 163): There is always a temptation, for steering committees, to add to the existing tasks of the consultants as new and interesting questions emerge during the evaluation process, or as new people join the steering group.

3.7 There is also a danger, when the MG exerts strong influence over how the contractor's resources are deployed during the country study phase of an evaluation, that the personnel inputs required at the synthesis stage will be pre-empted – especially in cases where the synthesis is expected to draw on additional material over and above the country studies themselves. It is important not to compromise the balanced distribution of resources across the various elements of a complex study.

## Contracting

### *Time required for the contracting process*

(Breier ¶141): Whatever kind of bidding procedure is selected, in almost all joint evaluations the time needed for the bidding, selection and negotiation process has been grossly under-estimated. This has resulted in a number of significant delays in the evaluation schedule. It is therefore important to make absolutely sure that enough time has been scheduled for the selection of the consultants. As an approximate rule of thumb, a minimum of three to four months should be allowed for the selection process (after the date of publication of the invitation to bid).

(2006 Guidance, p24): Sufficient time must be allocated for the bidding, selection and negotiation process. As an approximate guide, a minimum of three to four months will be needed from the publication of an invitation to bid to the completion of the negotiations.

3.8 Refinement of the TOR should not be allowed to compress the time available for the contracting process (see ¶3.4 above). Consultants should not be asked to submit bids against a timetable which assumes that an exceptionally rapid conclusion of contract negotiations will be possible.

### *Appropriate form of contract*

(Breier ¶148): Another contractual issue that needs to be given full attention is the question of lump sum agreements versus negotiated contracts (with or without a strong element of reimbursable expenses).<sup>23</sup>

3.9 A lump-sum ("milestone") contract, in which the fee element is paid as fixed amounts against the delivery of particular reports, is appropriate only when the deliverables are clearly specified, requirements are not subject to change, and the level of effort required is therefore predictable and under the control of the contractor.

### *Consortium management*

(Breier ¶144): ... consortia can become complex and relatively heavy in structure. The bigger a consortium is, the greater the need for it to dedicate significant resources and a lot of energy to organising itself and developing smooth working relationships amongst the group. In quite a few cases of consortia, the potential for synergies was overshadowed by quarrels and arguments about the shares of the cake for each consultant and fighting about the pecking order in the initial phase of working together.

3.10 To the credit of IDD's principal collaborators (Mokoro, ECORYS, DRN, NCG) no such problems were experienced, in spite of the fact that all formal contracts had to be issued with retrospective effect.

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<sup>23</sup> The 2006 Guidance mentions this issue, but offers no real guidance. Under the heading of *Contracting and legal issues* (p25) it observes:

As with the bidding stage, particular difficulties for joint evaluations occur when each partner wishes the process to adhere to its contracting and legal rules. One issue that may be debated, for example, is whether to use lump sum agreements or negotiated contracts (with or without a strong element of reimbursable expenses). Another question is whether to include a cancellation clause to allow for termination in the case of poor performance or an option clause which requires the customer to explicitly request the continuation of the work at certain stages of the process. The simplest way of avoiding disagreements among the joint evaluation partners is to follow the legal systems and established practices of the lead agency.

The prime objective should not be "to avoid disagreement among the joint evaluation partners" but to ensure that the contractual framework is appropriate to the nature of the work required.

#### Budgeting

(Breier ¶134 and ¶137): Although funds are often scarce and limited, the costing of a joint evaluation must be realistic.... It is preferable to start the budget process with the question of cost and not with the financing aspect.

(2006 Guidance, Box 8):

- The budget process should start with a discussion among the partners on how much the evaluation is likely to cost, not with a discussion of how much financing is available. There will be opportunities later to match expenditure and income.
- The preliminary costing should be based on experiences with comparable exercises, plus an additional safety margin.

3.11 These are wise words. Inter alia, the budget costing should include a realistic assessment of management and supervision requirements. A study that is as large, long, complex and innovative as JEGBS requires a full-time team leader. This should be stipulated in the TOR and included in the costing.

#### Interaction between Consultant and Client

##### *Style of management*

(Breier ¶157): The steering committee is the central forum in any joint evaluation. It represents the sponsors and financiers of the evaluation, who are normally also important stakeholders in the exercise. The steering committee has responsibility for the smooth running and the quality of the results of the evaluation, and is held accountable for both. The steering committee is also the employer of the contractor(s) (i.e. the consultant(s)), and the central contact for the evaluated (be it an institution, a concept, a country, a sector, a programme or a project).

158. It may well be the awareness of these strong responsibilities that often tempts steering committees to opt for tight control mechanisms vis-à-vis the consultants. The result of such an approach is rarely satisfactory, and the steering committee (with or without the support of a management group) can get bogged down in micro-management and become unable to 'see the wood for the trees'.

(2006 Guidance, Box 5): The steering committee normally apportions the evaluation's costs; provides broad guidance and direction; takes responsibility for key decisions such as the approval of the ToR and the release of the evaluation products and contributes relevant evaluation reports and policy papers. It has overall responsibility for oversight of the evaluation and is responsible for its robustness. However, the steering committee should avoid micro-managing the process and should delegate sufficient decision-making authority to the management group to keep the process running smoothly. The evaluation team also needs to be ensured a sufficient degree of independence in developing its findings and recommendations. Steering committees should reflect carefully on the optimal balance between oversight and control.

3.12 It should also be noted that micro-management is inconsistent with a lump-sum approach to contracting, which requires the consultant to have discretion to deploy resources effectively to deliver specified outputs.

### *Use of workshops*

from 2000 Guidance:

(p19) A workshop approach typically results in a better, more integrated product that is endorsed by the whole team. It usually takes better advantage of the differing perspectives of a diverse team. Moreover, tensions which may arise between a team leader and individual team members concerning the nature of the findings and conclusions can be managed more effectively if the whole team is brought together to discuss them.

from 2006 Guidance:

(p27) Holding a planning workshop will help the evaluation team get off to a good start. Evaluation team members as well as representatives of the partner agencies should participate. The purpose should be to build an effective team that shares a common understanding of the evaluation purpose and planning.

(p28) [re the fieldwork stage] It is useful to organise a workshop at which all the team members discuss and agree the country study findings, conclusions and recommendations. [re the synthesis report stage] Ownership can be built through a workshop for agreeing the synthesis findings and recommendations.

3.13 Effective use of workshops is essential. They should not be treated as a dispensable element when budgets are tight. JEGBS workshops were crucial in ensuring smooth relationships within the consortium (see ¶3.10 above), in improving communications between the evaluation team and the MG, and in obtaining very valuable inputs from "practitioners" (see ¶3.15).

## **Steering and Management**

### *Continuity of personnel and empowerment of the MG*

(Breier ¶164): Lack of continuity in the membership of steering committees is a key problem in their work and, more recently, also in that of management groups.

166. In order to fulfil its crucial role, the management group has to be assured that it can function without too many obstacles. First and foremost, it is vital that the management group does not suffer from changes in personnel (as has happened recently in some major joint evaluations).

(2006 Guidance, Box 5): The management group is responsible for the day-to-day running of the evaluation and is best limited to a maximum of five or six members. It is essential that the group is delegated sufficient and clear decision-making authority to keep the evaluation process running smoothly. As a corollary to this delegated authority, all partners must ensure that the management group has the requisite capacity and skills to take on the responsibilities.

3.14 As the 2006 Guidance now recognises, adequate empowerment of the MG is as important as continuity in its personnel. It should be adequately resourced and its members should be sufficiently senior to act with decisive authority on behalf of the SG in regular dealings with the consultants.



#### *Should SG and/or MG include subject experts as well as evaluation experts?*

(Breier ¶109): With regard to the composition of governing bodies, such as steering committees and management groups, recent evidence does not provide a clear indication as to the preference of the majority of aid agencies, consultants and others on how such bodies should be constituted. Evaluators tend to believe that they are more likely than others to be able to guarantee the full independence and impartiality of an evaluation process and to make sure that the evaluation is carried out according to state of the art knowledge. On the other hand, participants in evaluations with a mixed steering committee have emphasised the useful role of sector experts, operational staff and policy people – and their merit in bringing a strong sense of reality to the evaluation.

119. Non-evaluation staff bring useful expertise and a strong notion of realism to the table, and often contribute to making sure the evaluation results are relevant for practitioners. On the other hand, the evaluation specialists in the group will be responsible to ensure that this realism and pragmatism are not pushed too far and are not used as an excuse for compromising the rigour of approach and methodology, or for the restricted presentation of those findings that are less palatable.

121. As far as the composition of the management groups is concerned, evidence shows that these groups are often made up of evaluation managers or specialists only. That makes sense, because it is the management group which stays in close liaison with the consultants on all matters pertaining to the evaluation process and methodology, and which has to assess the professional performance of the evaluation team and the quality of the work presented.

(2006 Guidance, Box 5): Steering committees for thematic and sectoral evaluations can usefully include policy and operational staff. These will bring practical experience to the table and help ensure that findings are relevant and useful. The evaluation specialists in the group will be responsible for ensuring the rigour of the methodology and that any critical findings are presented.

3.15 The JEGBS experience is much less equivocal than Breier's survey. The evaluation team sought the involvement in key workshops of practitioners (aid agency and government personnel with direct experience of GBS). We were grateful for the MG's agreement to fund this and found their inputs invaluable. We do not agree with Breier's judgment (his ¶121 quoted in the box above) that it "makes sense" for MGs to be comprised of evaluation specialists only.<sup>24</sup> A high level of subject-matter expertise is required to assess, for example, the appropriateness or realism of subject-specific evaluation questions and indicators.

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<sup>24</sup> The 2006 Guidance implicitly concurs with this judgment: Box 8 observes that *the management group is normally made up of evaluation managers with the technical capacity to assess the performance of the consultants*, although it also lists *subject-matter expertise* among the requirements of the management group chair.

## Reviewing Reports

### *Comments and consolidation of comments*

(Breier ¶172): A critical phase in a joint evaluation is when draft reports become available and are circulated for comments. The comments received are usually wide ranging, often only very general in nature and frequently omit concrete proposals for changes or new formulations. On the other hand, many comments are very detailed (and sometimes overly so). Comments usually cover the whole range of issues; dealing with substance, methodology, findings, conclusions and judgements, and often they miss important points made by the consultants, or create misunderstandings. Most importantly, however, they can be quite contradictory in nature and substance. The consultants expect, or at least hope, that the management group will make the effort to consolidate the various comments into one set of comments, ironing out all contradictions, before passing them on to the evaluation team.

173. However, this expectation expects the impossible, mainly for two reasons: (i) a management group cannot substitute for the professional expertise and judgement of the evaluators to assess the relevance of comments made; and (ii) it would be diplomatically insensitive for a management group to decide that the comment of agency X on a certain aspect carried more weight than that of agency Y. Some possibilities to help the consultants come to grips with this problem will exist if there is a proper quality assurance system in place (see below). Nevertheless, the need for consultants to continue to deal with unconsolidated comments will not disappear.

3.16 The JEGBS evaluation team did not conform to Breier's assumption that consultants invariably want comments consolidated and, in effect, pre-digested. When this happened we found it a source of considerable delay and little added value. We agree that "a management group cannot substitute for the professional expertise and judgement of the evaluators to assess the relevance of comments made".

3.17 Detailed comments and suggestions about all aspects of a draft report can be extremely helpful. However, if comments require significant additional work or reorganisation of material, they need to be given at an early stage so that the consultants have time to take full advantage of them.

## 4. REFLECTIONS AND LESSONS FOR FUTURE WORK

### Introduction

4.1 Managing a major evaluation requires matching the abstract methodology (the structure of the enquiry) with its practical application – the people and the process to undertake it. This chapter comments on the skills required for the JEGBS enquiry and how evidence was sought, shared and assessed.

4.2 The JEGBS presented a double challenge: to coordinate seven country studies so as to learn cross-country lessons, but in a context where each country enquiry was itself extraordinarily broad. We briefly discuss the skills required across the evaluation team and the processes of obtaining evidence, sharing analysis and ensuring quality; we then offer some final reflections.

### Skill requirements and team organisation

4.3 Chapter 2 makes clear the range of disciplines relevant to the evaluation: consider the breadth of the various Evaluation Questions (Box 7) and the range of issues raised in the logical sequence matrix (Box 5).

4.4 Box 17 summarises IDD's approach in selecting and deploying relevant professional skills to address the issues raised in the evaluation. The key perspectives/skills identified were partnership analysis, macroeconomic analysis, analysis of public finance management (PFM), institutional analysis, and poverty analysis. The synthesis team included at least two experts in each of these areas. Country teams were too small to include a separate specialist for each of the analytical perspectives, but, with experienced consultants, it was possible to ensure that all the perspectives were covered. All of the synthesis team members also participated in at least one of the country studies, and each of the country teams included at least one synthesis team member.

### Box 17: IDD Approach for Country and Synthesis Teams

The IDD team was organised into interlocking country teams and an overall synthesis team which reflected five main analytical perspectives: partnership analysis, macroeconomic analysis, analysis of public finance management, 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, was 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 were in no sense an alternative to the Evaluation Framework; rather they were a systematic approach (a) to using it and (b) to verifying its utility.

4.5 All these perspectives proved to be highly relevant to the research and assessment of findings. We should also stress the importance of country and subject experience – as discussed below, analysis depended on having people able to draw on professional expertise and experience in knowing where to find evidence and how to assess its value. See also the comments below on shared analysis and quality assurance.

## Gathering Evidence

4.6 We have been asked to comment on the collection of evidence, on the process of drawing inferences from the evidence available, and, in particular, on the extent to which data collection and analysis followed the pattern implied by the detailed Logical Sequence of Effects (Annex 3 of this note).

### *Value of the Logical Sequence of Effects*

4.7 The Logical Sequence of Effects (Annex 3, and discussed at ¶2.31 above) was useful in helping to work out possible lines of causality. However, its value lay almost entirely in its role in the design of the Enhanced Evaluation Framework and the Causality Map. It was not a practical instrument for field work. On the one hand it was too detailed to be used as a rigorous questionnaire or checklist of data to be sought. On the other hand, the subject matter is so vast that despite the length of the matrix, many of its component elements are quite superficial – consider how much information is relevant to even fairly basic questions that are only a small part of the framework (e.g. did PFM improve?). There was not a simple set of indicators that could be applied uniformly across the study countries; apart from anything else, it was rare to find the same data in the same form across countries.

4.8 Consequently, the broader Evaluation Questions and the required structure of the country reports (allied to the Enhanced Evaluation Framework and Causality Map) were much more practical ways of ensuring that the country teams all addressed the same issues in a similar way that could feed into an overall synthesis. The consultants' experience and prior country knowledge was crucial in ensuring that the most relevant available evidence could be identified, assessed and presented. It was equally important to make clear what evidence the teams' conclusions were based on. Both transparency and the drawing of cross-country conclusions were supported by the complete symmetry in report structure adopted (¶2.43ff above) including its specific sections on causality and counterfactuals, the ratings system (¶2.42 above), and the matrix of findings, conclusions and recommendations (¶2.47 above).

### *Drawing on Secondary Material*

4.9 Given the length of the period to be covered, and the breadth of the issues to address, it was essential to use secondary materials as much as possible. In all cases there was a wealth of relevant material to review, as reflected in the bibliographies attached to the Country Reports and the Synthesis Report. Where there were, nevertheless, significant gaps (the paucity of reliable data on poverty trends was a prime example), there was minimal scope to gather additional data. The two main areas where country teams did focus additional effort were (a) in fully documenting PGBS itself, and (b) in understanding motives and perceptions on both sides of the partnership.

### *Understanding the Evaluation Subject – Importance of the Factual*

4.10 The whole of Part A of each Country Report (including the annexed inventory) was devoted to documenting PGBS and the context in which it took place. The task was laborious because of the variety of competing definitions and labels for different types of aid, and the need to reconcile partner government and donor information sources, but the importance of establishing a clear factual basis for an evaluation cannot be overemphasised.

##### *Interviews and Triangulation*

4.11 Interviews (and in-country workshops) mainly involved participants in aid management and monitoring.<sup>25</sup> These were important but they were not the principal source of evidence. They augmented documentary sources by helping teams to understand these participants' motives and how people perceived the processes they were involved in. They were also helpful in cross-checking our understandings of events, in resolving apparent inconsistencies, and in identifying additional relevant data and reports. Teams had to be aware of interviewees' vested interests, and check different accounts against each other and against the record of actual performance (see Box 9 on the importance of triangulation in assessing ownership, for example).

##### **Field visits and involvement of partner countries**

###### *Role of field visits*

4.12 Country visits were related to interview requirements discussed above, but were equally important in facilitating the collection and checking of country-level information. There were two rounds of country visits, at inception and field phase. Each visit was quite short (two to three weeks), and having two rounds was useful to allow stocktaking between visits. This was especially appropriate because of the way in which the inception phase coincided with the further elaboration of the study's methodology. Thus, as noted in Chapter 2, the initial visits helped inform development of the Enhanced Evaluation Framework, Evaluation Questions and Causality Map etc.

###### *Involvement of partner countries*

4.13 On the involvement of partner countries as joint clients for the evaluation:

- Compared with many studies and exercises such as PRSC preparation and review, the JEGBS field visits were not long, and the teams were not large. Part of the reason for relying as much as possible on secondary sources and existing documents and data was to limit the study's demands on government time, and we believe the transaction costs for governments were not large.
- The partner countries themselves should be the judges of how useful the exercise was for them and the degree of ownership they felt. The aid agencies' role in directing the evaluation was much more visible to the evaluation team; this was not surprising, since the study countries' governments were recruited to the Steering Group relatively late in the process.

##### **Shared Analysis and Quality Assurance**

###### *Workshops*

4.14 The OECD guidelines on evaluations (see Chapter 3 above) rightly emphasise the value of workshops during the process. The requirement for methodology development during this evaluation made workshops especially important. Workshops were given added value by the participation of the Management Group, and by the inclusion of "practitioners" (government and aid agency officials directly involved in the management of budget support and other forms of aid).

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<sup>25</sup> There would have been little point in the evaluation team directly seeking the views of ultimate beneficiaries ("the poor"). We could not possibly contact more than a tiny haphazard sample, and it would be unusual to discover well-informed opinions about aid modalities among such a group. On the other hand, it was important to review the findings of poverty assessments and other systematic surveys of service delivery which provide evidence about the effects of aid-related interventions on the poor.

### *Quality Assurance*

4.15 The workshops at key stages of the study (see Chapter 3, Box 16) were themselves an aspect of quality assurance. Other elements included:

- A designated quality assurance panel within the IDD team: several senior experts (who were not directly involved in report drafting) were involved in advising on methodology, participating in workshops and reviewing drafts. Given the pressure of time and the volume of reports, it was not practical for the dedicated QA staff to read all of every draft report in advance of its submission; however, their work was crucial in initial methodology issues, in helping to identify best practice approaches that could be adopted for all reports, and in reviewing synthesis drafts.
- The tight report structure that teams were held to (¶2.43ff above), linked to the rigour of the instruments described in Chapter 2, was also an important aspect of QA.
- The MG/SG engaged a three-person reference panel (although only one member was in place during the inception phase). Their inputs were as valuable to the evaluation team as to the SG. Their participation, as well as that of other practitioners, in workshops was an important element of the QA function.

### *Pilot studies and prototypes*

4.16 Because of the amount of further development of the Evaluation Framework that was required, the earlier evaluability studies did not serve as templates for the JEGBS reports; nor did the parallel Tanzania evaluation (though the exchange of information from that exercise was extremely helpful). An ideal procedure would have been to do Country Reports in sequence, with one or two early ones constituting the template for later ones. Although that was not possible in the time available, some of the CRs served as partial prototypes for the others (for example the Vietnam team pioneered the report structure), while the workshops were essential in achieving consistency of approach across the teams.

### **Final Reflections and Lessons Learned**

4.17 The evaluation team was required to elaborate and then implement a particular approach to the evaluation, based on a logical framework methodology. In doing so, the team sought to mitigate but could not entirely overcome the known difficulties with such an approach. These include its mechanical and unidirectional paradigm of causality, and problems in disentangling and attributing multiple influences on outcomes and impacts. Chapter 2 above explains how we addressed these issues, and the JEGBS reports themselves systematically present the methodological reasoning and approaches behind the conclusions drawn.

4.18 The evaluation team applied the logical framework methodology as thoroughly and consistently as possible. This approach did not:

- Remove the attribution problem. Judgments about causality and about the extent of any effect that could be attributed to PGBS were, inevitably, made with varying degrees of confidence.
- Remove the difficulties inherent in the short time scale of PGBS operation and the related paucity of data (especially for assessing poverty impact).
- Alter the fact that PGBS is an approach, not a strategy (and also a moving target).

4.19 But the approach did:

- Clarify and disaggregate hypotheses about effects. In turn this allowed clear conclusions about many aspects of PGBS effects.

- Enable disaggregation (and use) of counterfactuals. In turn, this highlighted the need to understand the interactions between aid modalities and not view them as simple substitutes for each other.
- Enable all seven country studies to be symmetrically organised. Common Evaluation Questions, standard report structures, and interlocking evaluation teams all helped to ensure consistency in cross-country analysis and inferences.
- Enable a transparent presentation of findings and conclusions. As far as possible the reports present the evidence and the reasoning on which their conclusions are based, so that users of the reports can form their own judgement of the reports' credibility.

4.20 The following aspects should be carefully reviewed before such an exercise is repeated:

- (a) As the SR points out, budget support is an instrument or approach, not a strategy per se. The very question "does budget support reduce poverty?" thus contains a dangerous oversimplification.
- (b) Given known issues about the quality and availability of poverty data, it was predictable that definitive conclusions on poverty effects would not be possible within the time scale of this study even if theoretical issues about causality could be resolved. (In principle a ten-year time period was probably appropriate, but in practice the history of the PGBS instrument as defined was much shorter.)
- (c) The assumption that General Budget Support is categorically distinct from Sector Budget Support was shown to be invalid. Moreover, the study showed that the effects of different aid instruments are deeply intertwined. Future studies should not assume that it is straightforward to isolate aid instruments from each other for the purposes of evaluation.
- (d) Similarly, the TOR for future studies should recognise more straightforwardly that evaluation requires a counterfactual, and that any evaluation of aid instruments involves at least implicit consideration of the relative merits of different aid instruments.

4.21 In considering appropriate time scales for future studies, several factors need to be balanced:

- the plausible time scale for effects to take place (different for different causality sub-chains);
- the (probably longer) time period required for adequate data to be available to determine effects;
- the need for evidence-based reviews to inform policy and resource allocation in real time.

4.22 We see two useful ways of focusing future evaluations:

- To identify components of the EEF that can be separately evaluated ("causality sub-chains").
- More holistic performance reviews and evaluations should take country performance as a starting point, then assess the contribution made by aid; in doing so the combination and interaction between aid instruments should be brought to the fore, rather than proceeding as if different aid instruments can be assessed in isolation. (This does not mean that the choice of aid instrument does not matter, but their interactions – positive and negative – are crucial.)

4.23 In implementing this evaluation, the mundane, often organisational aspects of the study were crucial (deploying appropriate expertise, ensuring systematic use of whatever secondary material was available, thoroughly documenting the evaluation subject, ensuring productive interaction among team members, adopting practical and transparent formats for the reports). It is vital for any such exercise to strike the right balance between the refining the evaluation methodology and successfully conducting a practical evaluation. Box 18 suggests five key lessons for a complex evaluation.

**Box 18: Five Key Lessons for a Complex Evaluation**

1. Remember that success depends on a well-organised evaluation process as much as on a sophisticated methodology.
2. Leave enough time for the evaluation itself: extra time refining methodology has a high cost if it cuts short the study proper.
3. Draw as much as possible on existing studies and data. Start by thoroughly documenting the subject of the evaluation (the factual before the counterfactual).
4. Foster interaction among study teams and between the evaluation team and the client as the study proceeds. Workshops at key points in the study are invaluable.
5. Present evidence and reasoning as transparently as possible. A common structure for country reports is an important element of quality assurance.



## Select Bibliography

*Key to abbreviated citations in the text:*

IR (Inception Report)	IDD & Associates (2005)
SR (Synthesis Report)	IDD & Associates (2006)
TOR (Terms of Reference for this study)	reproduced in IDD & Associates (2005) [Annex A]
EF (Evaluation Framework)	Lawson, A. and Booth, D. (2004)

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## **Annex 1: Sample Inventory of GBS and Related Programmes**

Inventories were semi-standardised: the left hand column was common to all; but they needed to adapt to different practices and contexts in different countries, so do not all follow exactly the same format (e.g. the Uganda example provided is adapted to reflect the importance of notionally earmarked budget support via the Poverty Action Fund).

The SR explains:

### **Approach to Identifying Partnership GBS (SR paragraphs 3.5–3.8)**

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 was to identify them all individually, and to build up a comprehensive inventory for each study country based on programme-level information. (Data held at international level are not satisfactory for this purpose.)

The resulting inventories appear in Annex 3 of each country report. Apart from the identification of the different international partners involved in each programme and the scale of assistance involved, the inventories seek to capture the following aspects of the programmes: programme intent; alignment with national strategies; disbursement procedures; conditionality and performance indicators; links to technical assistance (TA) and capacity building; procedures for dialogue; donor harmonisation and alignment (H&A); experience in implementation; and sources of evidence.

Different donors employ different terminology and definitions (partly for presentational reasons). 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 (as shown by the [Synthesis Report's] discussion of sector budget support). 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. We therefore deliberately sought to document all forms of budget support, not just what is unambiguously partnership GBS according to the agreed definition. This ensured that all PGBS would be captured and identified according to a standard definition.

In addition, many of the design elements of partnership GBS also appear both in earlier forms of programme aid and in current co-existing modalities (including programme-based approaches – see Alba and Lavergne 2003a). Even though the focus of the present study is on partnership GBS (PGBS), 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 PGBS and the earlier and other contemporary versions of budget support.

The following inventory is extracted from the Uganda CR.

**Table 1.1: Sample Inventory of GBS and Related Programmes**

(This is the “Description of Programme Aid and PGBS) which appears in Annex 3B of the Uganda CR.)

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
Period	1995 - 1998	Mostly Pre 2000	1998 to present day	1999 to present day	1999 to present day
<b>1. Programmes Included</b>	<p>All budget support notionally earmarked to the Multilateral Debt Fund.</p> <ul style="list-style-type: none"> <li>Netherlands.</li> <li>Denmark.</li> <li>Sweden.</li> <li>Austria.</li> <li>Norway.</li> <li>Switzerland.</li> </ul>	<p>All unearmarked budget support provided prior to 2000.</p> <ul style="list-style-type: none"> <li>IMF ESAF.</li> <li>Germany SASP.</li> <li>IDA SAC.</li> <li>EC Stabex and SASP.</li> <li>UK Programme Aid.</li> <li>Japan Import Support + Non Project Grant.</li> <li>AfDB Structural Adjustment Loans (SALs).</li> </ul>	<p>All budget support notionally earmarked to sectors, including that earmarked to both PAF and sectors.</p> <ul style="list-style-type: none"> <li>Water and Sanitation: Austria, Sweden Denmark.</li> <li>Agriculture: IDA, UK, EC, Netherlands, Ireland.</li> <li>Education: IDA, USAID, UK, Ireland, EC, Netherlands, Canada.</li> <li>Health: Sweden, EC, UK, Belgium, France, Ireland, Italy, Denmark, Norway.</li> <li>Justice Law and Order: UK, Ireland, Netherlands, Norway, Sweden.</li> <li>Local Government: IDA, Netherlands, Austria, Denmark, Ireland.</li> </ul>	<p>All budget support earmarked to PAF only since 1998:</p> <ul style="list-style-type: none"> <li>PABS IV.</li> <li>Austria Debt Buyback.</li> <li>Netherlands General PAF Support.</li> <li>Sweden General PAF Support.</li> <li>Norway General PAF Support.</li> <li>Ireland General PAF Support.</li> </ul>	<p>All un-earmarked GBS budget support</p> <ul style="list-style-type: none"> <li>World Bank PRSC.</li> <li>Ireland GBS (now PAF GBS).</li> <li>Netherlands GBS (now PAF GBS).</li> <li>UK GBS/PRBS.</li> <li>Germany.</li> <li>AfDB Structural Adjustment Loans.</li> </ul>

### Annex 1: Sample Inventory of GBS and Related Programmes

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
<p><b>2. Intent of Programmes</b></p> <p><i>What were/are the stated objectives of the programme (e.g. structural adjustment, poverty reduction, sector support)?</i></p> <p><i>What were/are the particular areas of focus? (e.g. public services, economic reforms, etc).</i></p>	<p>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.</p> <p>This was intended to be able to free up revenues for increased allocations to social sector programmes.</p>	<p>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.</p>	<p>Notionally earmarked sector budget support, in the context of sector wide approaches (SWAp) in Uganda, has been explicitly targeted towards supporting the implementation of sector or sub-sector development strategies.</p> <p>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).</p>	<p>The objectives have tended to be similar to full GBS but more explicitly to support expenditures in priority poverty reduction programmes from the PEAP.</p> <p>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 retreated from full GBS after concerns about defence expenditure. Some donors have also found it convenient to move from sector budget support to PAF budget support, but not to full GBS (e.g. Norway).</p> <p>The nature of the PAF changed in 2001, and commitments relating to the additionality of PAF resources and disbursements were relaxed. Meanwhile as the PRSC has been developed the PAF GBS has been linked closely to it, and there is increasingly less to distinguish between PAF and Full GBS.</p>	<p>All GBS is provided explicitly to support the implementation of the Poverty Eradication Action Plan. The largest instrument, to which most GBS instruments are linked is the PRSCs and their more specific objectives were originally to:</p> <ul style="list-style-type: none"> <li>● Improve public service delivery.</li> <li>● Strengthen government processes and systems.</li> <li>● Replace concurrent donor systems with one.</li> <li>● Improve predictability of resource flows.</li> <li>● Reduce transaction costs.</li> </ul> <p>Most Full GBS is explicitly linked to the PRSC. More recent GBS objectives have been fully consistent with the objectives of the third iteration of the PEAP.</p>
<p><b>3. Alignment with National Strategies</b></p> <p><i>Is/was the programme aligned with a particular national strategy (e.g. the PRSP)?</i></p>	<p>There was no explicit alignment with national strategies, but there was little need to, as the role of MDF funding was simple.</p>	<p>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.</p>	<p>Original sector budget support to the PAF was not aligned to sector strategies, but funding PEAP priority budget lines. The exception was DFID and IDA budget support to education which funded the education sector MTEF as a whole, and not PAF budget lines. The Education Sector budget was guided by the 1998 Education Sector Investment Plan.</p> <p>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.</p>	<p>PAF GBS is aligned with the PEAP in a similar way to full GBS, however only explicitly supporting a subset of government expenditures.</p> <p>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.</p> <p>There is now very little to distinguish the objectives of PAF and full GBS.</p>	<p>There have been explicit efforts to align full GBS with the PEAP. Policy dialogue and conditions in the PRSC from the outset were been linked to the four pillars of the second PEAP. Dialogue and conditions were 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.</p> <p>The PEAP 3 implementation matrix now plays 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 steering committee is the main interface with government over GBS.</p>
<p><b>4. Level of Funding</b></p>	<p>USD 136m between 1994/95 and 1997/98.</p>	<p>USD 877m between 1994/95 and 2001/02.</p>	<p>USD 450m between 1998/99 and 2003/04.</p>	<p>USD 145m between 1999/00 and 2003/04.</p>	<p>USD 730m between 1999/00 and 2003/04.</p>

*Evaluation of GBS – Note on Approach and Methods*

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
<b>5. Earmarking</b> <i>(a) Is/was there any form of earmarking?</i>	<p>There was a loose understanding between MDF donors and the Ministry of Finance that savings would be channelled towards social sector programmes.</p>	<p>(e.g. the EC, US, Denmark). However other donors did not require earmarking of the resulting expenditures.</p>	<p>Sector budget support in Uganda is notionally earmarked to sector budgets, which is why it is defined as GBS. Much sector budget support has also been explicitly earmarked to the PAF as well as the sector, making it targeted towards sub-sectors within sector strategies. Both sector budget support earmarked to sectors which happen to be in PAF and explicitly earmarked PAF sector budget support appear in the PAF budget as “PAF resources”, and these are matched in total to PAF expenditures.</p> <p>Whilst early sector budget support to the PAF funded additional allocations to specific priority budget lines within sector budgets (e.g. district classroom construction). Later sector budget support within the PAF was earmarked to the whole primary education and primary healthcare sub-sectors, or the sector budgets as a whole.</p> <p>Up until 2001 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 due to the growth in the size of the deficit, GOU now does not make such an explicit commitment. PEAP priorities, through the MTEF processes are intended to guide inter sector resource allocations, not levels of sector budget support.</p>	<p>PAF General budget support is notionally earmarked to the priority PEAP expenditure programmes in the PAF. They appear alongside sector budget support and HIPC debt relief in the PAF budget as “PAF resources”.</p> <p>Up until 2001 GOU committed that all PAF support would result in additional allocations to PAF programmes over and above pre-HIPC budget allocations. Since then the commitment has been that GOU will maintain PAF expenditures as a proportion of the budget. The extent of PAF earmarking therefore no longer has any additionality effect on budget allocations.</p> <p>However the GOU does commit to disbursing at least 95% of budgeted funds to PAF programmes, and it does not make any such commitments to other parts of the budget.</p>	<p>Full GBS is not earmarked in any way, and just contributes to general budgetary resources.</p>

*Annex 1: Sample Inventory of GBS and Related Programmes*

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
<b>6. Disbursement Procedures</b> <i>(a) Alignment with Financial Years.</i>	Resource projections and disbursements were aligned with the financial years and included in the Macroeconomic Framework.	Resource projections and disbursements were aligned with the financial years and included in the Macroeconomic Framework.	Donors are asked to, and give projections of their intended level of budget support for forthcoming financial years during the budget process. To date this has usually been provided for a single financial year or the duration of the budget support contract, depending on the nature of the budget support agreement. Therefore, commitments are often only for one or two years, and not made on a rolling basis for the full 3 years of the MTEF. DFID is now considering implementing such a 3 year rolling approach which represents full alignment with the MTEF.		
<i>(b) Tranches and Route for transfer of funds?</i>	No information.	No information.	<p>Originally disbursement procedures varied according to whether support was channelled via the PAF (see next column) or to the sector as a whole.</p> <p>Pure sector budget support has tended to be made up of a number of fixed tranches, often linked to the frequency of sector review process. There are still some holding accounts for sector budget support (e.g. education), to where donor funds are deposited before being credited to the consolidated fund, and released through the budget.</p> <p>Otherwise sector budget support is banked with the Bank of Uganda (BOU) which subsequently credits the consolidated fund.</p> <p>Disbursement of sector budget support in health and education is linked to the outcome of a sector review process (see below). Although disbursement of much sector budget support is now linked to the PRSC process in general, this still involves successful sector reviews.</p>	<p>PAF General and PAF Sector BS transfers were originally deposited with Bank of Uganda, which credit a separate (UGSS) PAF bank account within the consolidated fund.</p> <p>Transfers out of this account are now automatic, as early on, the Treasury often forgot to transfer funds out of that account.</p> <p>There is now nothing to distinguish disbursements procedures from full GBS and most disbursements are now linked to PRSC being on track.</p>	<p>Funds are deposited with the Bank of Uganda, and the UGS equivalent is credited to the consolidated fund, which is held at the Bank of Uganda.</p> <p>The PRSC, to which most GBS disbursements are linked, is an annual credit, and the credit is made effective upon government completing certain prior actions (see below). 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.</p>
			<p>The specific number of tranches of different types of budget support depend on the donor rather than the type of GBS, although there were early attempts of coordination around sector budget support. There are a variety of approaches now:</p> <ul style="list-style-type: none"> <li>• The AfDB, Denmark, Germany, Norway, Sweden and the World Bank have 1 fixed tranche per annum.</li> <li>• The EC, UK and Ireland have a fixed and a variable tranche. The EC variable tranche is linked to performance indicators, whilst the UK and Ireland variable tranches are varied in relation to an assessment of performance with respect to the PRSC and governance indicators.</li> <li>• The Netherlands have 1 tranche and this is split between general education and JLOS sector budget support.</li> </ul> <p>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.</p>		

## Evaluation of GBS – Note on Approach and Methods

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
<b>7. Framework of Conditionality and Performance Indicators</b> <i>(a) Is there an underlying MOU or similar agreement?</i>	There were simple agreements for providing MDF support.		As with other types of budget support there are memoranda of understanding underlying all arrangements. Most Memorandums of Understanding (MOUs) refer to joint sector strategies and review processes. Some were linked to the PAF as well.	All PAF GBS arrangements have agreements underlying them. Original PAF GBS agreements would also refer to the 1998 PAF guidelines which set out Government of Uganda's (GOU's) own commitments with respect to PAF.	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. Efforts were made in 2003 to develop a set of operational principles for full GBS, however they were never finalised.
			Some GBS agreements combine a number of types of GBS, combining un-earmarked full GBS, with an element of notionally earmarked budget support, which donors wish to highlight. This has been done by donors such as the UK and the Netherlands.		
<b>(b) Types of condition, including:</b> <ul style="list-style-type: none"> <li>➤ <i>Triggers for tranche release?</i></li> <li>➤ <i>Due process conditions (legally binding requirements for donors and recipients in giving and receiving money).</i></li> <li>➤ <i>Is satisfactory IMF status a condition?</i></li> <li>➤ <i>Other policy and performance conditions (cf. performance indicators).</i></li> <li>➤ <i>Political conditions (e.g. related to democracy, human rights, corruption, military spending and activity).</i></li> <li>➤ <i>Broader political conditionality (beyond the formal conditions, e.g. as revealed by interruptions and problems mentioned against Item 10).</i></li> </ul>	There was little conditionality. Ministry of Finance was required to prepare a quarterly report on the status of the economy and Meet MDF donors. As mentioned earlier there was a loose agreement that savings would be allocated to the social sectors.	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.	<p>For early sector budget support. conditions were related to the PAF, and the Government was required to undertake PAF commitments (see next column).</p> <p>With the evolution of SWaps disbursement of sector budget support soon required 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 in sector budget support.</p> <p>Each joint sector review will agree a series of undertakings, and sometimes also performance targets. These are usually drawn from and/or aligned with sector development strategies, which are increasingly aligned with the PEAP (sector undertakings reflect the PEAP matrix and vice versa).</p> <p>These performance targets and undertakings are used to monitor sector performance at the following review, and where appropriate are integrated into the MTEF proposals.</p>	<p>Conditions were originally just linked to the original GOU commitments around PAF. These included:</p> <ul style="list-style-type: none"> <li>• Quarterly Reports.</li> <li>• Quarterly Review meetings.</li> <li>• Budget disbursements to PAF programmes in full.</li> <li>• 5% of PAF funds being allocated and spent on improved monitoring and accountability.</li> <li>• Audit of PAF funds (which never happened, as it was later found appropriate to strengthen statutory audit of local governments).</li> <li>• Later LG adherence to the PAF reporting process.</li> </ul> <p>Beyond these there were no due process conditions or explicit performance indicators.</p> <p>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, although there are some variations.</p>	<p>Most Full GBS operations link themselves to the PRSC process. 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. There are a large number of other actions in PRSC matrix, which GOU are meant to achieve, and are reviewed, but are not explicit conditions for disbursement.</p> <p>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. The IMF programme also needs to be on track. In addition there are a few specific policy actions to which disbursement are tied, which vary from year to year.</p> <p>Prior actions also include the completion of successful sector review processes. However occasionally specific prior actions within particular sectors are highlighted within the PRSC.</p> <p>The PRSC itself does not deal with political conditions, although corruption issues are dealt with.</p>



### Annex 1: Sample Inventory of GBS and Related Programmes

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
			<p>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 parties.</p> <p>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. However only in 2005 was a strategy developed to underpin this process.</p>	<p>Many full and PAF GBS agreements, although tight to the PRSC and IMF, also require other conditions.</p> <ul style="list-style-type: none"> <li>Governance conditions are being included by bilateral donors who would like them to be incorporated in the PRSC, which the WB and the Ministry of Finance have resisted. The donors have developed a governance matrix and some (e.g. the Netherlands, Norway, UK) governance conditions into their agreements.</li> <li>Whilst tying the disbursement to the PRSC some bilateral agreements highlight specific issues such as procurement reform, public expenditure processes, etc.</li> </ul> <p>With the third iteration of the PEAP, the PRSC and all GBS operations linked to it will be using the PEAP implementation matrix to monitor government progress. This includes political governance issues, as well as sector specific actions, and should lead to greater alignment.</p>	
<p>(c) <i>Performance indicators, including:</i></p> <ul style="list-style-type: none"> <li>➤ <i>Number of indicators.</i></li> <li>➤ <i>Nature (e.g. process indicators, result indicators)</i></li> <li>➤ <i>Are they drawn from PRSP or other national policy documents?</i></li> <li>➤ <i>Are they linked to performance indicators for SWAps, etc?</i></li> <li>➤ <i>Are special reports required? How often?</i></li> </ul>	<p>There was little explicit conditionality attached. Uganda was meant to be paying multilateral debt obligations in full, and there was a loose expectation of equivalent increases in social expenditures.</p>	<p>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.</p>	<p>Early sector budget support via the PAF had no performance indicators. With the development of sector development plans and SWAps, sector performance criteria were established.</p> <p>Through SWAps and sector reporting processes, sectors monitor performance against the implementation of sector strategies, and these include the monitoring of sector performance indicators.</p> <p>In addition sectors also produce progress reports, setting out progress against sector development plans as part of joint review processes. There are no separate reports for donors outside the review process.</p>	<p>Early PAF GBS did not involve any use of performance indicators beyond those relating to inputs - the size of the PAF budget, the additionality of PAF resources, and release performance.</p> <p>With the evolution of full GBS, PAF GBS has been linked to the PRSC indicators, and subsequently become more closely linked to the PEAP.</p>	<p>Although performance with respect to poverty reduction and service delivery is monitored through government's poverty monitoring systems, GBS conditionality is more linked to due process and policy processes.</p> <p>A poverty monitoring system was established in 2000 and this has been absorbed into a broader National Integrated Monitoring and Evaluation System. In addition to sector reporting there are budget performance reports prepared by the Ministry of Finance, and biennial poverty status reports. Through these processes the GOU reports on progress against PEAP performance indicators, and there is no parallel reporting to GBS donors.</p>
				<p>Performance against indicators in the PEAP matrix are now the focus for budget support donors.</p> <p>The EC PRBS is the only agreement to link performance indicators to disbursement. Of budget support. Its variable tranche is linked to performance indicators in:</p> <ul style="list-style-type: none"> <li>Health (immunisation, outpatient attendance, deliveries).</li> <li>Education (enrolment, completion, literacy and numeracy levels).</li> <li>Public financial management (procurement, releases).</li> </ul>	

*Evaluation of GBS – Note on Approach and Methods*

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
<p><b>8. Procedures for Dialogue</b></p> <p><i>What is the general context of dialogue?</i></p> <p><i>Specific dialogue arrangements linked to this programme?</i></p>	<p>There were quarterly meetings held with the Ministry of Finance at which statements of the state of the economy and budget performance were discussed.</p>	<p>Dialogue on programme aid was largely dominated by the IMF and World Bank Structural Adjustment loans, and was centred on the Ministry of Finance.</p> <p>Dialogue was focused on trade, private sector, financial sector issues.</p> <p>Discussions relating to public expenditure gained increasing importance but largely focused on issues of fiscal discipline, and not the content of sector expenditure programmes.</p>	<p>There are joint annual or twice yearly sector review processes which form the centre of dialogue for sector budget support donors with government. Civil society groups are also part of this dialogue.</p> <p>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.</p> <p>Donors can be part of the sector donor group, provided they are supporting the sector, regardless of the aid instrument being used, and there is no special treatment of budget support donors.</p>	<p>In 1998 there were no exclusive government-donor forums 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.</p> <p>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.</p>	<p>A PRSC steering committee was formed in 2000 and became the centre dialogue on General Budget Support over the review period. The World Bank and representatives of other development partners sit on this committee, and progress against the implementation of the PRSC matrix is reviewed.</p> <p>The consultative budget process is important for dialogue, and development partners are invited to comment of the Governments MTEF and Budget Strategy Document, the Budget Framework Paper, alongside civil society and Parliament. There are also quarterly Public Expenditure Review (PER) working group meetings at which quarterly budget execution figures are discussed.</p> <p>The sector review forums 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.</p> <p>Recently the chair of the PRSC steering committee has been shifted from the Ministry of Finance to the Office of the Prime Minister, as it was felt that OPM were better placed to play a coordinating role in the implementation of the PEAP and reforms across government.</p>

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<p><b>9. Links to TA and Capacity Building</b></p> <ul style="list-style-type: none"> <li>➤ <i>Is capacity building an explicit objective of this programme?</i></li> <li>➤ <i>Are any TA/capacity-building conditions attached to this programme?</i></li> <li>➤ <i>Are the GBS donors providing relevant TA/capacity-building support in parallel to this operation?</i></li> <li>➤ <i>Are other donors providing relevant TA/capacity-building support in parallel to this operation?</i></li> </ul>		<p>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.</p>	<p>In the context of sector wide approaches there appears to be a clearer link between technical assistance, capacity building and budget support funds.</p> <p>Some donors explicitly provide TA when providing sector budget support themselves (e.g. 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).</p> <p>In the context of the WB LGDP there is a programme which combines LG sector budget support with a programme of institutional capacity building to LGs on the basis of government systems.</p> <p>Despite this much TA and capacity building at a sector level remains project based, and not sufficiently linked to national processes.</p>	<p>Originally there was no explicit link to capacity building for PAF GBS donors. Instead a provision for the PAF was that 5% of PAF funding for enhancing. Some of this money was set up for strengthening the consultative budget process, especially at lower levels.</p> <p>As full GBS has evolved, TA and capacity building linked to PAF GBS has evolved in a similar way (see next column).</p>	<p>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, this is not always explicitly linked to GBS operations.</p> <p>However those donors do provide long term technical assistance, and stand alone capacity-building programmes in areas of priority in the PRSC matrix, and many of those are donors which provide General Budget Support, whilst some are not. Often short term TA is procured to assist the Government of Uganda to fulfil certain actions in the PRSC matrix.</p> <p>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. The UK, which only provides GBS also gives some sector TA.</p>
<p><b>10. Donor Harmonisation &amp; Alignment</b></p> <p><i>General context of H&amp;A activities (e.g. is there a CDF pilot? SPA active?).</i></p> <p><i>Is H&amp;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)?</i></p> <p><i>Joint diagnostic and performance reviews (do these also incorporate non-BS donors, e.g. as part of SWAp, PER, etc)?</i></p>	<p>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.</p>	<p>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.</p> <p>Bilateral donors were either providing programme aid via the MDF or had moved to project support.</p>	<p>At sectoral levels the SWAp arrangements of strategy, joint review, etc. form the basis of donor alignment and harmonisation.</p> <p>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.</p> <p>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).</p>	<p>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.</p> <p>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.</p>	<p>The PRSC has been the chosen modality for harmonisation of GBS approaches across donors, and to a degree it has been successful.</p> <p>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.</p>

### Evaluation of GBS – Note on Approach and Methods

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
			<p>Progress on alignment with PEAP and sector processes has been stronger than harmonisation, however there are different examples of harmonisation across budget support instruments:</p> <ul style="list-style-type: none"> <li>• There are examples of increased selectivity, where some development partners delegate to others in sector dialogue.</li> <li>• Many GBS donors have completely disengaged from some sectors, focusing on crosscutting dialogue around the PRSC.</li> <li>• There have been efforts to harmonise PFM diagnostic instruments through the Country Integrated Fiduciary Assessment. Prior to this donors required separate instruments to satisfy their head offices (e.g. DFID fiduciary risk assessments), although it remains to be seen whether they will continue to need separate instruments in future.</li> </ul> <p>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.</p>		
<p><b>11. Experience in Implementation</b></p> <p><i>If completed, how was it rated?</i></p> <p><i>Any particular problems, interruptions, etc?</i></p> <p><i>Any specific reviews or evaluations available?</i></p>	<p>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.</p>	<p>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.</p> <p>However the emergence of new GBS arose from concern about the holistic content of government policies and their impacts on poverty, which was not covered under traditional structural adjustment programmes.</p>	<p>Sector earmarking was very important in the development of initial SWAp 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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>Since the removal of additionality of budget support the impact of notional earmarking on the budget has been 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.</p>	<p>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.</p> <p>To date reviews of the GBS operation (GBS Evaluability, PRSC Stocktaking) have been largely positive about GBS. There is increasing concern among development partners about their inability to engage with the GOU on governance issues.</p>

*Annex 1: Sample Inventory of GBS and Related Programmes*

<u>UGANDA</u>	Multilateral Debt Fund	Balance of Payments (BOP) Support	(Notionally Earmarked) Sector Budget Support	PAF General Budget Support	Full General Budget Support
<b>12. Information Sources</b>	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.



## Annex 2: Internationally Standard Summary of PGBS Flows

*This Annex is based on Annex B of the Synthesis Report.*

### Note on Data and Sources

#### Categories

1. The standard summary table of PGBS flows provides annual data for 1994–2004 in a number of categories selected to give an overview of PGBS flows in relation to the government budget and other aid flows:

Row	Data	Source
A	Total ODA ( <i>new loans extended plus grants disbursed</i> )	OECD DAC international statistics database
B	Total ODA ( <i>excluding emergency and food aid</i> )	OECD DAC international statistics database
C	Total PGBS disbursements	Country government and donor sources
D	SAF, ESAF and PRGF disbursements	OECD DAC international statistics database, IMF and country government sources
E	Total other unearmarked programme aid	Country government and donor sources
F	HIPC funding	Country government and donor sources
G	Central government expenditure (USD)	IMF International Financial Statistics (IFS) data for central government expenditure appear to be understated or are unavailable in some cases and country data have been used where available
Ga	ODA as % of GNI	OECD DAC international statistics database
H	PGBS as % of total ODA	Row C / Row A
I	PGBS as % of central government expenditure	Row C / Row G
J	Emergency Aid	OECD DAC international statistics database
K	Development Food Aid	OECD DAC international statistics database
L	Central government expenditure (national currency)	IMF IFS data for central government expenditure appear to be understated or are unavailable in some cases and country data have been used where available
M	Exchange rate	IMF IFS, Oanda.com (foreign currency exchange information provider – <a href="http://www.oanda.com">www.oanda.com</a> ) or country data have been used
General		Reference to Annexes – refer to Joint Evaluation of General Budget Support Country Report Annexes

*Comments on Data*

2. For the purposes of the Country Reports, country level data were used for PGBS disbursements as such data were only available at that level. However, a comparison of PGBS amounts across countries was desired, and therefore this data set has been compiled. However, it is recognised that these data are very approximate. Elements of approximation include:

- a. use of both calendar and fiscal years
- b. exchange rates may affect amounts shown
- c. known tendency for OECD DAC figures to exceed aid reported as received by country governments. (Reasons for this include (i) the fact that OECD definition includes: aid to NGOs etc. in-country, aid in kind e.g. TA and other aid where expenditure is undertaken directly by the donor, and (ii) even where aid is provided to the government it may be off-budget and therefore not captured in government figures.)

3. In addition there are varying degrees of data quality across countries and across time within countries. Therefore, as stated previously, the data should be treated as an approximation.



## Standard Summary of PGBS Flows – by country

Table 2.1: Burkina Faso – Summary of PGBS Flows

(all in USD million unless indicated otherwise)		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Source
(A)	Total ODA (actual) [1]	475.70	519.35	447.35	378.46	429.39	442.52	536.46	440.60	524.02	564.17	672.14	OECD DAC
(B)	Total ODA excl. emergency and food aid (actual) [1]	474.47	505.64	435.06	358.14	414.92	426.78	522.75	423.14	500.54	554.24	658.02	OECD DAC
(C)	Total Partnership GBS disbursements [2]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	82.20	108.88	143.91	165.04	Annex 3A, Table 3A.1
	Donors providing PGBS								WB (PRSC-1), EC, Netherlands, Sweden, Switzerland	WB, AfDB, EC, Netherlands, Sweden, Switzerland	Same + France + Belgium	Same minus Belgium	
(D)	[ESAF programmes] PRGF	[25.45]	[26.8]	[9.58]	NA	[17.99]	[16.93]	7.27	21.36	14.51	4.74	5.17	IMF website
(E)	Total other unearmarked programme aid disbursements	149.08	146.94	71.64	46.90	73.70	64.51	32.17	0.00	0.00	0.00	0.00	Annex 3A, Table 3A.1
	Donors providing unearmarked programme aid	IMF, WB, EC, France, Belgium, Sweden, Switzerland	IMF, WB, AfDB, EC, France, Netherlands, Sweden, Switzerland	IMF, WB, EC, France, Denmark, Netherlands	IMF, EC, Netherlands, Switzerland	Denmark, EC, IMF, Netherlands, Switzerland, WB	Denmark, EC, Netherlands, Switzerland, WB	EC, Switzerland, WB					
(F)	HIPC funding	n/a	n/a	n/a	n/a	n/a	n/a	9.21	38.20	42.81	74.82	12.42	Annex 3A, Table 3C.6
(G)	Central Government Expenditure [3]	409.67	494.95	452.65	558.02	590.73	701.32	601.71	531.81	606.33	834.01	1,122.41	IMF International Financial Statistics (IFS)
(Ga)	ODA as % of GNI	22.13%	20.01%	15.09%	14.16%	14.32%	14.19%	12.94%	13.98%	14.79%	12.14%	12.67%	OECD DAC
(H)	PGBS as % total ODA (%)	0%	0%	0%	0%	0%	0%	0%	18.66%	20.78%	25.51%	24.55%	
(I)	PGBS as % central government expenditure (%)	0%	0%	0%	0%	0%	0%	0%	15.46%	17.96%	17.26%	14.70%	

## Notes

[1] OECD DAC data is in calendar years. OECD DAC data in nominal terms. OECD DAC total ODA data is new loans extended plus grants disbursed.

[2] In line with annex 3A (inventory), PGBS is considered to have started with PRSC-1 for the WB; for other IPs, the formal starting point is taken as 2002 i.e. the date of signature of the SBC-CSLP, but 2001 disbursements are considered as GBS as well snnex 3A (inventory), already according to the conditions of the SBC-CSLP. procedures under negotiation. GBS provided by France and AfDB during the period 2002-04 is considered as PGBS as it was disbursed on the same conditions, even although France and AfDB freely according to second GBS joint agreement (CGAB-CSLP) as well as WB with PRSC-5, in 2005.

[3] Summary statistics of government finance are given in IMF IFS section 80. Data generally are as reported for IFS. Data cover operations of the budgetary central government or of the consolidated central government (i.e., operations of budgetary central statistics of extrabudgetary units, and social security funds). The coverage of consolidated central government may not necessarily include all existing extrabudgetary units and/or social security funds. The data are flows and are on a cash basis. Expend (in IMF IFS section 82) comprises all nonrepayable payments by government, whether required or unrequired and whether for current or capital purposes.

## Memorandum items

(J)	Emergency Aid	no data	1.25	2.30	4.44	1.22	0.47	0.69	1.19	1.66	1.95	1.19	OECD DAC
(K)	Development Food Aid	1.23	12.46	9.99	15.88	13.25	15.27	13.02	16.27	21.82	7.98	12.93	OECD DAC
(L)	Government Expenditure (CFA Franc millions)	227,449.00	247,053.00	231,552.00	325,700.00	348,500.00	431,800.00	428,400.00	389,841.00	422,606.00	484,727.00	592,953.00	IMF IFS
(M)	OFFICIAL RATE (Units: National Currency per US Dollar)(period averages)	555.21	499.15	511.55	583.67	589.95	615.70	711.98	733.04	696.99	581.20	528.29	IMF IFS

Table 2.2: Malawi – Summary of PGBS Flows

(all in USD million)	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Source
(A) Total ODA (actual)	488.42	464.17	530.13	375.44	476.49	488.64	488.79	455.13	423.05	570.72	554.96	OECD DAC
(B) Total ODA excl. emergency & food aid (actual)	474.86	409.24	511.68	365.54	454.50	461.32	466.52	438.86	378.65	506.16	531.60	OECD DAC
(C) Total Partnership GBS disbursements [1]	0	0	0	0	0	0	58.34	47.82	0	14.01	28.23	Reserve Bank of Malawi
Donors providing PGBS							Denmark, Norway, UK	Denmark, EC, UK		Norway, UK	EC, Norway, UK	Reserve Bank of Malawi
(D) [ESAF programmes] followed by PRGF (disbursements) [2]	[8.02]	[11.5]	[22.21]	0	[17.35]	[10.49]	12.27	0	0	9.26	0	OECD DAC (1994–99) loans extended and Reserve Bank of Malawi (2000–04)
(E) Total other unearmarked programme aid disbursements	194.98	106.09	194.51	115.93	130.48	102.09	62.49	59.41	36.18	36.23	7.80	Reserve Bank of Malawi
Donors providing unearmarked programme aid	AfDB, EC, IDA, Germany, UK, USA	EC, IDA, Germany, Norway, Switzerland, UK, USA	Denmark, IDA, Germany, Netherlands, UK, USA	AfDB, Denmark, EC, IDA, Germany, Netherlands, Sweden, UK, USA	Denmark, EC, IDA, Norway, Sweden, UK, USA	AfDB, Denmark, EC, IDA, Norway, Sweden, UK, USA	IDA, Netherlands, Norway, UK, USA	IDA, Netherlands	IDA, USA	IDA, USA	IDA	Reserve Bank of Malawi
(F) HIPC funding	0	0	0	0	0	0	0	27.06	28.88	47.56	25.13	Reserve Bank of Malawi
(G) Central Government Expenditure (USD) [3]	545.60	1,375.84	957.84	556.47	696.49	499.72	600.94	973.50	636.93	748.74	762.40	Ministry of Finance/Reserve Bank of Malawi/IMF
(Ga) ODA as % of GNI	41.33%	32.20%	21.92%	13.11%	25.42%	25.75%	26.13%	24.17%	20.72%	31.19%	26.90%	OECD DAC
(H) PGBS as % total ODA (%)	0%	0%	0%	0%	0%	0%	11.94%	10.51%	0%	2.45%	5.09%	
(I) PGBS as % central government expenditure (%)	0%	0%	0%	0%	0%	0%	9.71%	4.91%	0%	1.87%	3.70%	

**Notes**

[1] PGBS in Malawi is defined as GBS provided by the CABS group of donors (CABS=Common Approach to Budget Support).  
The data in the Country report is by Malawi fiscal year while the data in the above table by calendar year converted from Malawi Kwacha to USD using annual average annual exchange rate.  
The data by RBM deviate from donors' own disbursement data - this is because some GBS has been used directly for foreign exchange operations without crediting the Treasury revenue account.  
[2] PRGF funds are sterilised, i.e. have no budget impact.  
[3] By Malawi Fiscal Year July–June.

**Memorandum items**

(J) Emergency Aid		12.26	2.76	2.30	2.62	6.07	0.79	1.47	15.79	25.40	6.93	OECD DAC
(K) Development Food Aid	13.56	42.67	15.69	7.60	19.37	21.25	21.48	14.80	28.61	39.16	16.43	OECD DAC
(L) Government Expenditure (MKW million)	2,428	6,123	7,864	8,457	13,844	19,736	27,229	37,850	42,490	61,322	78,598	Ministry of Finance/Reserve Bank of Malawi/IMF
(M) Average Annual Exchange rates - calendar year (MKW per USD)	4.45	4.98	15.18	16.11	28.81	43.76	46.82	43.63	73.58	93.37	106.16	OANDA Corporation
(N) Average Annual Exchange rates - fiscal year (MKW per USD)	4.45	4.45	8.21	15.20	19.88	39.49	45.31	38.88	66.71	81.90	103.09	OANDA Corporation

Table 2.3: Mozambique – Summary of PGBS Flows

(all in USD million unless indicated otherwise)												
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Source
(A) Total ODA (actual) [1]	1,255.44	1,275.30	956.66	959.38	1,106.58	1,646.84	1,096.33	992.47	2,330.26	1,092.22	1,289.13	OECD DAC
(B) Total ODA excl. emergency and food aid (actual) [1]	1,229.11	1,178.28	894.78	893.98	1,049.29	1,598.27	956.95	870.91	2,272.42	1,041.01	1,217.22	OECD DAC
(C) Total Partnership GBS disbursements [2]	0	0	0	0	0	0	29.50	88.17	100.70	153.70	239.41	PAP as cited Annex 3A Inventory
Donors providing PGBS							Netherlands, Norway, UK	Denmark, EC, Ireland, Netherlands, Norway, Sweden, Switzerland, UK	Denmark, EC, Ireland, France, Netherlands, Norway, Sweden, Switzerland, UK	Denmark, EC, Finland, France, Ireland, Netherlands, Norway, Sweden, Switzerland, UK	Belgium, Denmark, EC, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, UK, WB	
(D) [ESAF programmes] followed by PRGF (disbursements) [3]	[21]	[0]	[18]	[35]	[25]	21.00	45.20	8.40	8.40	8.40	2.40	IMF (various) cited Annex 3A Inventory
(E) Total other unearmarked programme aid (disbursements) [4]	-	-	95.63	168.96	128.49	197.85	24.40	50.42	110.88	94.23	16.35	Annex 3A Inventory
Donors providing unearmarked programme aid			Canada, EC, Italy, Japan, Sweden	Denmark, EC, Sweden, WB	Denmark, EC, Japan, UK	Finland, Sweden, UK, WB	EC, Netherlands, Norway, Sweden, UK	Denmark, EC, Ireland, Italy, Netherlands, Norway, Sweden, Switzerland, UK	Denmark, EC, Ireland, Japan, Italy, France, Netherlands, Norway, Sweden, Switzerland, UK	Denmark, EC, Finland, France, Ireland, Netherlands, Norway, Sweden, Switzerland, UK, WB	Belgium, Denmark, EC, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Portugal, Sweden, Switzerland, UK, WB	
(F) HIPC funding	0	0	0	0	0	373.00	501.18	1077.63	523.00	347.96	484.00	MPF
(G) Central Government Expenditure [5]	154.34	113.59	103.90	112.17	757.89	919.08	1,080.39	1,145.55	1,182.81	1,216.07	1,468.77	MPF
(Ga) ODA as % of GNI	60.46%	49.89%	33.22%	29.46%	28.40%	21.31%	25.39%	29.79%	64.63%	25.17%	23.62%	OECD DAC
(H) PGBS as % total ODA (%)							2.69%	8.88%	4.32%	14.07%	18.57%	
(I) PGBS as % central government expenditure (%)							2.73%	7.70%	8.51%	12.64%	16.30%	

**Notes**

[1] OECD DAC data is in calendar years. All other data is in financial years (1994 = FY1994/95)

[2] In line with the Annex 3A (inventory), PGBS started in 2000

[3] This includes financing disbursed under ESAF (1999–2001)

[4] These data should be treated with care as they are not complete.

[5] This data include liquid borrowing. 1999–2003 these figures correspond to the executed budget. 2004 the figures correspond to the programmed budget.

**Memorandum items**

(J) Emergency Aid	no data	22.1	13.95	12.54	8.29	10.56	100.04	78.72	13.95	6.19	17.08	OECD DAC
(K) Development Food Aid	26.3	74.9	47.9	52.9	49.0	38.0	39.3	42.8	43.9	45.02	54.8	OECD DAC
(L) Government Expenditure (Meticais billions)	913.4	1,009.8	1,157.4	1,278.2	9,372.0	11,662.6	16,950.7	23,718.7	27,991.9	28,921.0	33,166.7	MPF
(M) USD/MTs (Exchange rates refer to period averages)	5,918.0	8,890.0	11,140.0	11,395.0	12,366.0	12,691.0	15,699.0	20,707.0	23,666.0	23,728.0	22,581.0	MPF

Table 2.4: Nicaragua – Summary of PGBS Flows

(all in USD million unless indicated otherwise)		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Source
(A)	Total ODA (actual) [1]	628.7	700.8	961.5	462.9	713.7	745.6	588.2	987.9	546.1	889.5	1,581.8	OECD DAC cited Annex 3A
(B)	Total ODA excl. emergency and food aid (actual) [1]	624.6	683.4	929.8	432.6	651.5	684.2	547.7	951.6	504.3	854.4	1,546.8	OECD DAC cited Annex 3A
(C)	Total Partnership GBS disbursements [2]	0	0	0	0	0	0	0	0	6.4	7.7	62.6	Annex 3B.2 Inventory
	Donors providing PGBS									Sweden	Sweden	EC, Sweden, WB	
(D)	[ESAF programmes] followed by PRGF (disbursements)	[28.6]	0	0	0	[22.8]	69.3	15.5	0	5.1	14.0	17.9	OECD DAC 1994–1998 total loans extended and IMF 1999–2004
(E)	Total other unearmarked programme aid disbursements [3]	217.0	72.0	84.0	47.0	unknown				52.6	79.0	50.4	1994–1997 Central Bank of Nicaragua, Dijkstra. 2002–2004 MINREX 2005.
	Donors providing unearmarked programme aid	IADB, IMF, WB and bilaterals								WB and unknown	WB and unknown	unknown	
(F)	HIPC funding	0	0	0	0	0	0	0	99.4	239.0	241.9	232.5	GON – ERCERP Progress Report
(G)	Central Government Expenditure [4]	548.7	562.7	599.2	605.3	661.1	827.6	926.7	976.9	808.8	926.9	1,016.4	IMF International Financial Statistics (IFS)
(Ga)	ODA as % of GNI	23.9%	23.1%	31.2%	13.2%	17.8%	19.0%	15.0%	24.4%	13.3%	20.7%	29.0%	OECD DAC
(H)	PGBS as % total ODA (%)	0%	0%	0%	0%	0%	0%	0%	0%	1.2%	0.9%	4.0%	
(I)	PGBS as % central government expenditure (%)	0%	0%	0%	0%	0%	0%	0%	0%	0.8%	0.8%	6.2%	

[1] OECD DAC data is in calendar years. OECD DAC data in nominal terms. OECD DAC total ODA data is new loans extended plus grants disbursed. OECD/DAC data for 2004 is provisional only.

[2] In line with Annex 3C (inventory), PGBS started in 2002 with Sweden GBS. In 2004 the WB (PRSC) and the EC (PAPSE) started disbursing GBS.

[3] Data on unearmarked programme aid pre-PGBS is not available by donor and by year for the evaluation period. Therefore this row remains incomplete.

[4] Summary statistics of government finance are given in IMF IFS section 80. Data generally are as reported for IFS. Data cover operations of the budgetary central government or of the consolidated central government (i.e., operations of budgetary central government, extrabudgetary units, and social security funds). The coverage of consolidated central government may not necessarily include all existing extrabudgetary units and/or social security funds. The data are flows and are on a cash basis. Expenditure (in IMF IFS section 82) comprises all nonrepayable payments by government, whether required or unrequired and whether for current or capital purposes. In nominal terms.

**Memorandum items**

(J) Emergency Aid	n/a	13.23	17.44	16.31	43.74	34.79	20.03	15.06	23.75	10.89	23.97	OECD DAC
(K) Development Food Aid	4.1	4.2	14.3	14.1	18.5	26.6	20.4	21.3	18.0	24.19	11.0	OECD DAC
(L) Government Expenditure (NIO scale millions)	3,688.7	4,245.9	5,054.8	5,719.3	6,995.4	9,773.8	11,754.5	13,062.9	11,527.1	14,000.0	16,199.2	IMF IFS
(M) OFFICIAL RATE (Units: National Currency per US Dollar)	6.7	7.5	8.4	9.4	10.6	11.8	12.7	13.4	14.3	15.1	15.9	IMF IFS

Table 2.5: Rwanda – Summary of PGBS Flows

(all in USD million unless indicated otherwise)		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Source
(A)	Total ODA (actual) [1]	722.98	721.22	481.05	246.92	365.60	403.21	342.34	320.08	374.89	357.01	500.47	OECD DAC
(B)	Total ODA excl. emergency and food aid (actual) [1]	707.08	487.93	320.31	131.13	264.91	314.26	323.50	295.18	345.24	321.61	450.32	OECD DAC
(C)	Total Partnership GBS disbursements [2]	0.00	0.00	0.00	0.00	0.00	0.00	13.68	37.44	32.48	34.18	129.67	Annex 3A Table 3A.4
	Donors providing PGBS							DFID	DFID, SIDA	DFID, SIDA	DFID, EC, SIDA [2a]	DFID, EC, SIDA, WB	
(D)	[ESAF programmes] followed by PRGF (disbursements)	[8.76]	[13.00]		[20.50]	[16.10]	29.30	25.10	12.10	0.70	0.80	1.70	IMF various
(E)	Total other unearmarked programme aid disbursements						55.94	44.22	67.77	75.65	22.36	41.93	Annex 3A Table 3A.3, Annex 3C.
	Donors providing unearmarked programme aid						EC, WB	EC, WB	EC, WB	EC, WB	EC, WB	EC, WB	See [3]
(F)	HIPC funding								23.94	25.61	27.10	28.35	See [4]
(G)	Central Government Expenditure (USD) [3]	188.69	265.19	311.45	365.58	374.96	411.03	346.43	362.13	400.99	346.28	no data	IMF International Financial Statistics (IFS)
(Ga)	ODA as % of GNI	95.51%	54.05%	34.09%	12.51%	17.65%	19.44%	17.93%	17.76%	20.73%	20.16%	25.80%	OECD DAC
(H)	PGBS as % total ODA (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	11.70%	8.66%	9.57%	25.91%	
(I)	PGBS as % central government expenditure (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.95%	10.34%	8.10%	9.87%	no data	

**Notes**

- [1] ODA consists of grants and total loans extended, as distinct from total net aid disbursed in Table A2.1 which includes net lending.
- [2] In line with Annex 3B (inventory), PGBS excludes EC Structural Adjustment Facility (SAF) programmes and WB pre-PGBS policy lending programmes. IMF PRGF is considered as BOP.
- [2a] EC: Planned disbursement of 1st tranche PPARP in 2003; took place in January 2004.
- [3] IMF 2004 and 2005 (Third and Fourth Reviews under the Three-Year Arrangement under the PRGF); IMF 2002 (Article IV Consultation and Requests for a new PRGF).
- [4] 2003 and 2004 (projected) figures from Minecofin Budget Framework Papers 2004–06 and 2005–07. 2001 and 2002 figures from IMF2004.

**Memorandum items**

(J)	Emergency Aid	0.19	163.37	135.75	83.9	63.99	63.51	14.36	8.58	13.88	10.99	38.93	OECD DAC
(K)	Development Food Aid	15.90	69.92	24.99	31.89	36.70	25.44	4.48	16.32	15.77	24.41	11.22	OECD DAC
(L)	Government Expenditure (Rw millions)	26,550	69,528	95,335	110,157	117,632	138,858	136,298	160,350	191,000	186,181	no data	
(M)	OFFICIAL RATE (Units: National Currency per US Dollar)	140.704	262.182	306.098	301.321	313.717	337.831	393.435	442.801	476.327	537.658	574.622	

Table 2.6: Uganda – Summary of PGBS Flows

(all in USD million unless indicated otherwise)		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Source
(A)	Total ODA (actual) [1]	797.49	880.74	743.34	839.32	909.36	695.61	901.28	897.01	815.27	1,076.47	1,334.84	OECD DAC cited Annex 3A
(B)	Total ODA excl. emergency and food aid (actual) [1]	792.62	863.77	727.83	814.81	886.82	666.16	887.20	871.93	775.33	962.77	1,179.92	OECD DAC cited Annex 3A
(C)	Total Partnership GBS disbursements [2]	0	0	0	0	66.43	39.16	175.86	311.20	369.00	404.83	408.80	MFPEP cited Annex 3B Inventory
	Donors providing PGBS					IDA, Netherlands, UK, USAID	Belgium, Ireland, Netherlands, UK, USAID	Austria, Belgium, IDA, Ireland, Netherlands, Sweden, UK	Canada, EC, IDA, Ireland, Netherlands, Norway, Sweden, UK, USAID	Austria, Canada, EC, France, Germany, IDA, Ireland, Netherlands, Norway, Sweden, UK, USAID	AfDB, Canada, Denmark, EC, France, IDA, Ireland, Netherlands, Norway, Sweden, UK, USAID	Austria, Canada, Denmark, EC, France, Germany, IDA, Ireland, Italy, Netherlands, Norway, Sweden, UK	
(D)	SAF and [ESAF programmes] followed by PRGF (disbursements)	52.54	55.80	63.15	0	[49.95]	[35.22]	11.78	11.37	1.94	5.60	2.96	OECD DAC 1993–2002 loans extended and MFPEP cited Annex 3B Inventory
(E)	Total other unearmarked programme aid	168.4	53.00	111.05	67.00	94.25	109.20	60.30	35.53	0	0	0	MFPEP cited Annex 3B Inventory
	Donors providing unearmarked programme aid	EC, Germany, IDA, SIDA, UK	EC, Germany, IDA, UK	EC, IDA, UK	AfDB, Austria, Japan, UK	EC, IDA, UK	EC, IDA, UK	EC, IDA	AfDB, IDA				
(F)	HIPC funding					37.20	56.22	74.39	80.70	93.10	61.70	64.67	Ministry of Finance Budget Speeches
(G)	Central Government Expenditure	932.57	1,042.19	1,106.42	1,180.23	1,354.98	1,397.69	1,376.73	1,443.73	1,540.59	1,617.47	1,811.70	MFPEP cited Annex 4A
(Ga)	ODA as % of GNI	19.1	14.65%	11.27%	13.01%	9.92%	9.92%	14.26%	14.32%	12.40%	15.85%	17.32%	OECD DAC
(H)	PGBS as % total ODA (%)	0	0	0	0	7.31%	5.63%	19.51%	34.69%	45.26%	37.61%	30.63%	
(I)	PGBS as % central government expenditure (%)	0	0	0	0	4.90%	2.80%	12.77%	21.56%	23.95%	25.03%	22.56%	

**Notes**

[1] OECD DAC data is in calendar years. All other data in financial years (1994 = FY1994/95)

[2] In line with the CR annex 3C (inventory), PGBS started in 1998 with notionally earmarked sector budget support and the Poverty Action Fund. There are three types of PGBS – Sector, PAF and Full PGBS

**Memorandum items**

(J)	Emergency Aid	n/a	2.95	10.93	13.83	12.98	19.81	4.49	9.01	29.04	89.24	136.60	OECD DAC cited Annex 3A
(K)	Development Food Aid	4.9	14.02	4.58	10.68	9.56	9.64	9.59	16.07	10.90	24.46	18.32	OECD DAC cited Annex 3A
(L)	Government Expenditure (UGS billions)	913.4	1,009.80	1,157.40	1,278.20	1,680.60	2,033.40	2,264.01	2,534.70	2,769.29	3,176.26	3,279.70	MFPEP cited Annex 4A
(M)	Exchange rates refer to period averages. USD/UGS	979.4	968.92	1,046.08	1,083.01	1,240.31	1,454.83	1,644.48	1,755.66	1,797.55	1,963.72	1,810.30	1994–2003 IMF - IFS; 2004 www.oanda.com

Table 2.7: Vietnam – Summary of PGBS Flows

(all in USD million unless indicated otherwise)		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Source
(A)	Total ODA (actual) [1]	989.65	891.40	964.67	1,118.61	1,204.38	1,461.48	1,725.25	1,509.24	1,378.24	1,891.72	2,012.65	OECD DAC
(B)	Total ODA excl. emergency and food aid (actual) [1]	987.23	885.00	955.98	1,109.09	1,199.00	1,453.89	1,710.95	1,499.31	1,371.24	1,871.92	1,988.86	OECD DAC
(C)	Total Partnership GBS disbursements [2]	0	0	0	0	0	0	0	150.00	122.60	140.00	157.00	Annex 3B – Table 3B.2 Inventory
	Donors providing PGBS								WB	Denmark, Netherlands, Sweden, UK, WB	Denmark, Netherlands, UK, WB	Same and AsDB, Canada, EC, Japan	
	[ESAF programmes] followed by PRGF (disbursements)	0	0	0	0	0	0	0	105.00	77.00	0	0	
(D)	Total other unearmarked programme aid	0	0	0	0	0	217.00	71	0	0	0	0	
	World Bank SAC1 (1994–2000)												
	Japan Miyazawa						174.00	0	0	0	0	0	
	AsDB Programme lending (1995–2000) [3]												
	i) Agriculture sector loan						43.00	71.4	0	0	0	0	
	ii) Finance sector loan												
	Donors providing other unearmarked programme aid						Japan, IMF, AsDB	IMF, AsDB	IMF	IMF	None	None	
(F)	HIPC funding	0	0	0	0	0	0	0	0	0	0	0	
(G)	Central Government Expenditure (USD)	407.22	494.54	570.03	605.56	553.35	608.30	728.07	810.88	876.19	1,021.40	1,130.63	IMF Governance Finance Statistics (GFS)
(Ga)	ODA as % of GNI	5.70%	4.08%	3.87%	3.79%	4.41%	5.05%	5.47%	4.50%	3.64%	4.51%	4.05%	OECD DAC
(H)	PGBS as % total ODA (%)	0%	0%	0%	0%	0%	0%	0%	9.94%	8.90%	7.40%	7.80%	
(I)	PGBS as % central government expenditure (%)	0%	0%	0%	0%	0%	0%	0%	18.50%	13.99%	13.71%	13.89%	

## Notes

[1] OECD DAC data for 2004 is provisional – data has not been collected from all donors. OECD DAC data is in nominal terms. OECD DAC total ODA data is new loans extended plus grants disbursed.

[2] In line with Annex 3B (inventory), PGBS is considered to have started with the PRSC 1 in 2002 by WB and co-financiers, and continued with PRSC 2, PRSC 3 and PRSC 4.

[3] The data for AsDB programme lending funds are estimates.

## Memorandum items

(J)	Emergency Aid	no data	6.29	7.40	6.06	4.47	4.36	6.48	7.45	6.54	2.92	3.81	OECD DAC
(K)	Development Food Aid	2.42	0.11	1.29	3.46	0.91	3.23	7.82	2.48	0.46	16.88	19.98	OECD DAC
(L)	Central Government Expenditure (VND billion)	44,655	54,589	62,889	70,749	73,419	84,817	103,151	119,403	133,877	158,415	182,875	IMF GFS
(M)	Exchange rates refer to period averages.												
	USD/VND	10,965.70	11,038.30	11,032.60	11,683.30	13,268.00	13,943.20	14,167.70	14,725.20	15,279.50	15,509.60	16,174.58	1994–2003 IMF IFS; 2004 www.oanda.com





## Annex 3: Logical Sequence of Effects

### A: Concise Version (as included in SR and all CRs)

(Note that the reference numbers at different levels correspond to those used in the Causality Map.)

#### Box 3.1: 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
    - Public finance management (PFM)
    - Pro-poor sectoral policies and good governance
  - 1.5 Alignment and harmonisation
    - International Partners' (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 (Poverty Reduction Strategy Paper/Medium Term Expenditure Framework)
  - 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 macroeconomic 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**

**B: Extended Version***(Appears as Annex G of the final Inception Report).***Box 3.2: Enhanced Evaluation Framework (Detailed Questions)**

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<b>Level 0</b> (the context and entry conditions for partnership GBS)	<ul style="list-style-type: none"> <li>International and regional development framework (MDGs, DAC, SPA, NEPAD, etc.)</li> <li>Overall country political and economic background (including international relations: trade, security, etc.).</li> <li>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.</li> <li>International Partners (IP): <ul style="list-style-type: none"> <li>aid levels and policies</li> <li>budget support and project aid</li> <li>HIPC</li> <li>IPs' assessment of country context and past aid history</li> </ul> </li> <li>What (explicit or implicit) entry conditions for the commencement of partnership GBS are set by any of the partners?</li> </ul>	
<b>Level 1</b> (the design)	<p><b>general questions</b></p> <ul style="list-style-type: none"> <li>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?</li> <li>Relevance to the international development policy: does the GBS design as a whole respond to the criteria of the new partnership GBS?</li> <li>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?</li> <li>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)</li> <li>Is a joint GBS design perceivable by the government and by other stakeholders? [government's and other stakeholders' perception]</li> <li>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]</li> </ul>	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!)
	<b>specific questions [indicators/source of evidence]</b>	
<b>1. Adequate quantity and quality of inputs are provided by new GBS:</b>	<ul style="list-style-type: none"> <li>What were the anticipated and actual PGBS inputs provided? [government and IP records]</li> </ul>	<p>It is possible either:</p> <p>(a) to distinguish GBS inputs clearly from non-GBS inputs [likely to be true for funds, more problematic for the other inputs], or:</p> <p>(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.</p> <p>It is also possible to reasonably separate out different IPs' contributions to the inputs, apart from the funds.</p>
<b>1.1 Funds</b>	<ul style="list-style-type: none"> <li>Were the funds commensurate to the stated purpose? [informed comments]</li> <li>Were they paid into the Treasury? [MOF data]</li> <li>Have GBS funds increased (absolutely and as proportion)?</li> <li>Have non-GBS funds decreased (absolutely and as proportion)?</li> </ul> <p>[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)]</p> <p>[total planned and actual spending by partner government (for context)]</p> <ul style="list-style-type: none"> <li>What are the measures (if any) in the design of the GBS programmes that could prevent a stop/go? [informed comment]</li> <li>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]</li> </ul>	
<b>1.2 Policy dialogue</b>	<ul style="list-style-type: none"> <li>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]</li> <li>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]</li> <li>Were the preconditions for GBS agreed by donors and government? [written agreements associated with programme design]</li> <li>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]</li> <li>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]</li> </ul>	

### Annex 3: Logical Sequence of Effects

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<b>1.3 Conditionality</b>	<ul style="list-style-type: none"> <li>• Were policy conditions appropriate to the intent of the programme? [written records]</li> <li>• Did policy conditions reflect government's own plans and budget? [relevant documents and informed comments on process and sequence of developing conditions, including PAFs]</li> <li>• Did fiduciary conditions reflect the quality of partner's PFM? [PEFA and similar indicators]</li> <li>• Were there any explicit political conditions (e.g. democracy, human rights)?</li> </ul> <p><b>[written records and informed comments]</b></p> <ul style="list-style-type: none"> <li>• Was the commitment to GBS preceded by (joint or separate) donor assessment of the institutional preparedness of government? [written records]</li> <li>• 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]</li> <li>• Do CCIs feature specifically in GBS policy matrices (targets and conditions)? [written records]</li> </ul>	
<b>1.4 TA/capacity building linked to:</b> <ul style="list-style-type: none"> <li>▪ <b>PFM</b></li> <li>▪ <b>Pro-poor sectoral policies and good governance</b></li> </ul>	<ul style="list-style-type: none"> <li>• Does GBS design specifically recognise strengths and weaknesses in government's PFM capacity? Does it propose measures to improve capacity? [written records]</li> <li>• 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]</li> <li>• 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]</li> <li>• 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]</li> <li>• 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]</li> <li>• 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.)</li> </ul> <p>[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)]</p>	

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<b>1.5 Alignment and harmonisation</b> <ul style="list-style-type: none"> <li>IPs' alignment to government goals and system</li> <li>IPs' harmonisation</li> </ul>	<ul style="list-style-type: none"> <li>Was the programme objective derived from a government plan? [evidence from government documents, informed comments on process and sequence of developing the programme]</li> <li>Are donors content to align with government policies on CCIs? To what extent do they also work with non-government stakeholders in-country?</li> <li>Did design, implementation, and reporting and monitoring of the programme use government systems? [systems in place]</li> <li>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]</li> <li>In the programme did donors use shared funding arrangements, conditions, missions and reviews, offices, and delegated cooperation? [informed comments]</li> </ul>	Adequate systems in place or under development.
<b>Level 2</b> <b>(the immediate effects/activities)</b>	<b>general questions</b> <ul style="list-style-type: none"> <li>Effectiveness. Did the mobilisation of inputs and the expected partnerships occur as designed? And to what extent? <ul style="list-style-type: none"> <li>were the inputs provided in time?</li> <li>did their quality respond to the requirements?</li> <li>were the stakeholders involved as expected?</li> </ul> </li> <li>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? <ul style="list-style-type: none"> <li>the action/non-action of a given input or of a combination of inputs</li> <li>the occurrence/non-occurrence of a given assumption, or of a combination of assumptions</li> </ul> </li> <li>Efficiency. Was there any alternative and more efficient way to reach the same effects?</li> </ul>	
	<b>specific questions [indicators/source of evidence]</b>	
<b>2.1 More external resources for government budget (additionality)</b>	<ul style="list-style-type: none"> <li>Does GBS increase absolute funds available to the national budget? [data on GBS disbursements and total budget (expenditure and revenue) over time]</li> </ul>	Increased external funding not offset by lower domestic revenue.
<b>2.2 Proportion of external funds subject to national budget process increased (increased fungibility)</b>	<ul style="list-style-type: none"> <li>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]</li> <li>Were the funds disbursed as planned? [MOF data]</li> </ul>	Other IPs do not take offsetting action, by moving funds off-budget.

*Annex 3: Logical Sequence of Effects*

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<b>2.3 Increase in predictability of external funding of national budget</b>	<ul style="list-style-type: none"> <li>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]</li> <li>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]</li> </ul>	
<b>2.4 Policy dialogue and conditionalities focused on pro-poor policy framework and improved PFM</b>	<ul style="list-style-type: none"> <li>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)]</li> <li>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]</li> <li>How do sector policies and sector ministries etc. feature in the dialogue? (How) does it link to sector programmes?</li> <li>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?)]</li> <li>Have there been clear shared priorities and a strong dialogue in the application of the conditionalities? [written records, informed comments]</li> <li>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]</li> <li>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]</li> </ul>	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!)
<p><b>2.5 TA/capacity building established to:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Improve PFM processes including budgeting, accounting, financial control, audit</b></li> <li>▪ <b>Improve the linkage between PFM and pro-poor sectoral policies and good governance</b></li> </ul>	<ul style="list-style-type: none"> <li>• 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]</li> <li>• 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.]</li> <li>• 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?</li> <li>• 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]</li> <li>• Do technical assistance/capacity building plans take account of CCIs? (e.g. HIV/AIDS-related attrition in skilled personnel)?</li> </ul>	<p>(At minimum) national authorities are willing to accept and able to absorb increased TA or capacity building in this area.</p> <p>(For greater likelihood of success) national authorities lead in the planning and prioritisation of capacity development efforts.</p>
<p><b>2.6 Actions to ensure IPs' alignment are in place</b></p> <p><b>Actions and agreements to improve IPs' harmonisation are in place</b></p>	<ul style="list-style-type: none"> <li>• 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]</li> <li>• 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]</li> <li>• 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.)?</li> <li>• 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]</li> </ul>	<p>Other IPs are willing and able to align with national goals and systems.</p> <p>National plans are sufficiently robust to be a basis for dialogue/conditionality.</p> <p>Other IPs are willing and able to harmonise their procedures.</p>



*Annex 3: Logical Sequence of Effects*

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<b>Level 3 (the outputs)</b>	<b>general questions</b> <ul style="list-style-type: none"> <li>Effectiveness. Did the programme deliver the expected outputs? And to what extent?</li> <li>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? <ul style="list-style-type: none"> <li>the action/non-action of a given effect in level 2 or of a combination of effects</li> <li>the occurrence/non-occurrence of a given assumption, or of a combination of assumptions</li> </ul> </li> <li>Efficiency. Was there any alternative and more efficient way to achieve the same effects?</li> </ul>	
<b>3.1 Increased resources for service delivery:</b> <ul style="list-style-type: none"> <li>External resources are treated as additional</li> <li>Cost of funding budget deficit reduced</li> </ul>	<b>specific questions [indicators/source of evidence]</b> <ul style="list-style-type: none"> <li>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]</li> <li>Has average cost of government financing of the budget fallen? [MOF, central bank data]</li> </ul>	Resources not diverted to other uses.
<b>3.2 Partner government is encouraged and empowered to strengthen PFM and government systems:</b> <ul style="list-style-type: none"> <li>To use the budget to bring public sector programmes into line with government goals, systems and cycles (PRSP/MTEF)</li> <li>To set up performance monitoring systems to measure the effectiveness of public expenditure at the level of the final beneficiaries</li> <li>To promote alignment and harmonisation by IPs</li> </ul>	<ul style="list-style-type: none"> <li>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.)]</li> <li>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)]</li> <li>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]</li> <li>Has government undertaken measures to strengthen decentralised service delivery? [Agreed reforms are being legislated and implemented]</li> <li>Are performance monitoring systems in place and/or being strengthened?</li> <li>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]</li> <li>To what extent, and in what ways, has GBS reinforced the strengthening of systems? [stakeholder perceptions]</li> </ul>	<p>Political competition in the country is moving away from use of state resources for patronage, towards a focus on results.</p> <p>Government is committed to budget reform, and this has been internalised in the civil service.</p> <p>Political leaders are prepared to take on political costs of new thinking linking poverty reduction and social inclusion to sound public expenditure management.</p>

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<p><b>3.3 Partner government is encouraged and empowered to strengthen pro-poor policies:</b></p> <ul style="list-style-type: none"> <li>▪ To establish and execute an adequate sequence of reforms to ensure macro-economic stability and private sector development</li> <li>▪ To establish and execute pro-poor policies and targeting in health, education, agricultural and rural development</li> <li>▪ To enhance social inclusion policies, through decentralisation and participation of the civil society, reform of the administration of justice and respect for human rights</li> </ul>	<ul style="list-style-type: none"> <li>• 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]</li> <li>• 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]</li> <li>• Are there changes in poverty targeting? [stories of changes in the rules of targeting]</li> <li>• 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]</li> </ul>	<p>Government is genuinely committed to poverty reduction.</p>
<p><b>3.4 Improved aggregate fiscal discipline:</b></p> <ul style="list-style-type: none"> <li>▪ More predictable funding flows</li> <li>▪ Incidence of liquidity shortfalls reduced, hence less use of Central Bank overdrafts and less accumulation of arrears</li> </ul>	<ul style="list-style-type: none"> <li>• 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]</li> <li>• 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]</li> </ul>	<p>Partner government does not take actions that compel interruptions in disbursement.</p> <p>Partner government has adequate reserve to cushion minor unplanned variations.</p> <p>Cash management by MOF allows predictability of funding to line ministries/local government, encouraging them to plan.</p>

### Annex 3: Logical Sequence of Effects

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<p><b>3.5 Operational efficiency of public expenditure is enhanced:</b></p> <ul style="list-style-type: none"> <li>▪ <b>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)</b></li> <li>▪ <b>Better planning, execution and oversight reduces wasteful spending, controls corruption better, spreads positive lessons across public sector</b></li> </ul>	<ul style="list-style-type: none"> <li>• 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]</li> <li>• 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)]</li> <li>• Is corruption-related inefficiency controlled and reduced? [fiduciary assessments, international and local surveys on prevalence of public sector corruption; stakeholder perceptions]</li> </ul>	<p>Transaction costs are large with non-GBS aid modalities.</p> <p>Other IPs do not increase parallel project- management structures.</p>
<p><b>3.6 Allocative efficiency of public expenditure is enhanced:</b></p> <ul style="list-style-type: none"> <li>▪ <b>By a more effective budget process: results oriented, transparent, participatory; with effective execution and audit; with an adequate tracking system</b></li> <li>▪ <b>By increased capture of project funds in budget</b></li> <li>▪ <b>By stakeholders taking domestic budget more seriously (because that's where the money is)</b></li> </ul>	<ul style="list-style-type: none"> <li>• 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]</li> <li>• 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]</li> <li>• 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]</li> <li>• 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]</li> <li>• Is the policy and budget process (becoming) gender-aware? [informed comment, documentary evidence]</li> </ul>	<p>There were significant inefficiencies in previous allocations.</p> <p>GBS inputs not undermined or offset by high level of earmarking of other aid.</p> <p>Political priorities are such that increased allocative efficiency will benefit pro-poor expenditures.</p> <p>The political balance in the country is shifting towards punishing official corruption.</p>

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<p><b>3.7 Intra-government incentives and capacities are strengthened:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Official reporting lines are more respected (vertical through government to cabinet, not horizontal to IPs)</b></li> <li>▪ <b>Public-service performance incentives are strengthened, so that policies are made and implemented, audit and procurement systems work, and corruption is reduced</b></li> </ul>	<ul style="list-style-type: none"> <li>• 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]</li> <li>• 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]</li> <li>• 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)]</li> <li>• 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?)]</li> <li>• 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]</li> </ul>	<p>Official reporting lines are still recognised in public service.</p> <p>Government applies pay and performance-assessment policies that contribute to incentives.</p> <p>There are domestic constituencies and pressures for higher standards of accountability.</p>

### Annex 3: Logical Sequence of Effects

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<b>3.8 Democratic accountability is enhanced:</b> <ul style="list-style-type: none"> <li>Greater role of parliament in monitoring budget results</li> <li>Accountability through domestic institutions for IP-financed spending is enhanced</li> <li>Conditions for all-round democratisation are thereby improved, including the trust of people in their government and hence their level of expectations</li> </ul>	<ul style="list-style-type: none"> <li>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]</li> <li>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]</li> <li>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]</li> <li>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]</li> <li>Do mechanisms of accountability for service delivery function effectively to include the poor? <ul style="list-style-type: none"> <li>Do such mechanisms exist? [informed comment]?</li> <li>At what level? (service delivery facility, national lobby group or CSO etc.) [informed comment]?</li> <li>Are they accessible to the poor? [change in access data – perception of stakeholders]</li> <li>Are they listened to? [evidence of feedback into policy formulation and implementation and/or in adjustment in service delivery]</li> </ul> </li> <li>Is politics still constructed on a patronage rather than performance basis? [perception of CSOs]</li> <li>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]</li> </ul>	<p>There are domestic constituencies and pressures for higher standards of accountability.</p> <p>Constitutional and political conditions exist for parliament to increase its role.</p>
<b>Level 4</b> <b>(the outcomes)</b>	<b>general questions</b> <ul style="list-style-type: none"> <li>Impact. Did the changes expected in the proximate of poverty reduction occur? And to what extent?</li> <li>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? <ul style="list-style-type: none"> <li>the action/non-action of a given effect in level 3 or of a combination of effects in levels 3 and/or 2</li> <li>the occurrence/non-occurrence of a given assumption, or of a combination of assumptions.</li> </ul> </li> <li>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?</li> </ul>	<p>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.</p>

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
	<b>specific questions [indicators/source of evidence]</b>	
<b>4.1 Macroeconomic environment is favourable to private investment and growth</b> <ul style="list-style-type: none"> <li>▪ Inflation controlled</li> <li>▪ Realistic exchange rate attained</li> <li>▪ Fiscal deficit and level of domestic borrowing sustainable and not crowding out private investment</li> </ul>	<ul style="list-style-type: none"> <li>• 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)]</li> <li>• 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]</li> <li>• Is inflation more controlled than it would otherwise have been? [rate of increase of CPI compared with without-GBS scenario]</li> <li>• Is the exchange rate realistic and relatively stable? [movement of exchange rate compared with without-GBS scenario]</li> </ul>	<p>Absence of external shocks and good coordination with the Central Bank.</p>
<b>4.2 Regulation of private initiative works to ensure business confidence, equity, efficiency and sustainability</b> <ul style="list-style-type: none"> <li>▪ Policies on corruption, property rights resolutely pursued</li> <li>▪ Market-friendly institutions developed</li> </ul>	<ul style="list-style-type: none"> <li>• 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.]</li> <li>• 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]</li> </ul>	<p>Legitimacy of state is sufficient for regulatory role of public sector to be accepted.</p> <p>Confidence is not powerfully weakened by factors outside national control, e.g. regional instability.</p>

*Annex 3: Logical Sequence of Effects*

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<b>4.3 More resources flowing to service delivery agencies</b>	<ul style="list-style-type: none"> <li>Are increased levels of resources reaching the key service delivery agencies of central and local governments? (focus on selected key sectors) [absolute amounts – <i>not percentages of budget</i> – 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]</li> <li>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]</li> </ul>	
<b>4.4 Appropriate sector policies include public actions to address major market failures, including those arising from gender inequalities</b>	<ul style="list-style-type: none"> <li>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]</li> <li>Are the relationships between poverty and environment being addressed? [documents and informed comment]</li> <li>What are the main explanations for these changes observed in government intervention to address major market failure? [informed comment]</li> </ul>	Sector authorities do not confuse intervention to correct market failures with state interventions that prevent markets developing.
<b>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</b>	<ul style="list-style-type: none"> <li>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]</li> <li>Are regulation and justice effectively in place? [court records - CSOs informed comment]</li> <li>Are the poor better able to access justice? [court records - CSOs informed comment and poverty profiles]</li> <li>What are the main explanations for the changes observed in the poor's access to justice? [informed comment]</li> <li>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]</li> <li>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]</li> <li>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]</li> </ul>	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!)
<b>4.6 More conducive growth-enhancing environment</b>	<ul style="list-style-type: none"> <li>What is happening to economic growth? [growth rates by GDP per capita]</li> <li>What are the main explanations for the changes in GDP? [informed comment]</li> <li>Has growth been higher than it would otherwise have been? [annual % change in GDP compared with without-GBS scenario]</li> <li>Is private investment growing or likely to grow? [business opinion surveys for the country - data on private investment from national income accounts]</li> <li>Are the poor able to participate in this economic growth? [see below]</li> <li>What are the changes in employment and economic opportunities? [employment growth and change by occupational group and/or income stratification]</li> <li>How sustainable are these changes? [informed comment]</li> </ul>	
<b>4.7 Public services effectively delivered and pro-poor</b> <ul style="list-style-type: none"> <li>Service delivery targets met for key pro-poor services</li> <li>Evidence of increased use of services by poor (including poor women)</li> </ul>	<ul style="list-style-type: none"> <li>Are the services most important to poverty eradication becoming more effectively delivered and accessible to poor people?</li> <li>Are gender dimensions of service delivery being addressed?</li> </ul> <p>[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]</p>	Access of poor to services can be positively influenced by better targeting.
<b>Level 5 (the impact)</b>	<b>general questions</b> <ul style="list-style-type: none"> <li>Impact. Did the changes expected in the main poverty reduction indicators occur? And in which measure?</li> <li>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? <ul style="list-style-type: none"> <li>the action/non-action of a given effect in level 3 or of a combination of effects in levels 3 and /or 2</li> <li>the occurrence/non-occurrence of a given assumption, or of a combination of assumptions</li> </ul> </li> <li>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?</li> </ul>	
	<b>specific questions [indicators/source of evidence]</b>	
<b>5.1 Income poverty reduction</b>	<ul style="list-style-type: none"> <li>What are the changes in income/consumption based definitions of poverty? [% of households below national poverty line]</li> <li>What are the main explanations for these trends? [informed comment – bottom-up counterfactual analysis and stories]</li> <li>Are these improvements in income poverty sustainable? [bottom-up stories]</li> </ul>	Favourable external conditions (terms of trade).



*Annex 3: Logical Sequence of Effects*

LOGICAL SEQUENCE	EVALUATION QUESTIONS AND LINES OF INQUIRY	ASSUMPTIONS (check!)
<b>5.2 Non-income poverty reduction</b>	<ul style="list-style-type: none"> <li>• To what are changes in the experience of service delivery at local level attributable? [bottom-up case studies (in health and education)]</li> <li>• What are the changes in health outcomes? [MDG5 (13,14) Under 5 mortality rate: Infant Mortality rate]</li> <li>• 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]</li> <li>• What are the main explanations in the changes in MDGs observed? [bottom-up stories]</li> <li>• Are these improvements in MDGs sustainable? [bottom-up stories]</li> </ul>	Additional resources for social investment available.
<b>5.3 Empowerment and social inclusion of poor people</b>	<ul style="list-style-type: none"> <li>• 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]</li> <li>• Are gender inequalities being reduced?</li> <li>• Is vulnerability to HIV/AIDS being diminished?</li> <li>• Are growth and poverty reduction environmentally sustainable?</li> <li>• Are monitoring systems in place to measure the above (including feedback mechanisms for the results of monitoring to influence policy and resource allocation)?</li> <li>• Is there an improvement in human rights? [Amnesty International and HR Watch reports]</li> <li>• What are the main explanations for the changes in human rights/empowerment/social inclusion observed? [bottom-up stories]</li> </ul>	<p>Ethnic conflicts and imported upheavals (e.g. refugees) are limited.</p> <p>Political consensus between government and civil society.</p>

## Annex 4: Causality Map

Figure 4.1: Causality Map for the Enhanced Evaluation Framework

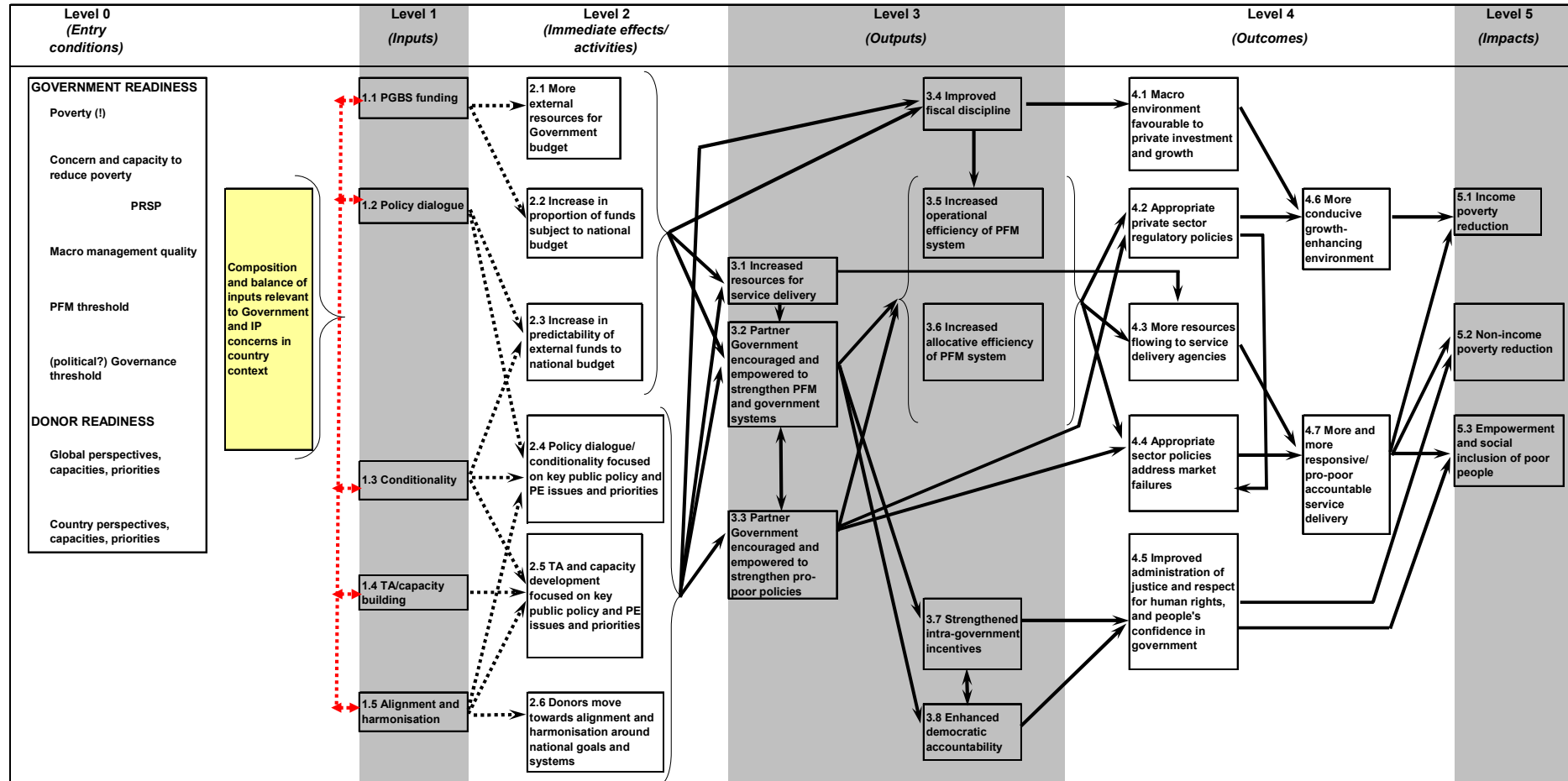
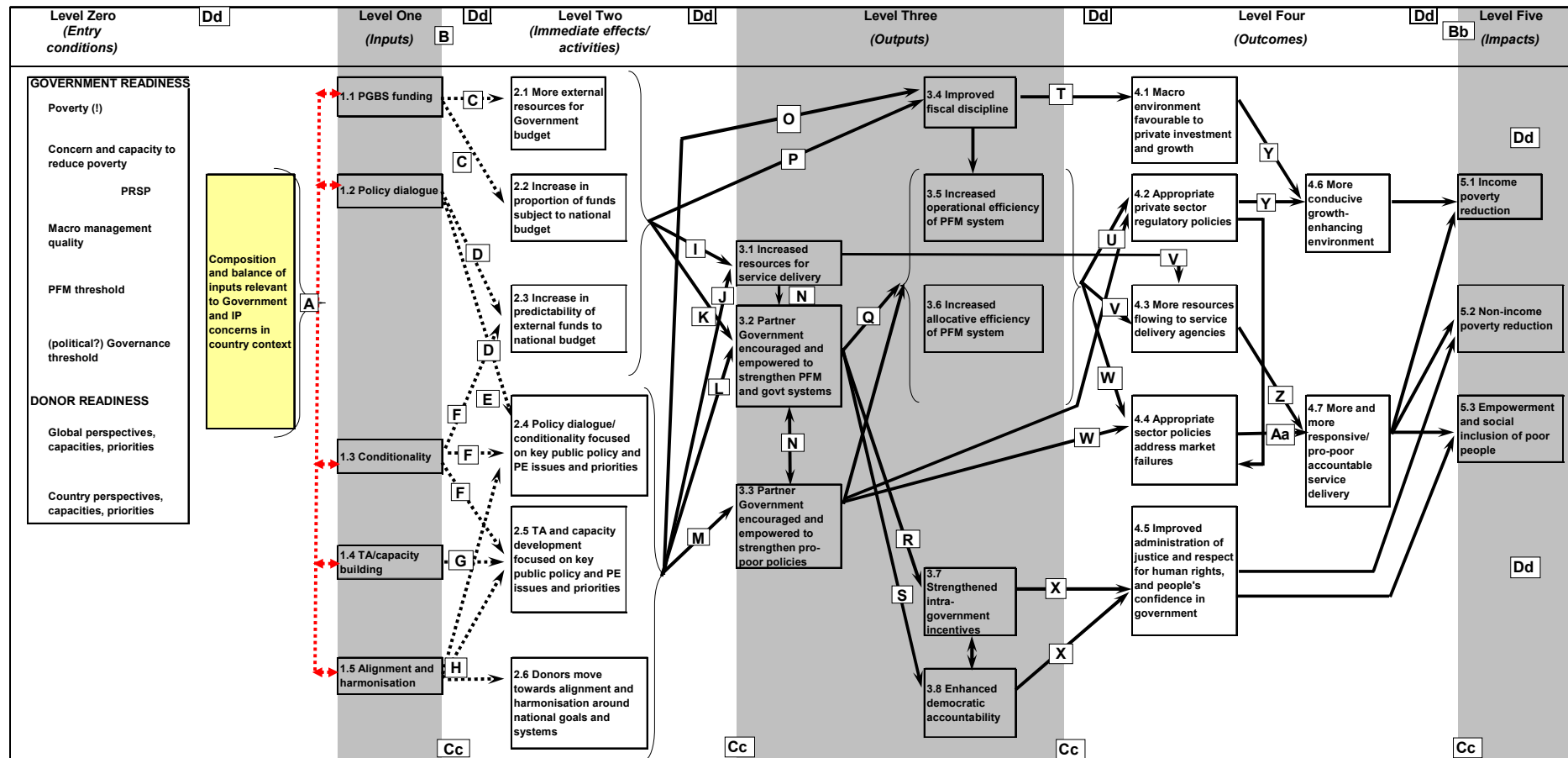


Figure 4.2: Key to the Causality Map



### Key to Figure 4.2 Causality Map

<b>A</b>	<b>Level 0 → Level 1</b> <i>The design and its relevance.</i>
<b>B</b>	<b>Level 1 → Level 2</b> <i>Overview of inputs to immediate effects</i>
<b>C</b>	<b>1.1 → 2.1/2.2</b> <i>PGBS effect on total external resources for budget and the proportion of funds subject to the national budget.</i>
<b>D</b>	<b>1.2/1.3 → 2.3</b> <i>Effects of dialogue and conditionality on predictability of external funding to the budget.</i>
	<b>1.2 → 2.4</b> <i>Increased focus of dialogue on key public policy and expenditure issues.</i>
<b>F</b>	<b>1.3 → 2.3/2.4/2.5</b> <i>Influence of conditionality on predictability of funding, on focus of dialogue, and on TA/CB.</i>
<b>G</b>	<b>1.4 → 2.5</b> <i>PGBS immediate (direct) effect on TA/CB</i>
<b>H</b>	<b>1.5 → 2.4/2.5/2.6</b> <i>Moves towards harmonisation and alignment with national goals and systems, reflected in dialogue and TA/CB work.</i>
<b>I</b>	<b>2.1/2.2/2.3 → 3.1</b> <i>Increased resources for service delivery (flow-of-funds effects)</i>
<b>J</b>	<b>2.4/2.5/2.6 → 3.1</b> <i>Increased resources for service delivery (dialogue/TA/harmonisation and alignment effects)</i>
<b>K</b>	<b>2.1/2.2/2.3 → 3.2</b> <i>Flow-of-funds effects on empowerment to strengthen PFM etc systems</i>
<b>L</b>	<b>2.4/2.5/2.6 → 3.2</b> <i>Dialogue/TA/ harmonisation and alignment effects on empowerment to strengthen PFM etc</i>
<b>M</b>	<b>2.4 → 3.3</b> <i>Dialogue encourages and empowers strengthening of pro-poor policies</i>
<b>N</b>	<b>3.1 → 3.3</b> <i>PGBS funding encourages and empowers strengthening of pro-poor policies</i>
<b>O</b>	<b>2.4/2.5/2.6 → 3.4</b> <i>Non-flow-of-funds effects on fiscal discipline</i>
<b>P</b>	<b>2.1/2.2/2.3 → 3.4</b> <i>Flow-of-funds effects on fiscal discipline</i>
<b>Q</b>	<b>3.2 → 3.5/3.6</b> <i>PFM empowerment of government → improved allocative &amp; operational efficiency</i>
<b>R</b>	<b>3.2 → 3.7</b> <i>Government empowerment to strengthen systems → stronger intra-government incentives</i>
<b>S</b>	<b>(2.2 →) 3.2 → 3.8</b> <i>Government empowerment to strengthen systems → enhanced democratic accountability</i>
<b>T</b>	<b>3.4 → 4.1</b> <i>Link from fiscal discipline to growth-enhancing macro-environment.</i>
<b>U</b>	<b>3.3/3.5/3.6 → 4.2</b> <i>Better PFM system and Government empowered to strengthen policies → Appropriate private sector regulatory policies</i>
<b>V</b>	<b>3.1/3.5/3.6 → 4.3</b> <i>Increased resources for service delivery and better PFM → More resources flowing to service delivery agencies</i>
<b>W</b>	<b>3.3/3.5/3.6 → 4.4</b> <i>Better PFM system and Government empowered to strengthen policies → Appropriate sector policies address market failures</i>
<b>X</b>	<b>3.7/3.8 → 4.5</b> <i>Government incentives/democratic accountability → people's confidence in government, administration of justice and human rights</i>
<b>Y</b>	<b>4.1/4.2 → 4.6</b> <i>Influence of macro-environment and private sector policies on environment for growth</i>
<b>Z</b>	<b>4.3 → 4.7</b> <i>More resources reach service delivery agencies → more and more responsive pro-poor service delivery</i>
<b>Aa</b>	<b>4.4 → 4.7</b> <i>Influence of sector policies on pro-poor service delivery</i>
<b>Bb</b>	<b>Level 4 → Level 5</b> <i>PGBS outcomes → poverty impacts</i>
<b>Cc</b>	<b>(all levels)</b> <i>Transaction Costs</i>
<b>Dd</b>	<b>(all levels)</b> <i>Feedback</i>

**Box 4.1: Causality Map: Summary of Findings on Causality**

*Note: Annex E of the Synthesis Report shows country-by-country causality findings for each keyed section of the Causality Map. The illustrative extract below gives the full findings for link A, and then provides only the synthesis findings for other links.*

<b>A</b>	<b>Level 0 → Level 1</b> <i>The design and its relevance.</i>
Burkina Faso: Relevant design, stemming from “pilot on new conditionality” (late 1990s). Has evolved well over time: second PGBS Memorandum of Understanding (Framework for Budget Support to the Poverty Reduction Support Paper (PRSP) – 2005) involving all PGBS international partners, leadership more clearly with government, greater internal consistency and coherence (e.g. joint performance assessment matrix). Design reflecting strengths and weaknesses of PRSP, hence weak on income poverty reduction. [B1]	
Malawi: Essentially a relevant design and one that improves over the period. But key question is whether the potential benefits of PGBS in Malawi warranted the risks given the poor history of earlier general budget support operations and the unpromising political context. [B1]	
Mozambique: Relevant design, which has evolved particularly in response to government demands for greater predictability of international partner commitment. Design included all programme aid and, while the heart is PGBS, dialogue has increasingly become inclusive, particularly of sector support. Initial analysis recognised weakness of government capacity and accountability but did not develop adequate associated support particularly on capacity. [B1]	
Nicaragua: Design gradually more relevant to country policy but still affected by not adopting appropriate corrective measures for high political and institutional risk and by heavy use of conditionality in an old style. All inputs are present. Significant flow of funds started only in 2004. Policy dialogue was in place before the other inputs, as continuation of HIPC dialogue. Technical assistance clearly associated but mostly used to pay government staff in positions relevant to PGBS. PGBS is used along with other aid modalities but not necessarily in a complementary way. [B1]	
Rwanda: Relevant design (esp. balance funding/institutional support); weakness with regard to political context (for bilateral international partners) and (to a lesser extent) financial context. Emerging stress between recently introduced Poverty Reduction Support Credit (PRSC) approach and other international partners’ broader assessment approach. Policy dialogue, harmonisation and alignment, and, in particular, technical assistance inputs somewhat merged in broader processes involving all international partners. [B1]	
Uganda: Relevant design, which has evolved over time. Initial weakness in analysis of political context has led to recent difficulties in engaging and responding to political issues, and a lower degree of political ownership. All international partners explicitly treat PGBS as complementary to other modalities. All inputs present, but technical assistance/capacity building (TA/CB) the least integrated of them. [B1]	
Vietnam: Design is highly relevant with a strong poverty emphasis and government ownership which has evolved over time. Weakness is in the tight PRSC cycle which limits scope for ongoing dialogue and consultation. All inputs are present, although TA/CB is undertaken through complementary projects and programmes. [B1]	
<i>Synthesis: Rarely a single initial design, and always evolving over time. Finance input straightforward, non-financial inputs less discrete/less well-specified (especially TA/CB). Previous success stories in partnership, on more specific (sectors) and/or limited areas (test in Burkina Faso) seem to facilitate the design and start of PGBS. Complementarities with other aid modalities (particularly sector budget support) are present in the most sensitive designs (Mozambique, Uganda). In several cases, initial analysis/reflection of political and institutional context was weak and was a factor in later difficulties in the relationship between international partners and government.</i>	

<b>B</b>	<b>Level 1 → Level 2</b> Overview of inputs to immediate effects
	<i>Synthesis: Significant effect in all countries where sizeable PGBS has been flowing. Differences with respect to which input(s) is/are seen as most influential. In several cases there is also a clear wider effect on the environment for other aid modalities.</i>
<b>C</b>	<b>1.1 → 2.1/2.2</b> PGBS effect on total external resources for budget and the proportion of funds subject to the national budget.
	<i>Synthesis: Even when PGBS funds are small relative to total official aid and total government budgets, amounts involved are not trivial. A range of cases in terms of whether PGBS has brought additional (fungible) funds on budget, and/or is primarily a substitute for project aid or a continuation of previous programme aid.</i>
<b>D</b>	<b>1.2/1.3 → 2.3</b> Effects of dialogue and conditionality on predictability of external funding to the budget.
	<i>Synthesis: Improved predictability cannot be taken for granted. Where basic principles/conditions are not satisfied, shortfalls or fluctuations in disbursements may be amplified. Administrative and technical problems can lead to short-term volatility even when the underlying relationship between international partners and government is harmonious. Established dialogue arrangements (Mozambique, Uganda) have enabled governments to plan with some confidence, even where formal commitments are short-term (though some donors now make longer-term undertakings).</i>
	<b>1.2 → 2.4</b> Increased focus of dialogue on key public policy and expenditure issues.
	<i>Synthesis: Importance of pre-PGBS/simultaneous frameworks focusing attention on public expenditure/policy issues e.g. HIPC in all HIPC countries. PGBS can complement/ enhance existing sector mechanisms, providing forums/instruments for addressing cross-sector issues. PGBS as a modality is unique in directly and broadly supporting national poverty reduction strategies. PGBS dialogue focused mainly on basic public services, but increasingly examples of extension to private sector and income generation issues (Mozambique, Uganda) and bringing issues of quality and equity into focus. PGBS dialogue may enhance and increase the consistency of ongoing dialogue and partnership on key public policies. It may still be too general and it is extremely demanding to promote and build such dialogue/partnership from zero.</i>
<b>F</b>	<b>1.3 → 2.3/2.4/2.5</b> Influence of conditionality on predictability of funding, on focus of dialogue, and on TA/CB.
	<i>Synthesis: Design of conditionality (see link D) can influence predictability. Clear performance assessment framework can both clarify conditionality and focus dialogue more effectively.</i>
<b>G</b>	<b>1.4 → 2.5</b> PGBS immediate (direct) effect on TA/CB
	<i>Synthesis: TA/CB is the least well specified part of PGBS package in all seven countries. Complementary TA/CB important, but coordination is mostly ad hoc and PGBS potential is under-exploited.</i>
<b>H</b>	<b>1.5 → 2.4/2.5/2.6</b> Moves towards harmonisation and alignment with national goals and systems, reflected in dialogue and TA/CB work.
	<i>Synthesis: Often the PRSP does not set a demanding standard for policy/goal alignment (if not costed, prioritised, some sector strategies undeveloped), while government capacity to participate in central/sector level dialogue affects reality/depth of ownership. Alignment with government budget cycles improving; less progress in medium-term planning, which is crucial. With these caveats, strong harmonisation and alignment effects for PGBS itself, and demonstration/emulation effects in several cases. Previous successful experiences in more specific/limited areas are important.</i>
<b>I</b>	<b>2.1/2.2/2.3 → 3.1</b> Increased resources for service delivery (flow-of-funds effects)
	<i>Synthesis: No discernible effects in Malawi, Nicaragua; definite and significant effects in all other cases, including support for service delivery recurrent cost funding.</i>

## Annex 4: Causality Map

<b>J</b>	<b>2.4/2.5/2.6 → 3.1</b> Increased resources for service delivery (dialogue/TA/harmonisation and alignment effects)
Synthesis: Weak effects at best in Malawi and Nicaragua. Elsewhere, effect is strong/ significant. PGBS dialogue reinforcing concurrent processes/mechanisms which had already prompted shifts in govt preferences/ budgets (Poverty Action Fund in Uganda; HIPC in BF; PRSP generally).	
<b>K</b>	<b>2.1/2.2/2.3 → 3.2</b> Flow-of-funds effects on empowerment to strengthen PFM etc systems
Synthesis: No effect in countries with short PGBS history. Strong empowerment/ incentive effect everywhere else but may be concentrated on central (finance) agencies. Only in Uganda, so far, is there a strong wider effect (spending institutions, Parliament, local governments).	
<b>L</b>	<b>2.4/2.5/2.6 → 3.2</b> Dialogue/TA/ harmonisation and alignment effects on empowerment to strengthen PFM etc
Synthesis: Established PGBS has significant effect in strengthening budget process – partly by requiring sector ministries to deal with central resource agencies.	
<b>M</b>	<b>2.4 → 3.3</b> Dialogue encourages and empowers strengthening of pro-poor policies
Synthesis: As with link I, established PGBS has significant effects; more fruitful where it follows up pre-existing processes. But concepts and instruments of "pro-poor" policy may be weak or problematic. Dialogue has helped protect pro-poor expenditures but broad definitions of pro-poor expenditures may be problematic (see boxes on definition of pro-poor expenditures in each country).	
<b>N</b>	<b>3.1 → 3.3</b> PGBS funding encourages and empowers strengthening of pro-poor policies
Synthesis: The availability of funding can act as an incentive for agencies to participate in policy processes.	
<b>O</b>	<b>2.4/2.5/2.6 → 3.4</b> Non-flow-of-funds effects on fiscal discipline
Synthesis: PGBS has become established only where there is a track record of fiscal discipline. IMF is the main interlocutor with government. Link from PGBS to PRGF conditionality can reinforce it.	
<b>P</b>	<b>2.1/2.2/2.3 → 3.4</b> Flow-of-funds effects on fiscal discipline
Synthesis: PGBS is an aid to fiscal discipline, through providing funds subject to budget process. Where there is fiscal discipline, PGBS allows higher spending for same level of fiscal discipline or same level of expenditure for lower deficit.	
<b>Q</b>	<b>3.2 → 3.5/3.6</b> PFM empowerment of government → improved allocative & operational efficiency
Synthesis: Significant effects where funds have flowed; related technical assistance significant in some cases. Allocative efficiency may be first effect; much scope still for improvements in operational efficiency.	
<b>R</b>	<b>3.2 → 3.7</b> Government empowerment to strengthen systems → stronger intra-government incentives
Synthesis: PGBS strengthens role of Ministry of Finance, requiring sector ministries to engage directly in national budget process. May be undermined by continuation of sector and project support direct to line ministries. Sector ministries have incentive to persist with separate channels, and may need empowerment to engage effectively with Ministry of Finance.	
<b>S</b>	<b>(2.2 →) 3.2 → 3.8</b> Government empowerment to strengthen systems → enhanced democratic accountability
Synthesis: Where PGBS is established, a common effect is to bring more funding within the scope of national accountability systems. These are typically weak, however, and only in some cases is there a clear increased interest in political accountability as a result. Associated transparency etc. may be a pre-condition, without being a guarantee, of democratic accountability.	

<b>T</b>	<b>3.4 → 4.1</b> <i>Link from fiscal discipline to growth-enhancing macro-environment.</i>
	<i>Synthesis: Links are weak, at best, partly because discipline itself is only indirectly related to PGBS (see links O and P), partly because relationship between fiscal discipline and growth-enhancing environment is contingent (necessary but not sufficient).</i>
<b>U</b>	<b>3.3/3.5/3.6 → 4.2</b> <i>Better PFM system and Government empowered to strengthen policies → Appropriate private sector regulatory policies</i>
	<i>Synthesis: Link weak or moderate at best. And weak effect of PGBS, because no/limited engagement of policy-making/PRS/PGBS with growth agenda, so far.</i>
<b>V</b>	<b>3.1/3.5/3.6 → 4.3</b> <i>Increased resources for service delivery and better PFM → More resources flowing to service delivery agencies</i>
	<i>Synthesis: Link present in some cases, with PGBS effect through contributing to increased resources and support to PFM reforms (i.e. the starting points in the link), but prevailing limitations in PFM, especially operational efficiency (match between allocation and execution), prevent full effects.</i>
<b>W</b>	<b>3.3/3.5/3.6 → 4.4</b> <i>Better PFM system and Government empowered to strengthen policies → Appropriate sector policies address market failures</i>
	<i>Synthesis: Link weak to moderate. Not the same reason as U above, i.e. in this area policy-making/PRSP/PGBS have been more engaged, but mixed/uneven success.</i>
<b>X</b>	<b>3.7/3.8 → 4.5</b> <i>Government incentives/democratic accountability → people's confidence in government, administration of justice and human rights</i>
	<i>Synthesis: Modest examples where PGBS dialogue and policy measures have supported access to justice and other pro-poor governance issues. Some adjustments in intra-government incentives (Uganda, Rwanda, Burkina Faso, Mozambique) and some improvements in accountability/scope for it (same countries) but still no discernible effect of those on people's confidence in government, administration of justice and human rights. Very limited visible PGBS effect, through funding government budget for basic institutions in Rwanda; and through support to decentralisation in Uganda (though arguably this is mainly an effect on the accountability starting point of this link).</i>
<b>Y</b>	<b>4.1/4.2 → 4.6</b> <i>Influence of macro-environment and private sector policies on environment for growth</i>
	<i>Synthesis: Vietnam is the exception (PGBS effect as it supported government market economy reform). Elsewhere, link itself is weak because: (i) starting points are weak (under-developed policies in Burkina Faso, Rwanda); (ii) other factors (besides policies and macro environment influenced by govt) affecting growth (Burkina Faso, Rwanda). Some PGBS effect through contribution to positive macro environment (Mozambique, Uganda). In several cases, recognition of need to rebalance policy agenda implies recognition of a weak policy starting point for this link.</i>
<b>Z</b>	<b>4.3 → 4.7</b> <i>More resources reach service delivery agencies → more and more responsive pro-poor service delivery</i>
	<i>Synthesis: More resources and more (quantity) services delivered in all five countries where PGBS is established. Wherever service expansion has occurred (however financed), quality (and access by the poorest) remains an issue, which is becoming more prominent in PGBS review and dialogue (see link Aa).</i>
<b>Aa</b>	<b>4.4 → 4.7</b> <i>Influence of sector policies on pro-poor service delivery</i>
	<i>Synthesis: Policies have been concerned with expansion primarily; signs that qualitative issues will feature more prominently in future.</i>



#### Annex 4: Causality Map

<b>Bb</b>	<b>Level 4 → Level 5</b> <i>PGBS outcomes → poverty impacts</i>
<i>Synthesis: Cannot confidently track distinct (separately identifiable) PGBS effects to poverty level impact in most countries. Problems in time scale for effects, lack of robust outcome/impact data; tentative inferences possible from output data on service delivery, but weaknesses in data on incidence and quality. PGBS effect hard to discern because of above issues but some effect (mostly on non-income dimension) is reported in Mozambique (through system strengthening effect as noted in previous link); Rwanda (funding + uneven policy and other system effects); Uganda (expansion of basic services – see previous link; BF similar on smaller scale); Vietnam (support to government growth agenda and until now positive trickle down effect).</i>	
<b>Cc</b>	<b>(all levels)</b> <i>Transaction Costs</i>
<i>Synthesis: Ambiguous effects on transaction costs: up-front not perceived to have fallen as some expected, but significant reduction for partner government at implementation stage compared with managing projects through donor procedures. Transaction costs of negotiation/management of PGBS substantial, with shifts in distribution costs within donor/government. NB some costs (e.g. of dialogue) have direct benefits. Overall effect depends on whether PGBS displaces modalities with higher transaction costs.</i>	
<b>Dd</b>	<b>(all levels)</b> <i>Feedback</i>
<i>Synthesis: Sustainability is an important issue: PGBS is evolutionary in design and has generally shown an ability to learn from experience and adapt accordingly. Less reliance than could be expected on general policy and performance review mechanisms (such as PRSP Annual Progress Reports) and more use of PGBS-specific reporting, although there are moves towards convergence.</i>	



## Annex 5: Evaluation Questions

*Evaluation Questions (EQs) are summarised in Box 5.1, which shows their relationship to DAC evaluation criteria and to particular segments of the causality map. They were formulated in detail in Annex K of the final Inception Report (reproduced as Box 5.2 below); subsequently a number of the EQs were reformulated and their sequence changed to give the final set that appear in the CRs. This final set, and the changes that led to it, are presented and explained in Box 5.3.*

### Inception Report 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 [of the Inception Report, reproduced in this *note* as Annex 3, Box 3.2] provides more detail on appropriate indicators.

**Box 5.1 : Key Evaluation Questions**

<b>Evaluation Questions</b>	<b>Levels / DAC Criteria</b>	<b>Principal Causality Chains</b>
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 international partners?	Levels: 1←0 <i>Relevance</i>	(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 <i>Effectiveness and efficiency</i>	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) <i>Effectiveness, efficiency and sustainability</i>	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) <i>Effectiveness, efficiency and sustainability</i>	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) <i>Effectiveness, efficiency and sustainability</i>	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) <i>Effectiveness, efficiency, sustainability</i>	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) <i>Effectiveness, efficiency and sustainability</i>	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 <i>Impact and sustainability</i>	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) <i>Sustainability</i>	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 5.2: The Key Evaluation Questions in Detail

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
<p><b>1.</b> 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?</p> <p><b>Levels: 1←0</b> relevance</p>	<p>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.</p> <p>The extent to which, in particular, policy dialogue and conditionalities are consistent with high levels of ownership by government and sensitivity to country constraints.</p> <p>The extent to which the design reflects objectives and strategies related to all the dimensions of poverty reduction.</p> <p>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.</p> <p>The extent to which the design responds to analyses of previous weaknesses in aid management systems and processes.</p> <p><i>Principal Causality Chain(s)</i> (Relevance question from Level 0 to Level 1; considerations of internal consistency)</p> <p><i>Counterfactual(s):</i> Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.</p>	<p>Standard and special reports on the country's economic, social, political, institutional circumstances and performance.</p> <p>National policy and strategy documents and related studies.</p> <p>Institutional infrastructure for aid management at country level (national and sector dialogue arrangements etc.).</p> <p>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.</p> <p>Analyses of past aid performance (at system, IP, programme and project levels).</p> <p>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.</p>	<p>International sources for standard indicators, including MDGs, governance indicators etc. (HDR, WDR, MDG tracking etc.).</p> <p>National strategy documents, including PRSP, national development plans, political party documents.</p> <p>Studies of national institutions and political processes.</p> <p>Records of CGs, other government/donor consultative arrangements at national and sector level; associated studies and reports.</p> <p>IP country strategies and assessments; programme and project documents and reviews.</p> <p>Donor questionnaires.</p> <p>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.).</p>

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
<p><b>2. Has PGBS contributed to greater harmonisation and alignment of the aid process?</b></p> <p><b>Levels: 2←1</b> effectiveness &amp; efficiency</p>	<p>The extent to which PGBS has contributed to increased IP alignment with government policies and systems, at national and sectoral levels through:</p> <ul style="list-style-type: none"> <li>aligning aid objectives and conditions with government objectives and targets</li> <li>aligning fund commitment and disbursement with government planning and budget cycles</li> <li>increasingly relying on government aid coordination, analytic work, cash management, TA management, procurement, implementation, monitoring, reporting and auditing.</li> </ul> <p>The extent to which PGBS has contributed to improving overall coordination and complementarities of IPs' programmes.</p> <p>The extent to which there have been specific complementarities (or dissonances) between PGBS and other forms of aid.</p> <p><i>Principal Causality Chain(s)</i> 1.5 (and other inputs) → 2.6</p> <p><i>Counterfactual(s):</i> What would have been the difference to H&amp;A in the absence of PGBS (most likely alternative scenario)?</p>	<p>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.)</p> <p>Evidence on proportions of aid genuinely included in national planning and budget processes; use of government systems for disbursement and monitoring.</p> <p>Joint donor arrangements and donor/government consultative systems at various stages of the aid cycle, at overall/sector/programme levels.</p> <p>Evidence on transaction costs at various stages of the negotiation, utilisation and monitoring of aid.</p> <p>Interactions (intentional and unintentional) between PPGBS management systems and management arrangements for non-PGBS aid (by both PGBS and non-PGBS donors).</p>	<p>DAC/SPA surveys of donor practices, including H&amp;A studies and surveys.</p> <p>Detailed data on aid flows (commitments and disbursements).</p> <p>Records of CGs, other government/donor consultative arrangements at national and sector level; associated studies and reports.</p> <p>Records and studies of PRSP, CDF and other processes with H&amp;A intent.</p> <p>IP country strategies and assessments; programme and project documents and reviews.</p> <p>Donor questionnaires.</p> <p>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.).</p>

*Annex 5: Evaluation Questions*

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
<p><b>3. How efficient, effective and sustainable has been the contribution of PGBS to the performance of public expenditures?</b></p> <p><b>Levels: 3←1</b> flow of funds (effectiveness, efficiency, sustainability)</p>	<p>The influence of PGBS funds on the level of public expenditures (and revenues) and on the levels and shares of pro-poor expenditures.</p> <p>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.</p> <p>The influence of the PGBS funds on the cost of financing of the budget.</p> <p>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.</p> <p>The extent to which such improvement has been stable over the years (and has thus made adaptive changes in institutional behaviour more feasible).</p> <p>The influence of PGBS on the transaction costs of the budget process and utilising aid.</p> <p><i>Principal Causality Chain(s)</i> 2.2/2.3→3.2→3.5/3.6 2.4/2.5→3.1</p> <p><i>Counterfactual(s):</i> (a) same aid volume, alternative modalities; (b) less aid.</p>	<p>Evidence on PGBS inputs in the context of overall levels and composition of public expenditure and revenues.</p> <p>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.</p> <p>Evidence on costs of budget financing (international and domestic borrowing etc.).</p> <p>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).</p> <p>Evidence on transaction costs of utilising aid funds, including differential implementation rates according to source of funds; scale of special administrative arrangements (PIUs etc.).</p> <p>[Use PEFA criteria of relevant evidence whenever appropriate.]</p>	<p>National data on public expenditure levels and allocation (plans, budgets, allocations, actual expenditures).</p> <p>PERs and similar analyses of expenditure levels and patterns at national and sectoral levels.</p> <p>HIPC and similar reports on pro-poor expenditures.</p> <p>PRSP APRs etc.</p> <p>Draft PEFA monitoring reports where available.</p> <p>Other ad hoc and regular reports and studies commissioned by government and IPs.</p> <p>International studies of public expenditure patterns and trends.</p> <p>Consultation with key informants (public sector, IPs, private sector).</p>

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
<p><b>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?</b></p> <p><b>Levels: 3←1</b> institutional effects (effectiveness, efficiency and sustainability)</p>	<p>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.</p> <p>The extent to which the increased use of government systems and processes helped to improve the accountability of public expenditures.</p> <p>The extent to which such improvements have been internalised in the government ensuring the sustainability of the whole process.</p> <p>The complementarity between the financial and non-financial inputs of PGBS in addressing capacity development, and coordination between PGBS and non-PGBS linked aid.</p> <p><i>Principal Causality Chain(s)</i> 2.4/2.5/2.6→3.2→3.5/3.6/3.7/3.8</p> <p><i>Counterfactual(s):</i> Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.</p>	<p>Evidence on national planning and budgeting systems, and their evolution.</p> <p>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.).</p> <p>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.</p> <p>Evidence on TA and capacity building linked to the budgetary process, including effects on ownership.</p> <p>Evidence on role of IPs in planning, budgetary and reporting processes and how this affects national lines of accountability.</p> <p>[Use PEFA criteria of relevant evidence whenever appropriate.]</p>	<p>PERs (efficiency and institutional aspects), CFAAs, CPARs, HIPC AAPs and other system assessments.</p> <p>National expenditure reports, audits etc.</p> <p>Records of MTEF and other processes to connect planning and budgeting.</p> <p>Analyses and reports linked to TA and capacity building for PFM (associated with PGBS and non-PGBS inputs).</p> <p>Service delivery surveys etc. in selected key sectors.</p> <p>Draft PEFA monitoring reports where available.</p> <p>Consultation with key informants (public sector, IPs, non-government – including clients for government services).</p>



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EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
<p><b>5. How efficient, effective and sustainable has been the contribution of PGBS to improving public policy processes and policies?</b></p> <p><b>Levels: 3←1</b> policy flow (effectiveness, efficiency and sustainability)</p>	<p>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:</p> <ul style="list-style-type: none"> <li>– policies address major market failures, the regulatory environment and the appropriate balance between public and private sectors;</li> <li>– appropriate sector policies complement public expenditures;</li> <li>– an appropriate range of stakeholders is involved in policy formulation and review;</li> <li>– policy processes encourage both government and IPs to learn from experience and adapt policies to country circumstances.</li> </ul> <p><i>Principal Causality Chain(s)</i> 2.4/2.5/2.6→3.3→3.5/3.6</p> <p><i>Counterfactual(s):</i> 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.</p>	<p>Evidence on changes in key policies (where these form part of PGBS dialogue).</p> <p>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).</p> <p>Evidence on interactions between government and IPs (and among IPs) in policy processes.</p>	<p>National policy documents (overall and sector/programme level) and legislation.</p> <p>Studies on implementation and effectiveness of policies and legislation (at national and sector/programme level) – including performance monitoring reports.</p> <p>Surveys and indicators of business climate, quality of governance, etc.</p> <p>IP programme and strategy documents.</p> <p>Records of formal consultative processes between government and IPs, augmented by studies of associated informal processes.</p> <p>Consultation with key informants (public sector, IPs, civil society organisations and private sector).</p>

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

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

EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
<p><b>8. How far has PGBS strengthened government impact on poverty?</b></p> <p><b>Levels: 5←1</b> (impact and sustainability)</p>	<p>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:</p> <ul style="list-style-type: none"> <li>– the use of health, education and other basic services by poor groups;</li> <li>– the improvement of the macroeconomic environment leading to increased incomes and economic opportunities for the poor;</li> <li>– 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.</li> </ul> <p>Risks/unintended effects: the extent to which PGBS might have neutral effects or even be harming dimensions of poverty reduction including through (e.g.):</p> <ul style="list-style-type: none"> <li>– diversion of attention from key economic or poverty issues (i.e. regional inequalities, growth);</li> <li>– switching accountability to donors;</li> <li>– propping up corrupt regimes, etc.</li> </ul> <p><i>Principal Causality Chain(s)</i>  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</p> <p><i>Counterfactual(s):</i>  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.</p>	<p>Evidence on trends, levels and distribution of income poverty, other dimensions captured by MDGs, and empowerment.</p> <p>Evidence on the extent to which poverty features explicitly in public policy analysis and monitoring.</p> <p>Evidence on the sources and sustainability of poverty reduction that has occurred.</p> <p>Evidence of persistence of regional inequality/low growth, corruption, etc. which is not explicitly addressed through PGBS programmes or actually affected through them.</p>	<p>National and international economic and social statistics.</p> <p>Household surveys, PPAs, other specific studies.</p> <p>Studies and international ratings of transparency, governance indicators etc.</p> <p>Studies of evolving political processes, including decentralisation.</p> <p>Studies (local as well as national level) of sources of poverty reduction and likely future trends.</p> <p>Consultation with key informants (public sector, IPs, civil society organisations and private sector).</p>

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EQ / LEVELS/ & DAC CRITERIA	JUDGEMENT CRITERIA	RELEVANT EVIDENCE	SOURCES
<p><b>9. Is the PGBS process itself sustainable?</b></p> <p><b>Levels 5←0</b> (Feedback Loops) sustainability</p>	<p>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).</p> <p>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).</p> <p>The extent to which the process provides appropriate and timely feedback to all stakeholders so as to ensure the continuity and durability of PGBS.</p> <p><i>Principal Causality Chain(s)</i> Feedback loops as illustrated in EEF diagram (Figure 3.2).</p> <p><i>Counterfactual(s):</i> Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.</p>	<p>Evidence on IPs entry conditions for PGBS, and the durability of IP commitments (related, inter alia, to IP domestic stakeholder concerns).</p> <p>Consistency between level of PGBS funding and other inputs and the result-based logic of PGBS.</p> <p>Evidence on government commitment to and ownership of PGBS process.</p> <p>Evidence of consistency (or otherwise) between government and IP objectives, coherence among IPs, and consistency between PGBS and non PGBS aid processes.</p> <p>Evidence of PGBS process capacity to adjust and to evolve, and to anticipate and survive crises.</p>	<p>[See also sources for EQ1 and EQ2.]</p> <p>Records of monitoring and reporting relevant to PGBS at each level.</p> <p>Records of formal consultative processes between government and IPs (including joint PGBS mechanisms), augmented by studies of associated informal processes.</p> <p>Case studies of crises and frictions in the PGBS process (and similar episodes in pre-PGBS aid).</p> <p>Consultation with key informants (public sector, IPs, civil society organisations and private sector).</p>

### **Revised Final Set of EQs**

The final EQs were adapted to suit the rating system (see Annex 6 below).

Box 5.3 below shows:

- Column 1: the EQs as set out in the inception report (Annex K, reproduced in Box 5.1 above). The main EQ was set out in the first column of the matrix in Annex K; subordinate questions appeared in the second column of that matrix, under the heading "Judgement Criteria".
- Column 2: the final versions of the questions as they appeared in GBS CRs. Column 2 also shows the chapter headings and subheadings that were used to signpost the EQs within the country reports.
- Column 3 explains any differences. Most of the explanations are taken from the updated guidelines issued to Country Teams in November 2005. Main reasons for changes were:
  - to reduce ambiguity vis-à-vis the ratings (e.g. to avoid confusion as to whether ratings should be positive or negative)
  - to eliminate duplication between questions
  - to clarify wordings in other ways
  - to put questions in a more logical order (headings and subheadings were also added so as to improve clarity and make the reports easier to follow).

## Box 5.3: Revisions to the Evaluation Questions

EQS (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQS	EXPLANATION FOR CHANGES
<p><b>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?</b></p> <p>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.</p> <p>The extent to which, in particular, policy dialogue and conditionalities are consistent with high levels of ownership by government and sensitivity to country constraints.</p> <p>The extent to which the design reflects objectives and strategies related to all the dimensions of poverty reduction.</p> <p>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.</p> <p>The extent to which the design responds to analyses of previous weaknesses in aid management systems and processes.</p>	<p><b>1. The Relevance of Partnership GBS</b> 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?</p> <p><b>Assessment against Evaluation Criteria</b></p> <p><b>Relevance to the context</b> 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.</p> <p><b>Dialogue, conditionality and ownership</b> The extent to which PGBS policy dialogue and conditionalities are consistent with high levels of ownership by government and sensitivity to country constraints.</p> <p><b>Poverty orientation</b> The extent to which the PGBS design reflects objectives and strategies related to all the dimensions of poverty reduction.</p> <p><b>Coherence and consistency of the design</b> Coherence and consistency of the PGBS 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.</p> <p><b>Response to previous weaknesses in aid management</b> The extent to which the PGBS design responds to analyses of previous weaknesses in aid management systems and processes.</p>	<p>minor wording change (PGBS)</p> <p>minor wording change (PGBS)</p> <p>minor wording change (PGBS)</p> <p>minor wording change (PGBS)</p>

EQS (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQS	EXPLANATION FOR CHANGES
<p><b>2. Has PGBS contributed to greater harmonisation and alignment of the aid process?</b></p> <p>The extent to which PGBS has contributed to increased IP alignment with government policies and systems, at national and sectoral levels through:</p> <ul style="list-style-type: none"> <li>aligning aid objectives and conditions with government objectives and targets</li> <li>aligning fund commitment and disbursement with government planning and budget cycles</li> <li>increasingly relying on government aid coordination, analytic work, cash management, TA management, procurement, implementation, monitoring, reporting and auditing.</li> </ul> <p>The extent to which PGBS has contributed to improving overall coordination and complementarities of IPs' programmes.</p>	<p><b>2. The Effects of Partnership GBS on Harmonisation and Alignment</b></p> <p>Has PGBS contributed to greater harmonisation and alignment of the aid process?</p> <p><b>Assessment against Evaluation Criteria</b></p> <p><b>Policy alignment</b> The extent to which PGBS has contributed to increased IP alignment with government policies, at national and sectoral levels through:</p> <p>(a) aligning aid objectives and conditions with government objectives and targets</p> <p><b>Government leadership</b> (b) increasingly relying on government aid coordination, analytic work, TA management.</p> <p><b>Alignment with government systems</b> <i>Government planning and budget cycles</i> (c) aligning fund commitment and disbursement with government planning and budget cycles</p> <p><i>Government implementation systems</i> (d) increasingly relying on government cash management, procurement, implementation, monitoring, reporting and auditing</p> <p><b>Harmonisation among donors and modalities</b> The extent to which PGBS has contributed to improving overall coordination and complementarities of IPs' programmes.</p>	<p>Reworded question: "and systems" deleted. Policy alignment and system alignment are separate criteria.</p> <p>Sub-questions re-ordered and divided to reflect distinction between policy and system alignment and to allow disaggregated judgements.</p>



*Annex 5: Evaluation Questions*

EQS (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQS	EXPLANATION FOR CHANGES
The extent to which there have been specific complementarities (or dissonances) between PGBS and other forms of aid.	The extent to which there have been specific complementarities between PGBS and other forms of aid.	Reworded question: "(or dissonances)" deleted. Dissonances as well as complementarities should still be looked for, and recorded in the text. The rating will be on the balance of complementarities vs. dissonances (bearing in mind that we are rating PGBS, not the other forms of aid...).
<p><b>3. How efficient, effective and sustainable has been the contribution of PGBS to the performance of public expenditures?</b></p> <p>The influence of PGBS funds on the level of public expenditures (and revenues) and on the levels and shares of pro-poor expenditures.</p>	<p><b>3. The Effects of Partnership GBS on Public Expenditures</b></p> <p>How efficient, effective and sustainable has been the contribution of PGBS to the performance of public expenditures?</p> <p><b>Assessment against Evaluation Criteria</b></p> <p><b>Influence on expenditure allocation</b></p> <p>The influence of PGBS funds on the levels and shares of pro-poor expenditures.</p>	<p>Reworded question: "on the level of public expenditures" omitted. Reason: having both levels and share of pro-poor expenditure in the same question is tricky enough. (Question originally included revenue too, but it was decided at field stage to address revenue only in B6 (macro). )</p>
<p>Changed sequence of questions in the next section: previous sequence was: Predictability, Efficiency, Discretionary Expenditure, Transaction Costs. Revised sequence: Discretionary Expenditure, Predictability, Efficiency, Transaction Costs. The revised sequence better echoes the hypotheses about GBS: that an increase in discretionary expenditure within the budget, if predictable, may lead to enhanced efficiency of budget allocation, and reduced transaction costs.</p>		
<p>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.</p> <p>The influence of the PGBS funds on the cost of financing of the budget.</p>	<p><b>Discretionary expenditure</b></p> <p>The extent to which the PGBS funds have contributed to the increase in the proportion of external funds subject to the national budget.</p>	<p>Note amended question: "and thereby increased the ability of government to match public expenditures to national priorities" deleted from the question; this just explains the hypothesis underlying the question, and risks distracting evaluators into constructing an answer about whether government succeeds in matching expenditures to national priorities (which in turn relates to the efficiency question that comes later). question relocated: cost of budget finance now confined to Chapter B6.</p>

EQS (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQS	EXPLANATION FOR CHANGES
<p>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.</p> <p>The extent to which such improvement has been stable over the years (and has thus made adaptive changes in institutional behaviour more feasible).</p> <p>The influence of PGBS on the transaction costs of the budget process and utilising aid.</p>	<p><b>Predictability</b> The extent to which the scheduling and delivery of PGBS funds have contributed to the overall predictability of aid flows and public expenditures.</p> <p><b>Efficiency of Expenditure</b> The extent to which the scheduling and delivery of PGBS funds have contributed to the overall efficiency of public expenditures and aid flows.</p> <p><b>Transaction costs</b> The influence of PGBS on the transaction costs of the budget process and utilising aid.</p>	<p>Slight re-wording: ("aid flows and public expenditures" is the more logical sequence).</p> <p>This question is deleted; the point should be captured under the Predictability question.</p>
<p><b>4.</b> 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?</p> <p>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.</p>	<p><b>4. The Effects of Partnership GBS on Planning and Budgeting Systems</b> 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?</p> <p><b>Assessment against Evaluation Criteria</b> <b>Systemic effects on the budget process</b> <i>Ownership</i> The extent to which an increase in predictable and discretionary resources has helped to increase ownership of the budget process and commitment to improved budgeting.</p>	<p>Last part slightly reworded (it previously read: "...and generated a commitment to better and more efficient budget allocation"). Changed wording is intended to make clearer that this rating is of "ownership and commitment" not of the efficiency of budget allocation.</p>

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EQs (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQs	EXPLANATION FOR CHANGES
<p>The extent to which the increased use of government systems and processes helped to improve the accountability of public expenditures.</p> <p>The extent to which such improvements have been internalised in the government ensuring the sustainability of the whole process.</p> <p>The complementarity between the financial and non-financial inputs of PGBS in addressing capacity development, and coordination between PGBS and non-PGBS linked aid.</p>	<p><i>Accountability</i> The extent to which the increased use of government systems and processes helped to improve the accountability of public expenditures.</p> <p><i>Durability</i> The extent to which PGBS supports government in internalising such improvements (ensuring the sustainability of the whole process).</p> <p><i>Capacity development</i> The extent to which PGBS is supporting capacity development in PFM.</p>	<p>Slight re-wording – brackets around the final clause. Reason: the rating is on internalisation itself (the sustainability clause just explains why it matters).</p> <p>Wording of question changed. NB: nevertheless, take account of different PGBS inputs, and coordination between PGBS and non-PGBS aid, in making a judgement.</p>

EQs (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQs	EXPLANATION FOR CHANGES
<p><b>5. How efficient, effective and sustainable has been the contribution of PGBS to improving public policy processes and policies?</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>– policies address major market failures, the regulatory environment and the appropriate balance between public and private sectors;</li> <li>– appropriate sector policies complement public expenditures;</li> <li>– an appropriate range of stakeholders is involved in policy formulation and review;</li> <li>– policy processes encourage both government and IPs to learn from experience and adapt policies to country circumstances.</li> </ul>	<p><b>5. The Effects of Partnership GBS on Policies and Policy Processes</b></p> <p>How efficient, effective and sustainable has been the contribution of PGBS to improving public policy processes and policies?</p> <p><b>Assessment against Evaluation Criteria</b></p> <p><b>Influence on reform process</b>  <i>Ownership and effectiveness</i>  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 pro-poor reform process, owned by the government...</p> <p><i>Participation</i>  ...in which, an appropriate range of stakeholders is involved in policy formulation and review</p> <p><i>Learning</i>  ...in which, policy processes encourage both government and IPs to learn from experience and adapt policies to country circumstances</p> <p><b>Influence on policy content</b>  <i>Public and private sectors</i>  ...in which, policies address major market failures, the regulatory environment and the appropriate balance between public and private sectors</p> <p><i>Sector policies</i>  ...in which, appropriate sector policies complement public expenditures</p>	<p>[sub-questions re-ordered]</p> <p>"pro-poor" inserted in question.</p> <p><b>Note:</b> this is in effect a (very difficult!) question about the quality of public policy and the influence of PGBS in raising the quality of public policy, as it relates to the balance between public and private sectors.</p> <p><b>Note:</b> treat this as dealing with the articulation of policies with expenditure planning, rather than the appropriateness of sector policies per se.</p>

EQs (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQs	EXPLANATION FOR CHANGES
<p><b>6.</b> How efficient, effective and sustainable has been the contribution of PGBS to macroeconomic performance?</p> <p>The extent to which predictable and flexible delivery of PGBS funds has contributed to fiscal discipline and macro-economic stability.</p> <p>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.).</p> <p>The extent to which increased flow of funds has reduced inflationary financing and/or domestic financing of the budget deficit.</p> <p>The effects (positive or negative) of public expenditures and their financing (PGBS) on private investment. The effects of PGBS on tax revenue.</p>	<p><b>6. The Effects of Partnership GBS on Macroeconomic Performance</b></p> <p>How efficient, effective and sustainable has been the contribution of PGBS to macroeconomic performance?</p> <p><b>Assessment against Evaluation Criteria</b></p> <p><b>Macroeconomic effects</b>  <i>Fiscal discipline and macroeconomic stability</i>  The extent to which delivery of PGBS funds has contributed to fiscal discipline and macroeconomic stability.</p> <p><i>Cost of budget finance</i>  The extent to which PGBS funding has reduced the cost of budget financing.</p> <p><i>Private investment</i>  The extent to which PGBS funding of public expenditures has adversely affected private investment.</p> <p><i>Domestic revenue</i>  The extent to which PGBS funding of public expenditure has adversely affected domestic revenue collection.</p>	<p>Several changes in sequence, wording and subdivision of the sub-questions below.</p> <p>Amended question ("predictable and flexible" omitted). Reason: predictability is dealt with in EQ3, so the issue here is not predictability as such. (Obviously, less likely to find positive effect if funding is unpredictable, but this is not the only relevant factor.)</p> <p>[Cost of budget financing addressed here rather than under EQ3]</p> <p><b>Note:</b> Treat this issue narrowly in terms of whether public expenditure crowds out private investment (i.e. with no regard to the content of public expenditure) – a more rounded view, allowing for the possible beneficial effects of public services and investments for the private sector will come in the relevant CCI section.</p> <p>Amended question and sub-heading ("domestic revenues" for "tax revenue"). Reason: to take account of possible influence on non-tax revenues, including user charges.</p>

EQs (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQs	EXPLANATION FOR CHANGES
	<p><b>Facilitating institutional change</b> 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.).</p>	
<p><b>7. How efficient, effective and sustainable has been the contribution of PGBS to improving government performance in public service delivery?</b></p> <p>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?</p> <p>The extent to which such an improvement is based on enhanced institutional capacity and significant changes in the relationship between delivery institutions and beneficiaries.</p> <p>The extent to which TA/CB associated to PGBS has enhanced capacities of government core institutions in a sustainable way.</p>	<p><b>7. The Effects of Partnership GBS on the Delivery of Public Services</b> How efficient, effective and sustainable has been the contribution of PGBS to improving government performance in public service delivery?</p> <p><b>Assessment against Evaluation Criteria</b></p> <p><b>Pro-poor public service delivery</b> The extent to which PGBS has contributed to increasing the efficiency and effectiveness of pro-poor public service delivery and improving the access of poor people.</p> <p><b>Capacity and responsiveness of service delivery institutions</b> The extent to which PGBS has contributed towards developing the sustainable capacity of service delivery institutions.</p> <p>The extent to which PGBS has contributed towards service delivery institutions becoming more responsive to beneficiaries.</p>	<p>Re-worded from GBS to PGBS.</p> <p>Note: this question is not about level or share of PPE (that's the EQ3 concern). If EQ3 has demonstrated an increase in PPE level/share; this question is about whether there is <b>also</b> a qualitative improvement influenced by PGBS; if EQ3 has not demonstrated an increase in PPEs, this question is about whether there is <b>nevertheless</b> a qualitative improvement influenced by PGBS.</p> <p><b>Note:</b> the two questions under this heading have been significantly re-worded and their order reversed, in order to improve clarity.</p>

EQs (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQs	EXPLANATION FOR CHANGES
<p><b>8. How far has PGBS strengthened government impact on poverty?</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>– the use of health, education and other basic services by poor groups;</li> </ul>	<p><b>8. The Effects of Partnership GBS on Poverty Reduction</b></p> <p>How far has PGBS strengthened government impact on poverty?</p> <p><b>Assessment against Evaluation Criteria</b></p> <p><b>Basic services for the poor</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>(a) the use of health, education and other basic services by poor groups.</li> </ul>	
<ul style="list-style-type: none"> <li>– the improvement of the macroeconomic environment leading to increased incomes and economic opportunities for the poor;</li> </ul>	<p><b>Income poverty</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>(b) the improvement of the macroeconomic environment leading to increased incomes and economic opportunities for the poor.</li> </ul>	

EQS (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQS	EXPLANATION FOR CHANGES
<ul style="list-style-type: none"> <li>– 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.</li> </ul>	<p><b>Empowerment</b> 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:</p> <ul style="list-style-type: none"> <li>(c) 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.</li> </ul>	
<p>Risks/unintended effects: the extent to which PGBS might have neutral effects or even be harming dimensions of poverty reduction including through (e.g.):</p> <ul style="list-style-type: none"> <li>– diversion of attention from key economic or poverty issues (i.e. regional inequalities, growth);</li> <li>– switching accountability to donors;</li> <li>– propping up corrupt regimes, etc.</li> </ul>		<p><b>Note:</b> the question on unintended effects or risks is deleted; the issue is important but it does not work as a formally rated question, and the topic belongs more under B9 (sustainability) than B8. The issues this question raises were addressed in Part C of the standard report structure that was finally adopted.</p>



EQs (FROM FINAL INCEPTION REPORT)	FINAL SET OF EQs	EXPLANATION FOR CHANGES
<p><b>9. Is the PGBS process itself sustainable?</b></p> <p>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).</p> <p>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).</p> <p>The extent to which the process provides appropriate and timely feedback to all stakeholders so as to ensure the continuity and durability of PGBS.</p>	<p><b>9. The Sustainability of Partnership GBS</b> Is the PGBS process itself sustainable?</p> <p><b>Assessment against Evaluation Criteria</b></p> <p><b>Shared learning between government and donors</b> 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).</p> <p><b>Comprehensive and effective review and adjustment</b> 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).</p> <p><b>Feedback to stakeholders</b> The extent to which the process provides appropriate and timely feedback to all stakeholders so as to ensure the continuity and durability of PGBS.</p>	<p>"and its Effects" was dropped from the chapter title.</p>



## Annex 6: The Rating System

This Annex reproduces the rating analysis and explanation from the Synthesis Report's Annex C.

### Annex C: Synthesis of Country Report Ratings

#### Introduction

1. A set of over-arching key Evaluation Questions (Box C1) provides an organising framework for the country evaluation and a structure for the country reports.

#### Box C1: Key Evaluation Questions

1. How does the evolving Partnership GBS (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?
2. Has PGBS contributed to greater harmonisation and alignment of the aid process?
3. How efficient, effective and sustainable has been the contribution of PGBS to the performance of the public expenditure process?
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?
5. How efficient, effective and sustainable has been the contribution of PGBS to improving public policy processes and policies?
6. How efficient, effective and sustainable has been the contribution of PGBS to macroeconomic performance?
7. How efficient, effective and sustainable has been the contribution of PGBS to improving government performance in public service delivery?
8. How far has PGBS strengthened government impact on poverty?
9. Is the PGBS process itself sustainable?

2. Under each main evaluation question, a series of sub-questions (evaluation criteria) are posed. To facilitate comparisons and consistency across the countries studied, symbols are used to give approximate ratings for the general situation and for the influence PGBS is judged to have had.

#### Key to Ratings and Symbols

3. The key to the ratings and symbols is as follows:

- (a) Where the logic of the (implicit) question requires it – i.e. in relation to the Key Evaluation Questions 2–8,<sup>26</sup> the ratings distinguish between the general situation to which the question refers and the influence of PGBS upon it. For the general situation, the rating is expressed as a *level* and a *trend*.
- (b) PGBS influence is expressed in two ratings:
  - For *effect*. This assesses the difference that PGBS makes to the general situation.
  - For *efficiency*. It is perfectly possible that PGBS will be found to have a weak or null effect not because PGBS is inherently ineffective, but because it is relatively small ("a drop in a bucket") vis-à-vis the general situation.

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<sup>26</sup> The Evaluation Criteria for Evaluation Questions 1 and 9 refer directly to PGBS itself, so there is no separate "general effect" to consider.

"Efficiency" therefore assesses whether PGBS has a significant effect relative to the resources deployed via PGBS. (Roughly, has PGBS been a "value for money" way of pursuing this effect?)

- (c) For both general situation and PGBS influence, a separate *confidence* rating is given.
- (d) The same symbols are used against "level", "effect", "efficiency" and "confidence" ratings, as follows:

***	<i>strong/high</i>
**	<i>medium/moderate</i>
*	<i>low/weak</i>
null	<i>the level/effect is either zero or negligible</i>
nf [not found]	<i>we found no clear evidence either way</i>
na	<i>rating is Not Applicable to this question</i>

- (e) The "trend" is the trend at the end of the evaluation period, and the options are:

+	<i>increasing/improving</i>
=	<i>stable (or no discernible trend)</i>
–	<i>declining/worsening</i>
na	<i>not applicable if the accompanying level is rated null / not found / not applicable</i>

- (f) In the few cases where perverse effects are identified (a negative effect when the question implies a positive one is expected), this is shown as "perverse" (and is always highlighted in the text explanation).

- (g) As a rough guide to confidence ratings:

***	strong/high confidence: <i>We're sure what evidence is needed to answer this question, and the evidence we have appears robust and conclusive (so we would be surprised if more evidence changed the rating).</i>
**	medium/moderate confidence <i>There is some uncertainty whether the evidence we have is both robust and sufficient; more evidence might lead to a somewhat different rating.</i>
*	low/weak confidence: <i>There is uncertainty about what evidence is relevant to the question, and/or the evidence we have is limited or unreliable.</i>

- (h) The ratings for "general situation" and "PGBS influence" may be based on different (though overlapping) sets of evidence; it is perfectly possible that confidence levels will differ, so they are rated separately.

- (i) As a rough guide to ratings for effect

***	strong effect: <i>PGBS has made a definite and very significant difference to the general situation; it is not necessarily the only factor which has made such a difference, but it is an important one.</i>
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**	moderate effect: <i>PGBS has made a definite and moderately significant difference to the general situation; but it may be a subsidiary factor, or one amongst a considerable number of significant factors.</i>
*	low/weak effect: <i>PGBS has made only a small difference to the general situation.</i>
null	<i>PGBS is assessed to have made no difference, or only a negligible difference, to the general situation.</i>
nf [not found]	<i>We did not find clear evidence either way of a PGBS effect.</i>
na	<i>The implied question is Not Applicable in this case.</i>

(j) As a rough guide to ratings for efficiency:

***	highly efficient <i>PGBS exerts a strong influence towards the effect in question, in proportion to the resources embodied in PGBS.</i>
**	moderately efficient <i>PGBS exerts a moderate influence towards the effect in question, in proportion to the resources embodied in PGBS.</i>
*	low efficiency <i>PGBS exerts only a weak influence towards the effect in question, in proportion to the resources embodied in PGBS.</i>
null	<i>PGBS is assessed to have exerted no influence, or only a negligible influence, towards the effect in question.</i>
nf [not found]	<i>We did not find clear evidence either way of a PGBS influence.</i>
na	<i>The implied question is Not Applicable in this case.</i>

4. The evidence used to assess ratings is explained in the text of the individual Country Reports, and it follows general guidelines in Annexes G and K of the Inception Report (IDD & Associates 2005). The ratings have been checked for broad consistency across the country studies.

5. The study team recognises the limitations of the ratings system. However, it is neither possible nor desirable to reduce qualitative issues entirely to quantitative judgements. The ratings are only an adjunct to the text.

### Key the Comparative Summary Table

6. This Annex displays the seven country responses to each of the questions for which a rating is required. The following abbreviations are used:

L	Level
T	Trend
C	Confidence
gL	General Level
gT	General Trend
gC	General Confidence
pEt	PGBS Effect
pEy	PGBS Efficiency
pC	PGBS Confidence

7. The "totals" are arrived at by adding up country scores within each EQ, as follows:

rating	value
***	3
**	2
*	1
null, nf, na	0
perverse	-1

8. Again, this is arbitrary (and no weighting is attempted), but it helps to give a general impression of the responses to each EQ (the maximum possible score for each EQ is also shown; this depends simply on the number of sub-questions that there happen to be). No meaning could be attached to the aggregation of ratings across EQs.

## Box 6.1: Synthesis of Ratings from the Country Reports

**EQ1: 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?**

<b>B1. The Relevance of Partnership GBS</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Relevance to the context:</b> 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.	L	**	*	**	**	**	**	***	High rating for Vietnam reflects realism in the design about the potential scope of PGBS influence; low rating for Malawi reflects high political risks.
	T	+	+	+	=	=	=	+	
	C	***	***	***	***	***	***	***	
<b>Dialogue, conditionality and ownership:</b> The extent to which PGBS policy dialogue and conditionalities are consistent with high levels of ownership by government and sensitivity to country constraints.	L	***	*	**	**	**	**	**	Ownership notably weak in Malawi. Burkina Faso build on "new conditionality" pilot.
	T	+	=	+	=	=	=	+	
	C	**	***	**	**	***	***	**	
<b>Poverty orientation:</b> The extent to which the PGBS design reflects objectives and strategies related to all the dimensions of poverty reduction.	L	**	*	**	*	**	***	***	PGBS strongly reflects PRSPs as to whether all dimensions (income, services, empowerment) are addressed. Positive trends in most cases reflect trend to broaden focus of second generation PRSPs.
	T	+	=	+	+	+	+	+	
	C	***	**	***	**	***	***	***	
<b>Coherence and consistency of the design:</b> Coherence and consistency of the PGBS 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.	L	**	**	***	*	**	**	**	In Mozambique, PGBS originated from need to improve coherence among donors. Generally, still many different perspectives on PGBS among donors, and between different parts of government. This is very evident in formative stages of Nicaragua PGBS.
	T	+	=	=	+	=	=	+	
	C	***	**	***	***	***	**	***	
<b>Response to previous weaknesses in aid management:</b> The extent to which the PGBS design responds to analyses of previous weaknesses in aid management systems and processes.	L	***	*	***	**	***	***	***	Previous weaknesses in aid management were very evident in all cases; low ratings for Malawi and Nicaragua reflect evaluators' doubts about quality of response.
	T	+	+	=	+	+	=	=	
	C	***	***	**	**	***	***	***	
<b>"Total" L</b>		<b>12</b>	<b>6</b>	<b>12</b>	<b>8</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>In all cases PGBS was judged a relevant response. Malawi and Nicaragua are outliers, reflecting, in particular, significantly more difficult political contexts.</b>
<b>maximum total = 15</b>									

**EQ2: Has PGBS contributed to greater harmonisation and alignment of the aid process?**

<b>B2. Effects of PGBS on Harmonisation and Alignment</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Policy Alignment:</b> The extent to which PGBS has contributed to increased IP alignment with government policies at national and sectoral levels through: (a) aligning aid objectives and conditions with government objectives and targets	gL	**	**	**	*	**	**	**	Ratings for policy alignment of aid in general take account of whether national policy documents are operationalised and therefore demanding to align with. Positive trend in all cases (any other finding would be alarming in view of PRSPs, Paris Declaration etc.).
	gT	+	+	+	+	+	+	+	
	gC	**	**	**	***	***	***	***	
	pEt	**	*	***	*	**	***	***	PGBS generally judged both efficient and effective in strengthening policy alignment; little effect as yet in Malawi and Nicaragua.
	pEy	***	**	***	**	**	***	***	
	pC	***	**	***	***	***	***	***	
<b>Government leadership:</b> (b) increasingly relying on government aid coordination, analytic work, TA management	gL	*	*	*	*	**	**	*	Government leadership in aid management generally weak, with Uganda and Rwanda governments notably more proactive. Government leadership in joint analysis, TA management is rare.
	gT	+	=	+	+	+	+	=	
	gC	**	***	**	***	**	**	***	
	pEt	**	null	**	*	**	**	null	Ratings for Uganda, Rwanda, Mozambique and Burkina Faso reflect the broader scope of donor–government collaboration that has been established in these countries.
	pEy	**	null	***	**	***	***	*	
	pC	**	***	***	***	**	**	***	
<b>Alignment with Government systems:</b> <i>Government planning and budget cycles</i> The extent to which PGBS has contributed to increased IP alignment with government systems at national and sectoral levels through: (a) aligning fund commitment and disbursement with government planning and budget cycles	gL	*	*	*	*	*	**	*	Background level of international partner alignment with government systems is judged weak in all cases (contrast with policy alignment which is less demanding).
	gT	+	+	+	+	+	+	=	
	gC	***	***	***	***	***	**	***	
	pEt	**	*	**	*	**	**	**	Significant positive effects in all cases where PGBS has become established.
	pEy	***	**	***	**	**	**	**	
	pC	***	**	***	***	***	***	***	



*Annex 6: The Rating System*

<b>B2. Effects of PGBS on Harmonisation and Alignment</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<i>Government implementation systems</i> (b) increasingly relying on government cash management, procurement, implementation, monitoring, reporting and auditing.	gL	*	*	*	*	**	**	*	Background level of international partner reliance on government systems is weak in most cases; less so in Uganda and Rwanda.
	gT	+	+	+	+	+	+	+	
	gC	***	**	***	***	***	***	***	
	pEt	**	*	***	*	***	***	**	By definition PGBS is disbursed through government systems (hence efficient), but extent of effect depends on scale of PGBS and whether it displaces off-budget approaches.
	pEy	***	**	***	**	***	***	**	
	pC	***	**	***	***	***	***	***	
<b>Harmonisation among donors and modalities:</b> The extent to which PGBS has contributed to improving overall coordination and complementarities of IPs' programmes.	gL	*	**	**	**	**	**	*	Background of positive trend in international partner harmonisation in all cases, but still much scope for improvement.
	gT	+	+	+	+	+	+	+	
	gC	**	***	***	***	***	***	***	
	pEt	***	**	**	**	**	***	**	Even the less complete/successful PGBS operations (Malawi, Nicaragua) have had positive effects on harmonisation.
	pEy	**	***	***	***	***	***	**	
	pC	***	**	***	***	***	***	***	
The extent to which there have been specific complementarities between PGBS and other forms of aid.	gL	*	*	**	*	**	**	*	Varying degrees of complementarity with other aid modalities, tending to be stronger in sectors with developed SWAps.
	gT	+	+	+	+	+	+	=	
	gC	**	**	***	***	**	**	***	
	pEt	**	**	**	*	***	**	**	
	pEy	**	**	***	*	**	***	**	
	pC	***	**	***	***	**	**	**	
<b>maximum total = 18</b>	<b>"Total" gL</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>7</b>	<b>11</b>	<b>12</b>	<b>7</b>	<b>At this level, very definite effects are apparent in most cases (unsurprisingly, more limited to date in Malawi and Nicaragua). As well as the H&amp;A that is built into donors' cooperation in GBS and its intrinsic use of government systems, there are usually indirect effects on H&amp;A of other modalities. For example, PGBS, and its associated dialogue and review structures, can complement and enhance existing sector mechanisms, often providing forums and instruments for addressing cross-sector issues.</b>
	<b>"Total" pEt</b>	<b>13</b>	<b>7</b>	<b>14</b>	<b>7</b>	<b>14</b>	<b>15</b>	<b>11</b>	
	<b>"Total" pEy</b>	<b>15</b>	<b>11</b>	<b>18</b>	<b>12</b>	<b>15</b>	<b>17</b>	<b>12</b>	

**EQ3: How efficient, effective and sustainable has been the contribution of PGBS to the performance of public expenditures?**

<b>B3. Effects of PGBS on Public Expenditures</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Influence on expenditure allocation:</b> The influence of PGBS funds on the levels and shares of pro-poor expenditures.	gL	**	**	***	**	**	***	**	Confidence in judgements on pro-poor expenditures is limited by weaknesses in concept and definition of PPEs (see main report for discussion).
	gT	+	+	=	+	+	=	+	
	gC	**	***	**	**	**	**	**	
	pEt	**	*	**	*	**	***	**	Influence is most pervasive in Uganda, least in Malawi and Nicaragua.
	pEy	**	*	***	**	**	***	**	
	pC	**	**	**	**	**	**	**	
<b>Discretionary expenditure:</b> The extent to which the PGBS funds have contributed to the increase in the proportion of external funds subject to the national budget	gL	*	*	*	**	*	**	*	Background judgement is that incorporation of external funds in the budget is generally weak; partial exceptions are Nicaragua (ex post channelling of funds through a Single Treasury Account) and Uganda (where PGBS has helped to bring sector and local government aid on-budget).
	gT	=	=	+	+	=	=	=	
	gC	**	***	**	***	**	**	***	
	pEt	**	null	**	*	**	***	***	Null efficiency rating for Malawi reflects that, so far, PGBS has been a re-badging, not a net increase in unearmarked budget support; elsewhere (except Nicaragua) PGBS has had significant effect in bringing more aid under the discretion of the national budget process.
	pEy	***	null	***	**	***	***	***	
	pC	**	***	***	***	***	***	***	
<b>Predictability:</b> The extent to which the scheduling and delivery of PGBS funds have contributed to the overall predictability of aid flows and public expenditures.	gL	**	*	**	**	*	**	**	Predictability of aid flows is a concern everywhere, but has many dimensions (see discussion in main report).
	gT	=	+	+	-	=	+	=	
	gC	***	***	**	**	*	***	**	
	pEt	**	<i>perv- erse</i>	**	<i>perv- erse</i>	**	*	**	Stop-go experiences in Malawi and Nicaragua have exacerbated unpredictability. Several countries have experienced problems with short-term predictability of PGBS disbursements; the different dimensions to the issue are discussed in CRs and in the main Synthesis Report.
	pEy	**	na	**	na	**	*	**	
	pC	***	***	**	**	**	***	**	

*Annex 6: The Rating System*

<b>B3. Effects of PGBS on Public Expenditures</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Efficiency of expenditure:</b> The extent to which the scheduling and delivery of PGBS funds have contributed to the overall efficiency of public expenditures and aid flows.	gL	**	*	*	*	*	**	**	Background allocative efficiency of budgeting, in particular, is judged stronger in BF, Uganda, Vietnam.
	gT	=	+	+	+	=	=	+	
	gC	**	**	**	**	**	***	**	
	pEt	**	*	**	null	**	**	**	Again, positive effects in the countries where PGBS has become established. The various dimensions of allocative and operational efficiency are reviewed in the CRs.
	pEy	**	*	**	*	**	***	***	
	pC	**	**	**	**	**	***	**	
<b>Transaction costs:</b> The influence of PGBS on the transaction costs of the budget process and utilising aid. <i>NB * (weak) for gL means high t-costs.</i>	gL	*	*	*	*	*	**	*	The overall transaction costs of utilising aid are judged to be high everywhere; exception is Uganda, where PGBS has helped to bring sector and LG aid fully on-budget, thus reducing additional costs of donor procurement etc.
	gT	+	=	=	=	+	=	=	
	gC	***	***	**	**	*	**	**	
	pEt	**	*	**	*	**	**	**	Efficiency of PGBS in reducing transaction costs gets positive ratings, as, even where effects on costs at negotiation stage are ambiguous, there is a clear reduction in costs to government during programme implementation. Effect depends on volume of PGBS and counterfactual.
	pEy	**	***	**	**	**	***	***	
	pC	***	***	**	**	*	**	**	
<i>maximum total = 15</i>	"Total" gL	8	6	8	8	6	11	8	gL ratings imply, credibly, that Uganda's management of public expenditures and aid has been significantly more sophisticated than elsewhere. On effects, Malawi and Nicaragua again the clear outliers (to be expected since neither has yet experienced a consistent flow of PGBS).
	"Total" pEt	10	2	10	2	10	11	11	
	"Total" pEy	11	5	12	7	11	13	13	

**EQ4: 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?**

<b>B4. Effects of PGBS on Planning and Budgeting Systems</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Ownership:</b> The extent to which an increase in predictable and discretionary resources has helped to increase ownership of the budget process and commitment to improved budgeting.	gL	**	*	*	*	**	***	**	Government commitment to improved budgeting is strongest in Uganda. Mozambique is interesting as having high volume of PGBS, against background of relatively weaker ownership of budget reform.
	gT	+	+	+	+	+	=	=	
	gC	***	***	***	*	**	***	**	
	pEt	***	null	**	*	***	**	*	Where PGBS has increased discretionary resources, effects on ownership of, and commitment to, improved budget process are positive. Effect rating for Vietnam reflects smaller relative volume of PGBS; for Uganda reflects fact that commitment to better budgeting preceded PGBS.
	pEy	**	na	***	*	***	***	**	
	pC	***	**	**	*	***	***	**	
<b>Accountability:</b> The extent to which the increased use of government systems and processes helped to improve the accountability of public expenditures.	gL	*	*	*	*	*	**	*	Overall accountability of public expenditure (fiduciary and democratic) is assessed as weak (moderate in Uganda).
	gT	+	+	+	+	+	=	+	
	gC	**	***	**	***	**	**	**	
	pEt	**	*	**	null	**	**	**	Where PGBS has increased the resources within government systems and processes, there are benefits in expanding the scope of domestic accountability although most domestic accountability systems remain weak.
	pEy	*	*	***	**	**	**	**	
	pC	**	**	**	***	***	**	**	

*Annex 6: The Rating System*

<b>B4. Effects of PGBS on Planning and Budgeting Systems</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Durability:</b> The extent to which PGBS supports government in internalising such improvements (ensuring the sustainability of the whole process).	gL	**	*	*	null	**	**	*	Background (gL) ratings reflect varying degrees of government commitment to PBS reform process.
	gT	+	=	+	=	+	=	=	
	gC	**	***	**	***	**	**	**	
	pEt	**	*	*	null	**	**	**	Where there is a coherent PBS strategy, PGBS has provided positive systemic support.
	pEy	**	*	**	**	**	***	**	
	pC	**	**	**	***	**	***	**	
<b>Capacity Development:</b> The extent to which PGBS is supporting capacity development in PFM.	gL	*	**	*	*	**	**	**	Background ratings reflect tendency for PFM TA to have fallen short of aspirations.
	gT	+	+	=	-	+	+	+	
	gC	***	***	**	***	**	***	***	
	pEt	***	*	*	null	***	**	**	Relatively low ratings for efficiency reflect tendency for systemic effects of PGBS to predominate, while coordination with PFM-focused TA has been rather ad hoc.
	pEy	**	*	*	*	**	**	**	
	pC	***	**	**	***	**	***	***	
<i>maximum total = 12</i>	<b>"Total" gL</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>9</b>	<b>6</b>	<b>Striking contrast between Uganda and Mozambique in background ratings.</b>
	<b>"Total" pEt</b>	<b>10</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>10</b>	<b>8</b>	<b>7</b>	<b>Clear evidence that PGBS can be efficient and effective in strengthening planning and budgetary system.</b>
	<b>"Total" pEy</b>	<b>7</b>	<b>3</b>	<b>9</b>	<b>6</b>	<b>9</b>	<b>10</b>	<b>8</b>	

**EQ5: How efficient, effective and sustainable has been the contribution of PGBS to improving public policy processes and policies?**

<b>B5. Effects of PGBS on Policies and Policy Processes</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Influence on Reform Process</b> <i>Ownership and effectiveness</i> 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 pro-poor reform process, owned by the government...	gL	**	*	*	*	**	**	***	Background ratings are an assessment of the quality and government leadership of the national reform process.
	gT	+	=	+	+	+	=	+	
	gC	*	***	**	**	**	**	***	
	pEt	**	*	**	*	**	**	***	Low ratings for Malawi and Nicaragua reflect design challenges related to lack of a consistent and credible national reform strategy for PGBS to support.
	pEy	***	*	***	**	***	***	***	
	pC	***	***	***	**	**	***	***	
<i>Participation</i> ...in which, an appropriate range of stakeholders is involved in policy formulation and review	gL	*	**	*	**	**	**	*	Interestingly, there is not a straightforward correlation between apparent levels of participation and the quality of the reform process. (see above).
	gT	+	+	+	+	+	=	=	
	gC	*	***	**	***	**	**	**	
	pEt	**	*	**	*	*	**	**	PGBS has had some effects in broadening/deepening stakeholder involvement.
	pEy	**	*	***	*	**	***	*	
	pC	**	**	**	***	**	***	**	
<i>Learning</i> ...in which, policy processes encourage both government and IPs to learn from experience and adapt policies to country circumstances	gL	**	**	**	*	*	**	*	Vietnam, Rwanda, Nicaragua seem to be the countries where international partners less able to engage in the dialogue (in Vietnam and Rwanda because of government's attitude to sovereignty; in Nicaragua also because of political fissures and instability).
	gT	+	+	+	+	=	=	=	
	gC	***	***	**	**	**	***	***	
	pEt	**	*	***	*	**	**	*	PGBS aid is less important in Vietnam, so makes less of a difference than in the other four countries with established PGBS systems,
	pEy	***	*	***	*	**	***	*	
	pC	***	**	**	**	**	***	***	

*Annex 6: The Rating System*

<b>B5. Effects of PGBS on Policies and Policy Processes</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Influence on Policy Content</b> <i>Public and private sectors</i> ...in which, policies address major market failures, the regulatory environment and the appropriate balance between public and private sectors	gL	*	*	*	**	*	*	*	Low background ratings reflect tendencies for government policies (embodied in PRSPs) to focus more on government service delivery.
	gT	+	=	=	+	+	+	=	
	gC	**	***	**	**	**	**	**	
	pEt	*	null	*	*	*	*	**	So far, mostly modest influence of PGBS on private/public sector policies.
	pEy	*	null	*	**	*	**	*	
	pC	**	**	**	***	**	**	**	
<i>Sector policies</i> ...in which, appropriate sector policies complement public expenditures	gL	*	*	**	*	**	**	*	Background assessment (inevitably crude) is of extent to which sector policies and public expenditures are correlated with each other.
	gT	+	+	=	+	+	+	=	
	gC	*	**	***	*	***	**	**	
	pEt	**	*	**	null	**	**	*	High ratings for Uganda (and Mozambique) reflect good interaction between PGBS and sector coordination arrangements.
	pEy	**	*	***	*	**	***	*	
	pC	**	**	**	*	**	***	**	
<i>maximum total = 15</i>	"Total" gL	7	7	7	7	8	9	7	<b>Strong correlation between overall PGBS efficiency assessment and the degree of PGBS penetration (duration, relative importance, and sophistication of dialogue arrangements).</b>
	"Total" pEt	9	4	10	4	8	9	9	
	"Total" pEy	11	4	13	7	10	14	7	

**EQ6: How efficient, effective and sustainable has been the contribution of PGBS to macroeconomic performance?**

<b>B6. Effects of PGBS on Macroeconomic Performance</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Macroeconomic effects</b> <i>Fiscal discipline and macroeconomic stability</i> The extent to which PGBS has contributed to fiscal discipline and macroeconomic stability	gL	***	*	*	**	**	***	***	Uganda, Vietnam and Burkina Faso all had fiscal discipline and macroeconomic stability well established before PGBS began.
	gT	=	+	+	+	=	=	=	
	gC	***	***	***	***	***	***	***	
	pEt	na	<i>perv- erse</i>	**	null	*	na	na	Efficiency ratings indicate that PGBS can be an efficient support to a government that is committed to macro stability and fiscal discipline. Contrast effect ratings: Malawi and Nicaragua, discipline not maintained; Burkina Faso, Uganda, Vietnam, discipline independent of PGBS.
	pEy	**	null	**	*	**	***	**	
	pC	**	***	**	***	**	**	**	
<i>Cost of budget finance</i> The extent to which PGBS funding has reduced the cost of budget financing.	gL	**	*	*	**	*	**	*	"Perverse" effect ratings because of costs of borrowing to compensate for short-term unpredictability of PGBS disbursements (Rwanda), or domestic borrowing costs of sterilisation (Uganda). Otherwise, grants and soft loans an economical source of finance.
	gT	=	+	+	+	=	-	-	
	gC	***	***	***	***	*	***	**	
	pEt	**	*	**	null	<i>perv- erse</i>	<i>perv- erse</i>	***	
	pEy	***	***	***	**	na	na	***	
	pC	***	**	***	***	*	***	**	



*Annex 6: The Rating System*

<b>B6. Effects of PGBS on Macroeconomic Performance</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Private investment</b> The extent to which PGBS funding of public expenditures has adversely affected private investment.	gL	**	null	*	*	null	**	null	Little direct evidence of "crowding out" of private investment through the funding of public expenditures, but see the discussion in the main report.
	gT	=	+	+	=	=	+	=	
	gC	**	**	**	**	**	***	*	
	pEt	null	<i>perv- erse</i>	nf	null	*	**	null	
	pEy	null	null	na	**	*	**	**	
	pC	**	**	**	**	**	*	**	
<b>Domestic revenue</b> The extent to which PGBS funding of public expenditure has adversely affected domestic revenue collection. <i>NB. for gL *** denotes strong revenue performance.</i>	gL	**	***	**	**	**	*	***	Varying levels of revenue effort across countries, but no clear evidence of simple adverse relationship between PGBS funding and domestic revenue effort; see discussion in the main report.
	gT	+	+	=	+	+	+	+	
	gC	***	***	***	**	**	***	***	
	pEt	nf	null	nf	null	nf	nf	nf	
	pEy	na	null	na	na	na	na	na	
	pC	*	**	**	***	**	*	**	
<b>Facilitating institutional change</b> 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.).	gL	***	null	**	*	*	***	**	Uganda, Burkina Faso and Vietnam have the most sustained records of macroeconomic stability, but in all cases there are also other significant sources of uncertainty facing decision makers.
	gT	=	=	+	+	+	=	=	
	gC	***	**	**	**	**	**	**	
	pEt	*	null	**	null	*	*	*	
	pEy	*	null	***	null	*	**	**	
	pC	**	**	**	**	*	*	**	
<b>maximum total = 15</b>	"Total" gL	12	5	7	8	6	11	9	<b>In general we consider that macroeconomic issues and their interactions with GBS (as discussed in the respective CRs and the SR) are too complex to be usefully characterised in a very simple rating system.</b>
	"Total" pEt	3	-1	6	0	2	2	4	
	"Total" pEy	6	3	8	5	4	7	9	

**EQ7: How efficient, effective and sustainable has been the contribution of PGBS to improving government performance in public service delivery?**

<b>B7. Effects of PGBS on Delivery of Public Services</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Pro-poor public service delivery</b> The extent to which PGBS has contributed to increasing the efficiency and effectiveness of pro-poor public service delivery and improving the access of poor people.	gL	*	*	*	*	**	**	**	Rwanda, Uganda and Vietnam are judged to have relatively stronger track records of pro-poor service delivery.
	gT	+	+	+	+	+	+	+	
	gC	***	**	***	**	***	**	**	
	pEt	**	null	*	na	**	**	**	Ratings for Malawi and Nicaragua reflect the fact that PGBS was not successfully established during the evaluation period.
	pEy	***	null	*	na	**	***	***	
	pC	**	**	**	**	**	**	**	
<b>Capacity and responsiveness of service delivery institutions</b> The extent to which PGBS has contributed towards developing the sustainable capacity of service delivery institutions.	gL	*	*	*	**	*	*	*	Wide capacity problems in basic service delivery.
	gT	=	=	+	=	=	=	=	
	gC	**	**	**	**	**	**	*	
	pEt	*	null	*	na	*	*	*	Ratings for Malawi and Nicaragua reflect the fact that PGBS was not successfully established during the evaluation period.
	pEy	*	null	**	na	*	*	*	
	pC	**	**	**	***	**	**	*	
The extent to which PGBS has contributed towards service delivery institutions becoming more responsive to beneficiaries.	gL	*	*	*	*	*	*	**	Low general levels of responsiveness in service delivery.
	gT	+	=	+	=	=	+	=	
	gC	**	**	**	**	**	**	**	
	pEt	**	nf	*	nf	*	*	**	Vietnam ratings reflect PRSC's particular focus in this area. Ratings for Malawi and Nicaragua reflect the fact that PGBS was not successfully established during the evaluation period.
	pEy	**	null	*	nf	*	*	***	
	pC	**	**	**	**	**	**	**	
<b>maximum total = 9</b>	<b>"Total" gL</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>General picture is that quantitative improvements (access for more poor people) are easier to achieve than qualitative improvements. Underlying factors (e.g. the significance of longer timescales for qualitative change, and whether PGBS has characteristic weaknesses or strengths in addressing such issues) are discussed in the reports.</b>
	<b>"Total" pEt</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>5</b>	
	<b>"Total" pEy</b>	<b>6</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>5</b>	<b>7</b>	

## EQ8: How far has PGBS strengthened government impact on poverty?

B8. Effects of PGBS on Poverty Reduction		BF	Mal	Moz	Nic	Rwa	Uga	VN	Comment
<p>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:</p> <p><b>Basic services for the poor</b></p> <p>(a) the use of health, education and other basic services by poor groups.</p>	gL	*	*	**	*	**	**	***	Background ratings relate to the general performance of Government as regards basic services for the poor.
	gT	+	=	+	+	+	+	+	
	gC	**	**	**	**	**	***	**	
	pEt	**	nf	*	nf	**	**	**	No discernible effect for PGBS in Malawi or Nicaragua. Effect rating in Mozambique reflects continuing major role for sector and project aid.
	pEy	**	null	**	**	**	**	**	
	pC	**	**	**	**	**	***	*	
<p><b>Income poverty</b></p> <p>(b) the improvement of the macroeconomic environment leading to increased incomes and economic opportunities for the poor.</p>	gL	*	*	**	***	*	**	***	Background ratings reflect differential income poverty performance.
	gT	+	=	+	+	=	=	+	
	gC	***	*	***	***	**	**	***	
	pEt	**	nf	*	nf	*	*	**	No effect likely at this stage in Malawi and Nicaragua; only modest influence on income poverty elsewhere.
	pEy	**	null	**	**	*	**	**	
	pC	**	**	*	**	**	**	**	
<p><b>Empowerment</b></p> <p>(c) 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.</p>	gL	*	*	*	*	*	*	*	Background ratings reflect generally low levels of empowerment of the poor.
	gT	+	+	+	+	+	=	+	
	gC	**	**	**	**	*	**	**	
	pEt	*	nf	*	nf	*	*	*	No effect likely at this stage in Malawi or Nicaragua. Weak effects elsewhere, but efficiency ratings indicate that PGBS has advantages as a way of addressing empowerment issues.
	pEy	*	null	**	*	**	**	**	
	pC	**	**	**	*	**	**	**	
<i>maximum total = 9</i>	"Total" gL	3	3	5	5	4	5	7	Negligible effects in Malawi, Nicaragua; moderate effects elsewhere are based more on service delivery than income poverty or empowerment.
	"Total" pEt	5	0	3	0	4	4	5	
	"Total" pEy	5	0	6	5	5	6	6	

**EQ9: Is the PGBS process itself sustainable?**

<b>B9. Sustainability of PGBS</b>		<b>BF</b>	<b>Mal</b>	<b>Moz</b>	<b>Nic</b>	<b>Rwa</b>	<b>Uga</b>	<b>VN</b>	<b>Comment</b>
<b>Shared learning between government and donors</b> 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).	L	***	*	***	null	**	**	**	Promising systems for shared learning in the five countries where PGBS has become established...
	T	+	=	=	+	+	+	=	
	C	***	**	***	**	***	***	***	
<b>Comprehensive and effective review and adjustment</b> 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).	L	**	*	***	null	**	**	*	.. but significant differences in systems' ability to focus on adjustments at all stages...
	T	+	+	+	=	+	+	+	
	C	**	*	***	**	***	**	**	
<b>Feedback to stakeholders</b> The extent to which the process provides appropriate and timely feedback to all stakeholders so as to ensure the continuity and durability of PGBS.	L	**	*	**	null	*	**	**	..and feedback to stakeholders is nowhere rated strong.
	T	+	=	+	+	+	+	+	
	C	***	*	***	**	**	***	***	
<b>"Total" L</b> <i>maximum total = 9</i>		<b>7</b>	<b>3</b>	<b>8</b>	<b>0</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>Ratings imply that processes in Burkina Faso and Mozambique are somewhat more securely established than in the other main PGBS recipients.</b>

## Annex 7: Standard Report Structure

The report structure (especially Section B) closely reflects the standard EQs. Each Chapter in Section B has the same format:

- Introduction
- Relevant Facts
- EQs
- Causality Chain
- Counterfactual

### Box 7.1: Structure of the Country Reports

#### Executive Summary

##### Part A: Context/Description

- A1. Introduction and Conceptual Framework
- A2. The Context for Budget Support in [the study country]
- A3. The Evolution of Partnership GBS in [the study 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

##### Part C: Cross-Cutting Issues

- C1. Cross-Cutting Policy Issues (gender, environment, HIV/AIDS, democracy and human rights)
- C2. Public and Private Sector Issues
- C3. Government Capacity and Capacity Building
- C4. Quality of Partnership
- C5. Political Governance and Corruption

##### Part D: Synthesis – Overall Conclusions and Recommendations

- D1. Overall Assessment of PGBS in [the study country]
- D2. PGBS [in the study country] – Future Prospects
- D3. Summary of Conclusions and Recommendations

#### Bibliography

#### Annexes

- 1. Approach and Methods
- 2. Country Background
- 3. Aid [to the study country]
- 4. Public Finance Management
- 5. Summary of Causality Findings
- 6. [additional country-specific annexes]



## Annex 8: Standard Summary Table of Findings, Conclusions and Recommendations

*This matrix is designed to summarise the recommendations of each country report and in so doing to demonstrate the links from **findings** to **conclusions** to **recommendations**.*

**Example (from Uganda CR)**

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><i>EQ1. Relevance of PGBS</i></p> <ul style="list-style-type: none"> <li>Overall the many different designs of PGBS have been fairly responsive to the specific conditions of Uganda, and they have adapted to the evolving PRSP and sector priorities. However, the original design was perhaps too optimistic about governance issues and there was a bias towards the social sectors, with productive issues emerging later.</li> <li>Much of the PGBS dialogue used pre-existing sector and budgetary forums, with the PRSC steering committee being the main addition. Conditionality has been increasingly focused on government policies and plans. Despite being well structured there are gaps where dialogue and conditionality could have helped foster reforms, while the dialogue often gets dominated by issues where progress is unlikely. Meanwhile inaccurate assumptions about the level of government ownership of policies and plans are made by IPs, which are increasingly technocratic, and less political.</li> <li>The PEAP (whose subsequent iterations became the PRSP) and sector strategies, which were again initiated before the move to PGBS, meant there was a strong framework of poverty reduction objectives to which PGBS could be aligned from the outset. Although the GBS design responded to many of the weaknesses in aid instruments in terms of alignment towards government objectives and harmonisation with government systems, there is still a degree of incoherence and inconsistency in design across donors.</li> </ul>	<ul style="list-style-type: none"> <li>Governance not explicitly addressed early on and dealt with in a reactive way since (¶B1.19). Conditionality mostly plays a role of exerting managerial pressure on government institutions, helping to maintain the pace of reform, but does not play a political role (¶B1.21).</li> <li>Although positive in terms of alignment, there is an over-optimistic assumption that all actions in the PEAP are owned, while there is reduced political ownership (¶B1.23).</li> <li>Well-structured and increasingly realistic dialogue (¶B1.20) is undermined by the limited capacity of donors to engage in it meaningfully (¶B1.24), partly because of inconsistency within donor agencies – e.g. between sector and general staff approaches (¶B1.29).</li> <li>GBS is well aligned with the GOU's strategies to reduce poverty (¶B1.25).</li> <li>The early bias towards the social sectors has made it difficult to address productive issues and local delivery issues later on (¶B1.26).</li> <li>Incoherence in the design means the consequences if conditions are not met are unclear (¶B1.31).</li> </ul>	<ul style="list-style-type: none"> <li>Understand the role of conditions, and choose conditions where success is likely, or signals needed (R29).</li> <li>Donors improve their capacity to engage in the dialogue (see below – e.g. selectivity, long-term, training) (R30).</li> <li>A set of operational principles and guidelines for PGBS should be developed (R8).</li> <li>Move towards a graduated response mechanism, which provides credible incentives for performance and long-term predictability, protected from political decisions (R3).</li> </ul>	<p>GOU + IPs (ST)</p> <p>IPs (ST)</p> <p>IPs + GOU (ST)</p> <p>IPs (MT)</p>

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><i>EQ2. Harmonisation and alignment</i></p> <ul style="list-style-type: none"> <li>The alignment of PGBS towards GOU objectives and targets set out in the framework of the PEAP and sector strategies has been strong, and given the large relative and absolute increases in PGBS this has had a strong effect of alignment of IPs towards GOU objectives. PRSC and sector conditions are not always directly drawn from government policies, although the GOU is always involved in their selection.</li> <li>MFPED played a strong role in aid coordination early on, and the GOU and donors have increasingly used joint analytical work, although there has been limited improvement in the management of TA and CB support.</li> <li>Alignment of PGBS with the budget cycle is not strong, as commitments are not aligned with the GOU's medium-term and long-term planning horizon, and in-year disbursements vary across donors. PGBS has, automatically, contributed strongly to the increased use of government implementation systems, although recent increases in project support are threatening to undermine this.</li> </ul>	<ul style="list-style-type: none"> <li>A relative and absolute shift to PGBS has contributed significantly to increased alignment of ODA to GOU objectives (¶B2.4) and use of GOU systems for implementation (¶B2.9).</li> <li>PGBS has made little change to the delivery of TA and CB although some is linked via the dialogue (¶B2.12).</li> <li>PGBS is fragmented and not fully harmonised (¶B2.11). A lack of common operational principles of budget support has undermined alignment with the government budget process, and harmonisation across instruments.</li> </ul>	<ul style="list-style-type: none"> <li>The GOU and IPs should try to ensure that the relative shift towards PGBS is maintained (R1).</li> <li>IPs should provide aid information in line with MTEF/budget cycle and make rolling three-year commitments for GBS and other aid (R5).</li> <li>Flesh out aid policy to highlight role of instruments, not just order of preference (R7).</li> </ul>	<p>GOU + IPs (ST)</p> <p>IPs (ST–MT)</p> <p>GOU (ST–MT)</p>



## Annex 8: Standard Summary Table of Findings, Conclusions and Recommendations

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><i>EQ3. Public expenditures</i></p> <ul style="list-style-type: none"> <li>PGBS funding has contributed 31% of the real increase in public expenditures between 1997/98 and 2003/04, when pro-poor expenditures increased from 19% to 36% of the budget. PGBS has been effective in increasing the discretionary funding on-budget, even when a substantial proportion has been notionally earmarked under the Poverty Action Fund, as GOU was able to influence where that funding was earmarked to.</li> <li>PGBS has provided a long-term predictable source of budget financing, while short-term unpredictability (which has recently improved) has been buffered by MFPED through the increased stock of reserves.</li> <li>PGBS has contributed to both allocative efficiency, through the shift to pro-poor expenditures under the Poverty Action Fund, and operational efficiency, as an increased share of sector budgets is being channelled to service providers and there has been a relative decline in public administration expenditure, although the rapid increases in public expenditure may have weakened the incentives to improve efficiency. The definition of pro-poor expenditures in the Poverty Action Fund is narrow, and inflexible, which may undermine effectiveness. There is also evidence that transaction costs for administering PGBS are relatively lower than for project support.</li> </ul>	<ul style="list-style-type: none"> <li>By providing external resources on budget (¶B3.13), PGBS has had a strong effect on the level of pro-poor expenditures (¶B3.10) and the share, where notional earmarking via the Poverty Action Fund added momentum.</li> <li>PGBS has been a long-term predictable source of budgetary resources, and has been increasingly predictable over the short term as well (¶B3.20).</li> <li>PGBS has had a moderate effect on allocative and operational efficiency (¶B3.22) and in the reduction of transaction costs (¶B3.24).</li> </ul>	<ul style="list-style-type: none"> <li>MFPED should reinvigorate the budget challenge to promote efficiency (R24). The definition of pro-poor expenditures should be revisited regularly so they do not stagnate (R25).</li> <li>Agree a common disbursement schedule for all PGBS (one or two tranches a year), and stick to it (R11).</li> </ul>	<p>GOU (MT)</p> <p>IPs + GOU (ST)</p>

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><i>EQ4. Planning and budgeting systems</i></p> <ul style="list-style-type: none"> <li>• A strong, MFPED-led, budget process pre-dated the move to GBS; however, the additional on-budget resources provided by GBS meant that domestic stakeholders, including Parliament, take sector strategic planning and budget processes even more seriously, as they were seen as a route to increasing sector funding.</li> <li>• The influence of PGBS on accountability has been mixed. In some areas there are signs of increased accountability through sector review processes and greater involvement of Parliament in the budget process. However, donors often dominate the dialogue at the expense of domestic stakeholders, and get distracted by issues where progress is unlikely.</li> <li>• So long as strong leadership remains in MFPED, these improvements are likely to be sustained, although there is evidence that a combination of Poverty Action Fund rigidities, an increasingly routine budget process and perceptibly weaker budget challenge may undermine the future efficiency of public expenditure.</li> <li>• TA/CB linked to PGBS has helped improve PFM systems but effectiveness has been limited, as it has not been strategic, or sufficiently linked to a coherent reform programme. Most focus has been on central government PFM and not on local governments, where expansion on basic services has taken place.</li> </ul>	<ul style="list-style-type: none"> <li>• A relative and absolute shift to PGBS has increased the attention spending institutions and Parliament pay to the budget support process (¶B4.7).</li> <li>• Improvements in accountability are often inadvertently undermined by IP actions (¶B4.12).</li> <li>• TA/CB inputs linked to PGBS have supported PFM improvements but they have not been systematic or strategic, and the quality of the dialogue has been poor (¶B4.16).</li> <li>• Complementarity of PGBS inputs has not been maximised, as the relative focus of PFM reform has been at the centre, despite the large increases of funding to local governments (¶B4.18).</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain the relative change in the mix of aid instruments (R1).</li> <li>• Develop a strategy for building accountability systems to domestic stakeholders, which also satisfies IP demands (R17).</li> <li>• Develop a strategy (not project proposal) for PFM reform. Align TA/CB to PFM with this plan (R20).</li> <li>• Increase the relative focus on systemic PFM issues at LG level (R21).</li> </ul>	<p>IPs (ST–MT)</p> <p>IPs + GOU (MT)</p> <p>GOU (ST)</p> <p>GOU + IPs (ST–MT)</p>

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><i>EQ5. Policies and processes</i></p> <ul style="list-style-type: none"> <li>Uganda has a particularly well developed set of policy processes at the sector level many of which pre-dated PGBS, and increasingly so in crosscutting areas of reform such as decentralisation and PFM. However the political ownership of these processes has weakened.</li> <li>PGBS and non-PGBS IPs are participants in policy making at the sector and cross sector levels. At first there was a strong coincidence of interests between the President, MFPED and the IPs, but this coalition is increasingly fragile. Where the quality of dialogue is good, this has played a positive role in policy processes. Donor influence was partly responsible for the involvement of a wider range of stakeholders, including civil society, in policy processes; although some question its meaningfulness.</li> <li>Processes are often adaptive to circumstances and constraints, including political decisions such as free healthcare. While cross-cutting processes are less well developed, the policy dialogue and conditionality helped protect some of the ongoing reform processes in PFM and decentralisation from opponents, and maintain the pace of reform.</li> <li>Sector policies and public expenditures are particularly explicitly linked in Uganda, and the Long Term Expenditure Framework has added a long-term perspective. However, policies have often been public-sector-dominated and neglected the role of the private sector, although these issues are increasingly prominent.</li> </ul>	<ul style="list-style-type: none"> <li>The success of policy reforms has relied on a coalition of interest between the presidency, MFPED and IPs, which is now weakening (§B5.5).</li> <li>Sector policy processes in Uganda are particularly well developed, as are the processes of dialogue supporting it (§B5.5).</li> <li>PGBS has fostered greater participation in policy dialogue, although those participating often do not feel they have voice (§B5.5).</li> <li>The policy agenda has been dominated by the public sector although productive and private sector issues are increasingly being taken up (§B5.12).</li> <li>On balance dialogue and conditions relating to PGBS have a positive role in refining policy content and providing impetus for reforms. (§B5.12, §B5.13).</li> <li>There is a particularly strong link between policies and public expenditures, especially in those sectors with SWAps (§B5.13).</li> </ul>	<ul style="list-style-type: none"> <li>Continue to develop sector-style processes of strategy and dialogue in cross-cutting areas of reform (e.g. decentralisation, PFM), and in sectors without SWAp processes (R12).</li> <li>Greater understanding of the political economy of reforms should be developed (R30).</li> <li>Try to ensure policy processes provide room for domestic constituents in the dialogue (R19).</li> <li>Continue emphasis on dialogue about private and productive sector issues (R15).</li> </ul>	<p>IPs (MT)</p> <p>IPs (ST–MT)</p> <p>IPs + GOU (MT)</p> <p>IPs + GOU (MT)</p>

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><i>EQ6. Macroeconomic performance</i></p> <ul style="list-style-type: none"> <li>The foundations for Uganda's strong macroeconomic performance had been laid before the new GBS, and BOP support was crucial to this. PGBS has facilitated the maintenance of fiscal discipline through providing a long-term source of foreign exchange; a dialogue on macroeconomic issues with the IMF continues and PGBS disbursements are usually tied to Uganda remaining on track with the IMF.</li> <li>Increases in aid, and PGBS insofar as it has facilitated a rapid expansion in aid, have contributed to an increase in the costs of budget financing, as the GOU has chosen a sterilisation strategy which favours issuing domestic debt relative to selling foreign exchange. This strategy has been chosen because of concerns over the effect of high aid flows on export growth.</li> <li>Higher interest rates as a result of this strategy are likely to have a detrimental effect on the private sector. Overall, however, both private sector investment and export growth (in terms of volume at least) have been buoyant, indicating that aid-fuelled increases in public expenditure have not excessively crowded out private sector growth.</li> <li>Although domestic revenues are low, they have been growing as a proportion of GDP and there is no evidence to suggest that PGBS is having a negative effect.</li> <li>There is strong commitment politically and within MFPED and BOU to the maintenance of fiscal discipline and macroeconomic stability, which PGBS has supported, but not caused.</li> </ul>	<ul style="list-style-type: none"> <li>Macroeconomic stability preceded PGBS, but PGBS has facilitated the maintenance of fiscal discipline through provision of long-term finance (¶B6.17), although a rapid withdrawal of PGBS would, however have a destabilising effect on the situation.</li> <li>Aid and PGBS have contributed to an increase in the cost of budget finance due to GOU's chosen sterilisation strategy (¶B6.20).</li> <li>There is little evidence to suggest that PGBS-fuelled increases in public expenditure have significantly crowded out private sector growth, or undermined domestic revenue collection (¶B6.22 and ¶B6.22).</li> <li>Strong political and institutional commitment to macroeconomic stability, which was present prior to PGBS, has been reinforced by PGBS (¶B6.26).</li> </ul>	<ul style="list-style-type: none"> <li>Donors provide safeguards against a rapid withdrawal of GBS (R2).</li> <li>Assess long-term absorptive capacity of aid, and investigate the efficiency of GOU sterilisation choices (R27).</li> </ul>	<p>IPs (ST)</p> <p>IPs + GOU (ST)</p>

*Annex 8: Standard Summary Table of Findings, Conclusions and Recommendations*

<b>Findings</b>	<b>Conclusions</b>	<b>Recommendations</b>	<b>Implementation (who/when)</b>
<p><i>EQ7. Delivery of public services</i></p> <ul style="list-style-type: none"> <li>• PGBS funding has accelerated increases in the quantity of basic services delivered by local governments from which the poor have undoubtedly benefited, although the targeting of those services is not always pro-poor. The quality of services in health and education is very weak, and has yet to recover from the abolition of user charges.</li> <li>• Through its flexibility, PGBS has also allowed more efficient and effective resource allocation for service delivery. This manifests itself in the extent to which the GOU has been able to expand expenditure on the recurrent aspects of service delivery in some sectors, alongside development spending.</li> <li>• The PAF facilitated this, and the notional earmarking of PGBS to PAF and sectors helped accelerate the change. Decentralisation has been a key reform and through facilitating increased transfers to local governments PGBS funds have helped to strengthen new institutional relationships in service delivery and building institutional capacity in local governments. However, conditional grants have given LGs limited autonomy, which has undermined the responsiveness of those services.</li> <li>• There has been limited focus on local accountability issues, and strengthening service delivery institutions, beyond increasing the inputs available to them. This in part is due to the fact that TA/CB have been weakly oriented towards these areas.</li> </ul>	<ul style="list-style-type: none"> <li>• PGBS has facilitated a huge expansion in basic service delivery by local governments, and the poor have benefited from that expansion, but the quality of services is very weak (¶B7.13).</li> <li>• Local governments have been empowered by increases in funding, but PGBS funding has been biased towards increasing the supply of inputs, while TA/CB have not been focused on building responsive and sustainable provider institutions (¶B7.20).</li> </ul>	<ul style="list-style-type: none"> <li>• There needs to be a drive to ensure quality of existing services, and focus on building the capacity of service delivery institutions, not only continued service expansion (R16).</li> <li>• TA/CB need to be oriented towards building capacity of service providers (R22).</li> <li>• Actively seek to maximise complementarity of aid inputs (funds, TA/CB) in building capacity (R23).</li> </ul>	<p>GOU (ST–MT)</p> <p>IPs + GOU (ST–MT)</p> <p>IPs + GOU (MT)</p>

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><i>EQ8. Poverty reduction</i></p> <ul style="list-style-type: none"> <li>PGBS has made a major and efficient financial contribution to the expansion of service delivery that the poor have been able to access, although weak quality is undermining the benefit accrued from those services.</li> <li>PGBS funds have supported a generally positive macroeconomic environment which has supported income growth; beyond this, PGBS influence is limited. Non-financial inputs have fostered policy review, which has highlighted the need to pay more specific attention to service quality and income poverty in future.</li> <li>PGBS has supported decentralisation which is intended to encourage participative decision making; however, the impact on empowerment of the poor is not conclusive. There have not been significant improvements in the administration of justice or human rights, and conflict in the north of Uganda has received limited attention.</li> <li>The early domination of the social-service-driven agenda has limited the room for financing public sector action which promotes income generation and growth.</li> </ul>	<ul style="list-style-type: none"> <li>The major contribution of PGBS to poverty reduction has been through the expansion of basic services (¶B8.8).</li> <li>The effects of PGBS on income poverty have been far weaker, and indirect, through facilitating macroeconomic stability which in turn fosters growth (¶B8.9).</li> <li>There is little discernible effect of PGBS on empowerment and the administration of justice (¶B8.11).</li> </ul>	<ul style="list-style-type: none"> <li>Continue to shift attention in the dialogue towards service quality and income generation (R16).</li> </ul>	<p>IPs + GOU (ST–MT)</p>

*Annex 8: Standard Summary Table of Findings, Conclusions and Recommendations*

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><b>EQ9. Sustainability</b></p> <ul style="list-style-type: none"> <li>The scope for involvement of IPs in policy processes and the nature of those processes at the sector and cross-sector levels provide substantial scope for shared learning; however, short institutional memory on the side of IPs undermines this somewhat.</li> <li>In Uganda there are mechanisms for monitoring the three main flows of GBS; however, there is an imbalance in monitoring the intermediate levels in the results chain. Expenditure-level and outcome-level monitoring are improving, but routine data collection on the direct results of public sector action is limited, and this limits the scope for evidence-based decision making.</li> <li>Systems for providing feedback through sector review mechanisms and the PRSC steering committee are well established. However, the apparent reduction in political involvement in these processes does not augur well for sustainability. In addition concerns about political transition and corruption make it harder for IPs to justify aid, and PGBS because of its un-earmarked nature, to domestic constituents.</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue allows plenty of scope for shared learning, but IP institutional memory is short. (¶B9.8).</li> <li>Inadequate monitoring of intermediate results means the information available for policy making is unbalanced (¶B9.11).</li> <li>Adequate forums now exist to provide stakeholders with feedback (¶B9.14).</li> <li>Weakening political ownership, combined with concerns of political transition and corruption, is making it increasingly difficult for IPs to justify GBS to domestic constituents (¶B9.14).</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the turnover of donor staff, and train them on GOU systems (R30).</li> <li>Ensure routine information on intermediate results integrated into decision making (R28).</li> <li>IPs need to develop a greater understanding of the political economy of reforms being sponsored in the dialogue (R30).</li> <li>The objectives and uses of PGBS must be clearly signalled alongside other instruments to retain political support of home constituencies. Aid strategies should ensure that one instrument is not more vulnerable than another to short-term cuts (R6).</li> </ul>	<p>IPs (ST)</p> <p>GOU (ST–MT)</p> <p>IPs (ST)</p> <p>IPs (MT)</p>





*Annex 8: Standard Summary Table of Findings, Conclusions and Recommendations*

<b>Findings</b>	<b>Conclusions</b>	<b>Recommendations</b>	<b>Implementation (who/when)</b>
<p><i>C2. Public and private sector issues</i></p> <ul style="list-style-type: none"> <li>• There was an early bias in PGBS towards social sector service delivery in terms of dialogue and funding. The PAF and SWAps combined with notional earmarked budget support contributed to the skewing of budget allocations towards the social sectors.</li> <li>• Dialogue relating to the productive sector now has a higher profile, but the expansion of initiatives such as the Agricultural Advisory Services is constrained by the decision to limit the growth of public expenditures, due to concerns of crowding out the private sector.</li> </ul>	<ul style="list-style-type: none"> <li>• PGBS initially had a public sector bias, only recently giving emphasis to the productive sectors (¶C2.2 and ¶C2.4).</li> <li>• It has subsequently proved difficult to expand public sector programmes which are oriented towards agriculture and the private sector. (¶C2.11)</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to increase the profile of productive and private sector issues (R15).</li> <li>• Review the definition of pro-poor expenditures eligible for the PAF (R25).</li> <li>• Increase the flexibility of the PAF to facilitate expansion of growth-promoting initiatives (R26).</li> </ul>	<p>GOU + IPs (MT)</p> <p>GOU + IPs (MT)</p> <p>GOU + IPs (MT)</p>

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><b>C3. Government capacity and capacity building</b></p> <ul style="list-style-type: none"> <li>PGBS has supported improving capacity, mainly through the empowering effects of the flow of funds, and strengthening policy and budgeting systems. TA and CB have been the least well specified inputs of PGBS, and have been uncoordinated and fragmented.</li> <li>Capacity building with respect to PFM is central to PGBS, yet support has been weakly coordinated, although there are signs of improving collaboration among donors.</li> <li>Given their responsibility for basic services, local government capacity is also important. Again the flow of PGBS funds has contributed most. Innovative approaches to CB include linking funding to capacity assessments, and the recent introduction of standardised training curriculums. However, the effect on service delivery remains indirect. Meanwhile approaches to TA/CB support to local services within sectors is varied, with some sectors strengthening local government systems, and others bypassing them.</li> <li>There has been limited progress in other important capacity-related issues, such as pay reform, despite priority in the PRSC dialogue, due to lower bureaucratic and political support.</li> </ul>	<ul style="list-style-type: none"> <li>Capacity development has not been very systematically addressed by PGBS (§C3.1).</li> <li>The flow of PGBS funds has had the greatest impact in capacitating government (§C3.3 and §C3.4).</li> <li>Capacity support for PFM has been weakly coordinated in the PGBS era, although there are recent signs of greater collaboration (§C3.3).</li> <li>Innovative approaches to LG CB, married with the flow of PGBS funds, have had some success, although service providers remain weak (§C3.6).</li> <li>Despite prominence in the PRSC, there has been inadequate backing and progress in pay reform (§C3.11).</li> </ul>	<ul style="list-style-type: none"> <li>The GOU develops improved strategies for institutional CB for PFM, local governments, and service delivery. Donors align TA/CB to this (R20).</li> </ul>	<p>GOU (ST–MT)</p>

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><b>C4. Quality of partnership</b></p> <ul style="list-style-type: none"> <li>On balance, Uganda supports the contention that PGBS conditionality is qualitatively different from earlier structural adjustment approaches. Agreed conditions serve as information signals to constituents, and provide impetus to technical reforms, they do not simply "buy reform" or "make things happen". The quality of dialogue and appropriateness of conditions are undermined by the weak capacity of IPs to engage in the dialogue, exacerbated by the high turnover of donor staff.</li> <li>As GBS is disbursed using government systems, it costs less to administer, and joint PRSC and sector dialogues reduce duplication, although they can be unwieldy. However, increases in project support mean that transaction costs, in aggregate, may not be falling.</li> <li>The interplay of aid modalities is a key issue in Uganda. There is significant complementarity between modalities, and all donors use some mix of instruments. The scale of the shift to PGBS was, however, crucial in its success, while the persistence of parallel projects undermines the efficiency of PGBS. Different sectors have widely differing mixes of project and on-budget financing; however, there is no systematic policy on the role of different instruments.</li> </ul>	<ul style="list-style-type: none"> <li>There is evidence of a qualitative shift in conditionality, but its appropriate role is not always understood (§C4.5).</li> <li>IPs often do not have the capacity to engage in meaningful dialogue (§C4.6).</li> <li>A relative shift to budget support did reduce transaction costs, but recent increases in project support are undermining this (§C4.7).</li> <li>The interplay of PGBS with other instruments shows significant complementarities, but parallel project funding also reduces the efficiency of PGBS (§C4.10). The significance of this varies between sectors, which face different configurations of GOU and IP interests.</li> <li>The recent decision to integrate projects within budget ceilings will present a challenge in this respect to both GOU and IP stakeholders in each sector (§C4.13, §C4.14).</li> </ul>	<ul style="list-style-type: none"> <li>IPs ensure low turnover of staff, who should be trained on GOU systems before they start work (R30).</li> <li>IPs should develop capacity to understand political aspects of reform (R30).</li> <li>IPs should focus on fewer sectors and use more delegated cooperation (R30).</li> <li>An explicit policy on the role of different instruments should be developed, and the balance between instruments in each sector should be reviewed (R7, R9).</li> <li>Ensure that one instrument is not more vulnerable than another to short-term cuts (R6).</li> </ul>	<p>IPs (MT)</p> <p>IPs (MT)</p> <p>IPs (MT)</p> <p>GOU (ST)</p> <p>IPs (MT)</p>

Findings	Conclusions	Recommendations	Implementation (who/when)
<p><i>C5. Political governance and corruption</i></p> <ul style="list-style-type: none"> <li>• "Governance" covers a spectrum of political and technical issues which have become increasingly important in the relationship between GOU and IPs over recent years.</li> <li>• Many aspects of governance, including human rights, are addressed in the PEAPs, but political ownership of the PEAPs has been diminishing. Efforts by bilateral donors to raise governance concerns through a "governance matrix" have had limited success. At the same time, the potential for political crises to undermine the relationship seems to be increasing.</li> <li>• Corruption is especially corrosive of IP support for PGBS, but there has been more success in strengthening basic PFM systems and increasing transparency than in high-profile anti-corruption legislation.</li> <li>• Many of the reforms and capacity improvements supported by PGBS are equally relevant to the accountability requirements of domestic stakeholders as well as IPs.</li> </ul>	<ul style="list-style-type: none"> <li>• Performance against governance criteria is difficult to measure objectively, but there has been a growing gap between GOU performance and IP expectations (some of which were based on an initial misreading of Ugandan politics) (¶C5.6–¶C5.7).</li> <li>• PGBS offers opportunities for engagement with GOU on a range of governance issues, but it cannot buy governance reforms that threaten key political interests (¶C5.11).</li> <li>• It should not be assumed that PGBS is automatically more vulnerable to corruption than other forms of aid. Safeguards in delivery of PGBS are important, but it also offers opportunities to strengthen GOU fiduciary systems (¶C5.15).</li> <li>• There is need for realism about the scope and pace of reforms that can be achieved through essentially technocratic means (¶C5.16).</li> </ul>	<ul style="list-style-type: none"> <li>• IPs should continue to engage on the governance agenda set out in the PEAP, but be realistic about areas where progress is most feasible (R14).</li> <li>• IPs should seek forms of graduated response to political concerns that do not undermine the fundamental long-term objectives of PGBS (R4).</li> <li>• Without neglecting other aspects of corruption, IPs should persist with a long-term strategy: using the influence that PGBS brings to strengthen financial management, transparency, procurement standards and so forth, at both central and local government levels, in ways that reflect domestic democratic interests as well as IPs' own fiduciary concerns (R18).</li> </ul>	<p>IPs (MT)</p> <p>IPs (MT)</p> <p>IPs (MT)</p>

## Annex 9: Counterfactuals Mentioned in Country Reports

The first two columns of the matrix below show the possible counterfactuals mentioned for each main evaluation question (EQ) in guidelines to the country teams (see Annex 5, Box 5.2 above). The country report chapters addressing each EQ all concluded with paragraphs discussing the applicable counterfactuals. The third column below shows which main counterfactuals were mentioned in each of the country reports.

Alternative aid modalities feature strongly among the counterfactuals. However, the reports' reflections on counterfactuals are very nuanced because (a) the appropriate counterfactual is a matter of conjecture, rather than an alternative scenario that can be reconstructed in detail; (b) a complete substitution of one modality for another is rarely seen as a realistic option; and in any case, (c) many of the more interesting observations are about the interactions between different aid modalities. Explicit consideration of counterfactuals thus encouraged reflection on complementarities as well as possible substitution among aid modalities.

EQ / LEVELS/ & DAC CRITERIA	POSSIBLE COUNTERFACTUALS	COUNTERFACTUALS MENTIONED IN CRS	
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?	Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	BF	Other forms of aid and previous forms of budget support.
		Mal	Project aid; earlier GBS operations.
		Moz	Project aid; earlier forms of programme aid; sector-focused support.
		Nic	Previous modalities.
		Rw	Structural adjustment programme aid; project aid; larger amounts of PGBS.
		Ug	Former types of programme aid; debt relief; projects with SWAps; earmarked budget support.
		Vn	Previous programme aid; other modalities without PGBS.
2. Has PGBS contributed to greater harmonisation and alignment of the aid process?	What would have been the difference to H&A in the absence of PGBS (most likely alternative scenario)?	BF	International harmonisation efforts but without PGBS; promoting H&A through projects or sector support.
		Mal	Delegation to a single donor; coordination around projects; SWAps.
		Moz	Other aid instruments.
		Nic	Other aid instruments without PGBS.
		Rw	Other aid modalities.
		Ug	Absence of PGBS.
		Vn	OECD DAC initiatives without PGBS; other forms of programme aid.

EQ / LEVELS/ & DAC CRITERIA	POSSIBLE COUNTERFACTUALS	COUNTERFACTUALS MENTIONED IN CRs	
<b>3.</b> How efficient, effective and sustainable has been the contribution of PGBS to the performance of public expenditures?	(a) same aid volume, alternative modalities; (b) less aid.	BF	Increase in public expenditures through projects or sector support; or HIPC without balancing effect of PGBS.
		Mal	Higher levels of PGBS; greater project assistance; the GBS of earlier periods.
		Moz	Project-focused or sector-focused aid.
		Nic	Structural adjustment form of programme aid; project aid; sector aid.
		Rw	Other aid modalities.
		Ug	Structural adjustment/debt relief; projects; sector approaches.
		Vn	Less on-budget aid (without PGBS).
<b>4.</b> 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?	Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	BF	1990s-style macro and debt-service support; exclusive project support; sector support plus earmarked budget support.
		Mal	PGBS without suspension; project aid; efforts to strengthen PFM without PGBS.
		Moz	Other aid modalities, including programme aid and debt relief.
		Nic	Project and sector work.
		Rw	Pre-PGBS arrangements; sector support.
		Ug	Continuation of other modalities without PGBS, or with only sector budget support.
		Vn	Previous programme aid; project and programme support without PGBS.
<b>5.</b> How efficient, effective and sustainable has been the contribution of PGBS to improving public policy processes and policies?	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.	BF	Structural adjustment support; sector and project aid.
		Mal	Other aid instruments; project aid; technical assistance.
		Moz	Project aid and technical assistance.
		Nic	Project and sector approaches.
		Rw	Pre PGBS arrangements; sector support, other forms of pooled funding,
		Ug	SWAp processes etc without PGBS.
		Vn	Previous programme aid; other aid modalities without PGBS.
<b>6.</b> How efficient, effective and sustainable has been the contribution of PGBS to macroeconomic performance?	(a) same aid volume, alternative modalities; (b) less aid.	BF	Projects and programmes; influence of WAEMU.
		Mal	Continued disbursement of PGBS; project-tied aid.
		Moz	Less aid, and/or less on-budget aid.
		Nic	HIPC and PRSP dialogue without the prospect of PGBS.
		Rw	Project aid; short-term removal of PGBS.
		Ug	Equivalent volume of aid provided through other modalities.
		Vn	Stand-alone projects.

*Annex 9: Counterfactuals Mentioned in Country Reports*

EQ / LEVELS/ & DAC CRITERIA	POSSIBLE COUNTERFACTUALS	COUNTERFACTUALS MENTIONED IN CRs	
<b>7.</b> How efficient, effective and sustainable has been the contribution of PGBS to improving government performance in public service delivery?	Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	BF	Classical aid approaches [different conclusions for health vs. education].
		Mal	No PGBS; earmarked funding.
		Moz	Project-focused and sector-focused aid.
		Nic	Other aid modalities.
		Rw	Project aid; targeted sector/programme funding; pooled cross-sectoral funding to decentralised levels.
		Ug	Sector and project modalities without PGBS.
		Vn	Previous forms of programme aid; project aid, without channelling through government systems.
<b>8.</b> How far has PGBS strengthened government impact on poverty?	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.	BF	Classic projects.
		Mal	Project and sectoral aid.
		Moz	Other aid modalities.
		Nic	Too soon to assess PGBS effect; therefore too soon to assess counterfactual (e.g. project support via social fund).
		Rw	Project aid.
		Ug	Smaller volume of aid (without PGBS).
		Vn	Previous forms of programme aid; project aid.
<b>9.</b> Is the PGBS process itself sustainable?	Structural adjustment type BS; other BS; other forms of aid; alternative designs of BS; alternative combinations of PGBS with other forms of aid.	BF	Structural adjustment programmes.
		Mal	Alternative aid modalities.
		Moz	No aid; alternative aid modalities.
		Nic	Sector approaches.
		Rw	Alternative aid modalities.
		Ug	Sector and project approaches without PGBS.
		Vn	Stand-alone projects; sector approaches; sector budget support.





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

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London  
SW1E 5HE

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Public Enquiry Point: 0845 300 4100  
From overseas: + 44 1355 84 3132  
ISBN: 1 86192 888 2