

GLOSSARY OF SELECTED MONITORING & EVALUATION METHODS AND MECHANISMS

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ACRONYMS AND ABBREVIATIONS

BIA	Benefit Incidence Analysis
CBA	Cost-Benefit Analysis
CEA	Cost-Effectiveness Analysis
CGE	Computable General Equilibrium Model
CRC	Citizen Report Card
CSC	Community Score Card
CSO	Civil Society Organization
CWIQ	Core Welfare Indicators Questionnaire
GBS	General Budget Support
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Country
OECD/DAC	Development Assistance Committee of the Organization for Economic Co-operation and Development
IED	Independent Evaluation Department of the World Bank
iPRSP	Interim Poverty Reduction Strategy Paper
JSAN	Joint Staff Advisory Note
LogFrame	Logical Framework
LSMS	Living Standard Measurement Survey
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
NGO	Non-Governmental Organization
PAF	Performance Assessment Framework
PBA	Participatory Beneficiary Assessment
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PME	Participatory Monitoring and Evaluation
PO	Poverty Observatory
PPA	Participatory Poverty Assessment
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
PRSP-APR	Annual Progress Report of the PRSP
PSIA	Poverty and Social Impact Analysis
QSDS	Quantitative Service Delivery Survey
RIA	Revenue Incidence Analysis
ROM	Results Oriented Management
RRA	Rapid Rural Appraisal
SDS	Service Delivery Survey
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VfM Audit	Value for Money Audit

OBJECTIVES AND BACKGROUND

The shift in aid modalities is characterized by an increased emphasis on evidence-based and iterative policy-making, results-orientation and accountability¹. In order for those principles to be realized, there is a growing need for sound monitoring and evaluation (M&E). Shifting aid modalities on the other hand impose a number of important reforms on donors' and recipients' M&E processes. Changes are needed both in terms of M&E roles and responsibilities of donors and recipients as well as in M&E tools and methods.

A more in-depth discussion about changing M&E responsibilities of recipients and donors as well as progress in the implementation of the reform agendas on the ground have been set out in more detail in the Briefing Note 'Informatieve Nota Monitoring and Evaluatie' (Holvoet, 2006). The present document is complementary to the latter Briefing Note. It gives a more concrete and practical overview of a selected set of instruments of monitoring and evaluation that are often referred to in the context of new aid modalities.

The aim is to give aid and development practitioners, both on donor's as well as recipient's side a quick overview of the *purpose* and *basic principles* of different M&E methods as well as an oversight of major *strengths* and *weaknesses*. Each instrument or method is illustrated through an *example* and *suggestions for further reading* are added.

The paper set outs with **a first introductory section** where a number of important basics regarding monitoring and evaluation are being introduced. Definitions and objectives of 'monitoring' and 'evaluation' are presented as well as different possible classification criteria for monitoring and evaluation exercises. Criteria include:

- Location in the intervention cycle
- Scope
- Actors involved
- Type of methodology

These criteria may prove helpful to classify the expanding set of M&E instruments & methods or to organize and elaborate M&E exercises yourself.

Section two provides more in-depth information about a selection of M&E instruments. For reasons of clarity and comparability, the discussion of these instruments has been structured uniformly. It includes:

- Definition
- Advantages
- Disadvantages
- Example
- Suggestions for further reading

¹ It involves 'mutual accountability' from recipient governments to donor agencies and vice versa as well as 'accountability' from both these (intermediate) actors towards their own constituencies.

At the end of this second section **an overview matrix** is included with summarises for the majority of the instruments discussed in section 2 information on:

- Time required
- Cost
- Type of methodology (quantitative/qualitative)
- Scope (Input/output/outcome/impact)

The selection and description of instruments is not exhaustive and has been guided by recent M&E handbooks of evaluation units and networks (including the IED of the World Bank and the Evaluation Network of the OECD/DAC). This document would benefit from comments and experiences of development practitioners on the ground and your input could be useful in updating and complementing the document.

I. INTRODUCTION

Monitoring and Evaluation: some basics

I.1. Evaluation, Review, Monitoring, Audit: Definitions and Objectives

I.1.1. Definitions

The OECD/DAC glossary ‘*Key terms in Evaluation and Results Based Management (2002)*’ defines **‘evaluation’** as follows:

“the systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results”. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors” (OECD/DAC, 2002, p. 20)

Emphasis on notions as ‘*systematic*’, ‘*objective*’, ‘*credible*’, ‘*useful*’ imposes a number of requirements on *the actors* involved as well as on the *methods* used (see infra).

A related notion that is currently increasingly used is **‘review’**. The OECD/DAC (2002) uses the following definition (p. 34):

“an assessment of the performance of an intervention, periodically, or on an ad hoc basis”.

While some use the notions of ‘review’ and ‘evaluation’ interchangeably, ‘evaluation’ normally refers to a more in-depth analytical exercise than ‘review’.

‘Monitoring’ is defined as:

“a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds” (OECD/DAC, 2002, p. 28)

In the context of new aid modalities, there is an increasing focus on ‘monitoring’, at the expense of evaluation. Both notions are sometimes even used as synonyms. These tendencies are partly related to the fact that the scope of ‘monitoring’ has been enlarged with the increased importance attached to ‘results orientation’. Whereas the scope of monitoring used to be confined to inputs, activities and outputs (‘implementation’ monitoring), nowadays there is a broadening towards monitoring of outcomes and impacts (‘results’ monitoring) (see Kusek and Rist, 2004, p. 15-17). In spite of the expanding role for monitoring there remain important **differences among ‘monitoring’ and ‘evaluation’** (see also Kusek and Rist, 2004, p. 13-14).

- Monitoring assesses ‘*whether*’ different levels of an intervention (inputs, activities, outputs, outcomes, impact) are realized as expected. Evaluation focuses more on the ‘*why*’ question.
- Monitoring is rather *descriptive* whereas evaluation entails a more in-depth *analytical* assessment of the underlying reasons for the achievement and non-achievement of the objectives.
- An evaluative exercise focuses on the *linkages* (‘flows’) between the different levels in the intervention whereas monitoring focuses on the degree of realisation of those different intervention levels themselves (‘the stocks’). An evaluative exercise that ‘narrowly’ focuses on ‘causality’ (impact) calls for *a number of methodological requirements* to be fulfilled and is normally *more technically and time demanding*.

Monitoring and evaluation are different but highly ‘complementary’ activities. As Kusek and Rist put it (2004, p. 13):

“evaluation is a complement to monitoring in that when a monitoring system sends signals that the efforts are going off track (for example that the target population is not making use of the services, that costs are accelerating, that there is resistance against an innovation, and so forth), then good evaluative information can help clarify the realities and trends notes with the monitoring system”

Another notion that is related to M&E and that is increasingly being used in the context of new aid modalities (and particularly public finance management), is **audit**. It is defined by The OECD/DAC *Glossary of Key Terms in Evaluation and Results Based Management* as:

“an independent, objective assurance activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to assess and improve the effectiveness of risk management, control and governance processes” (OECD/DAC, 2002, p. 17)

A further distinction is made between (OECD/DAC, 2002, p. 17-18):

- *financial auditing*: focus on the compliance with statutes and regulations
- *performance auditing*: focus on ‘relevance’, ‘economy’, ‘efficiency’ and ‘effectiveness’ (see below for the definition of those different concepts)
- *internal auditing*: an assessment of internal controls undertaken by a unit reporting to management
- *external auditing*: assessment of internal controls conducted by an independent organisation
- *social audit*: An assessment of the social performance of an organization

I.1.2. Objectives of M&E

The specific objectives of ‘evaluation’, ‘review’, ‘monitoring’ and ‘audit’ are enshrined within the definitions of the different notions (see supra). In short, M&E exercises mostly attempt to satisfy objectives of **accountability** and/or **feedback** (lessons-learning).

The OECD-DAC *Glossary of Key Terms in Evaluation and Results Based Management* (2002) defines the notion of **‘accountability’**:

“obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis a vis mandated roles and/or plans. This may require a careful, even legally defensible, demonstration that the work is consistent with the contract terms”. Accountability in development may refer to the obligations of partners to act according to clearly defined responsibilities, roles and performance expectations, often with respect to the prudent use of resources. For evaluators, it connotes the responsibility to provide accurate, fair and credible monitoring reports and performance assessments. For public sector managers and policy-makers, accountability is to taxpayers/citizens” (OECD/DAC, 2002, p. 15)

The same document defines **‘Feedback’** as:

“the transmission of findings generated through the evaluation process to parties for whom it is relevant and useful so as to facilitate learning. This may involve the collection and dissemination of findings, conclusions, recommendations en lessons from experience” (OECD/DAC, 2002, p. 23)

and **‘Lessons-learning’** as:

“generalizations based on evaluation experiences with projects, programs or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact” (p. 26)

The function of feedback and lessons-learning may further be split between:

- **feedback to management:** focus is on feedback regarding inputs, activities and outputs. Information is generated through implementation (process) M&E.
- **feedback to policy:** focus is on feedback at the level of outcomes and impact. Information is generated through results & impact monitoring and evaluation.

→ **Realizing objectives of ‘feedback’ and ‘accountability’ calls for an emphasis on different principles:** i.e. accountability demands independency whereas for feedback and lessons learned to be achieved there is a necessary involvement of ‘insiders’. In practice, this often implies a certain degree of trade-off among the realisation of both objectives.

I.2. Classification of M&E exercises

One may classify M&E exercises along various classification criteria. Hereafter we provide a classification on the basis of:

- location in the intervention cycle (I.2.1)
- scope (I.2.2)
- actors (I.2.3.)
- methodology (I.2.4)

I.2.1. Location in the intervention cycle

M&E exercises may be differentiated on the basis of the moment they take place within the intervention cycle. The table below gives an overview of different phases, the activities that normally take place in those phases as well as the type of M&E exercises.

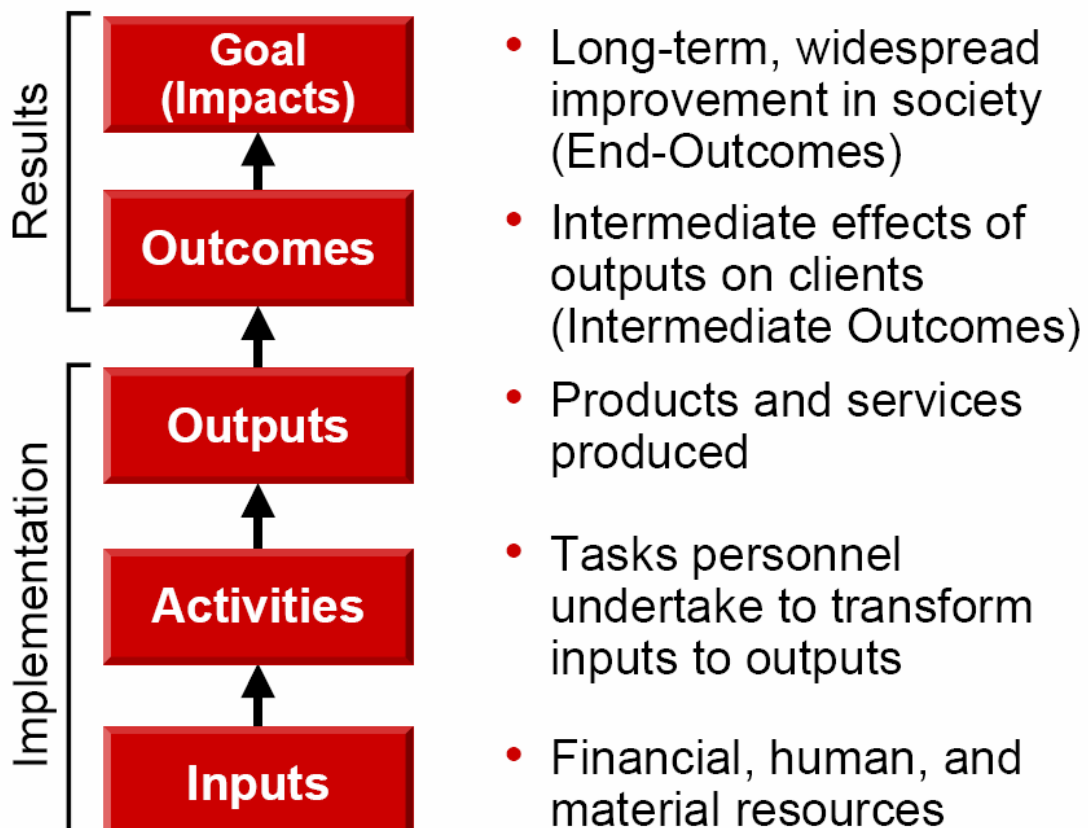
PHASES	ACTIVITIES	M&E exercises
Before	1. identification	-pre-feasibility study -problem diagnosis/analysis -needs assessment -risk assessment -identification of lessons-learned from the past -identification of indicators & targets
	2. preparation	-feasibility study
	3. decision-making	-appraisal -quality at entry test -ex-ante evaluation: .ex-ante relevance test .ex-ante Poverty and Social Impact Analysis .ex-ante cost-benefit/cost-effectiveness analysis .ex-ante Poverty Impact Assessment
During	4. implementation/supervision feedback to management	-tracking -audit -monitoring (implementation) .focus on inputs, activities and outputs -review -interim evaluation (inter-phase, mid-term) .evaluative analysis of non-achievement of inputs, activities and outputs .analysis of linkages among inputs, activities and outputs
After	5. end of intervention	-results/impact monitoring -review -evaluation (at the end of the intervention) .focus on outcomes and impact; and relevance

	6. lessons (feedback)	-ex-post evaluation .focus on outcomes, impact, relevance and sustainability
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I.2.2. Scope

Different M&E exercises may be distinguished on the basis of the subject of the exercise. In short, a differentiation among M&E exercises can mostly be made on the basis of their focus on specific level(s) (or relations among levels) within the results (logframe) chain of an intervention.

This is the case for the broad distinction that is currently being made among ‘implementation’ and ‘results’ monitoring and evaluation. The graph below indicates that in the case of **implementation M&E** (or process M&E) the focus is on the inputs, activities and outputs. There is a follow-up of the degree of realisation of targets set at each of these levels; and in case of non-achievement of the targets set for inputs, activities and outputs, an evaluative analysis is performed regarding the possible underlying reasons for the discrepancy among the targets set and realities on the ground. **Results M&E** focuses on the level of outcomes and goal (impact). Achievement of targets is monitored and in case of gaps between targets set and realisations on the ground, evaluative analysis is performed to unveil possible explanatory factors.



Source: Binnendijk (2000) cited in The World Bank Group. *International Program for Development Evaluation Training* (slide nr. 12 in Module 11. Building a Performance-Based Monitoring and Evaluation System).

When distinguishing M&E exercises on the basis of the well-known **evaluation criteria of ‘effectiveness’, ‘efficiency’, ‘impact’, ‘relevance’, ‘sustainability’** the focus is also on different levels (or relationships among levels) within the causal chain. This is evident from the definition of the different criteria:

Economy	A term indicating that the OUTPUTS were reached without wasting INPUTS.
Effectiveness	A term indicating whether an intervention has attained its OUTPUTS.
Implementation effectiveness	A term indicating whether the ACTIVITIES are performed as foreseen.
Efficiency	A measure of how economically resources/INPUTS are translated into OUTPUTS (comparing inputs with outputs).
Impact	A term referring to positive and negative, primary and secondary long-term effects produced by an intervention, directly or indirectly, intended or unintended (linking OUTPUTS to OUTCOMES/GOALS).
Relevance	The extent to which the GOALS of an intervention are consistent with the beneficiaries’ requirements, country needs, global priorities, and partner’s and donors’ policies (linking GOALS to results of prior needs analysis, poverty diagnosis).
Sustainability (viability)	A term indicating whether the intervention & results of the intervention will survive after the withdrawal of the external actor/funding agency. Also multiplier effects on similar activities outside the intervention may be classified under this heading.

Source: on the basis of OECD(DAC), 2002.

I.2.3. Actors

Depending on the type of actors that are taking the lead in an M&E exercise, a rough distinction is often made among **internal/external M&E** exercises. Mostly **external M&E** is thought to be more relevant for **accountability** purposes and **internal M&E** for **learning**. In order to ensure that external exercises also feed back into the intervention or similar types of interventions, more efforts are currently made to ensure some degree of involvement of internal actors (without however giving them a lead role). Whereas internal M&E is mostly not used for external accountability purposes because of the absence of the necessary degree of independence, they are neither to be confused with self-evaluations.

A notion that is increasingly used in the context of PRSP is **‘participatory’ monitoring and evaluation (PME)**. It emerged in the 1970s and it has since then particularly been used by NGOs and mostly at the project level. Whereas PME is not always used to cover

the same content, over the years there is a consensus that PME is broader than the mere ‘participation’ of stakeholders (particularly the targeted population) in data collection. It involves control of stakeholders (particularly the target group) over the different phases of an M&E process: from design of content, over data collection and analysis of findings to the identification of corrective actions. Nowadays, PRSP processes stimulate the usage of PME far beyond the project level; i.e. at the sectoral and national policy level. As indicated in World Bank (2003c), the expectation is that Participatory Monitoring and Evaluation helps in:

- *policy-making*: PME should facilitate the delivery of more complete information about the needs & constraints of the targeted population. This information is interesting for policy-makers as well as for the overall population.
- *empowerment* : PME as an approach that increases public awareness and that amplifies the voice of citizens.
- *good governance*: PME as a way of increasing accountability and transparency of public actions in order to improve public sector performance.
- *ownership*: PME as an opportunity to promote dialogue and cooperation among various stakeholders.

Another type of M&E exercises that is increasingly stimulated in the context of the new aid modalities are **‘joint’** M&E exercises in which different actors are involved. The move towards joint M&E exercises is conform the increased importance of harmonisation and alignment and the related methodological difficulties for M&E exercises. Different donors supporting jointly a government’s policy, mostly through general or sectoral budget support, face difficulties in attributing impacts to their own intervention. This ‘attribution problem’ is one of the factors that stimulate joint M&E exercises. OECD (DAC) (2002, p. 26) points at the fact that “there are various degrees of ‘jointness’ depending on the extent to which different individual partners cooperate in the evaluation process, merge their evaluation resources and combine their evaluation reporting”².

Table : Overview of classification according to the type of actors taking the lead

‘self(auto)’ M&E exercises	M&E exercises by those that are directly responsible for the design and implementation of an intervention. This type of evaluation is mostly not suited for accountability purposes, but may be interesting from a learning perspective.
‘internal’ M&E exercises	M&E exercises by a unit within the implementing agency/government who is not directly involved in the design or implementation of the intervention. Reporting is directly to the head department of the implementing agency.
‘external’ M&E exercises	M&E exercises by individuals or teams external to the implementing agency. Nowadays external evaluations often tend to involve (at least minimally) some key person from within the organisation in order to stimulate feedback of evaluation results.

² See OECD (DAC) (2006a). *Guidance for managing joint evaluations*. Paris: OECD (DAC), October 2006 for more information on joint evaluation in the context of development interventions (see www.oecd.org/dac/evaluationnetwork).

'participatory' (PME)	M&E	M&E exercises where stakeholders (particularly the targeted population) have control over different phases: design, data collection, analysis and identification of remedial interventions. Next to accountability and learning purposes, PME (at least when it is truly participatory) is also considered having empowering effects.
'Joint' M&E exercises		M&E in which different actors involved in an intervention participate.

Source: on the basis of OECD(DAC) (2002)

I.2.4. Methodologies

Generally, a distinction is made among **'quantitative'** and **'qualitative'** methodologies. The table below gives an overview of the main differences among the two types of methodologies. In short, quantitative methodologies allow collecting data on a broader scale through the use of closed questionnaires (survey) and statistical techniques of data analysis. Qualitative methodologies generate particularly (but not exclusively) information that may not be easily reduced to figures and that is not easy to manipulate statistically.

In the context of the PRSPs, which attempt to define 'poverty' in a more multi-dimensional way including also more qualitative, difficult-to measure, issues such as 'empowerment', 'vulnerability', there is a growing attention for qualitative methodologies and in particular for approaches and instruments of M&E that try to **combine both quantitative and qualitative methodologies**. Combining both methods allows to exploit at the same time their respective strengths and conclusions that are based upon a triangulation of qualitative and quantitative methodologies are mostly considered of higher validity.

Issues	Quantitative methods	Qualitative methods
Data collection instrument	<ul style="list-style-type: none"> Structured, formal³, predesigned questionnaires, example: Living Standards Measurement Survey, 	<ul style="list-style-type: none"> In-depth, open-ended such as key-informant interviews, case histories Ethnographic observation Beneficiary assessment Participatory data collection methods (PRA) Focus group discussion
Analytic method	<ul style="list-style-type: none"> Predominantly statistical analysis Deductive reasoning 	<ul style="list-style-type: none"> Inductive reasoning Interactive analytical process: research questions formulated,

³ "Formal methods are highly structured, following precise, established procedures that limit errors and biases. They generate quantitative data that are relatively accurate, enabling conclusions to be made with confidence. Because they have high reliability and validity, they generally have high credibility with decision-makers. Weaknesses include their expense and the requirements for highly technical skills." "Informal methods on the other hand are cheap, "quick and dirty" and susceptible to bias. They follow no standardised procedures, but rely on common sense and experience. They do not generate systematic, verifiable information, and are often not considered credible with decision-makers" (USAID, 1996, #5, p. 1).

		<p>answered and analyzed iteratively (see e.g. participatory poverty assessment)</p> <ul style="list-style-type: none"> • Methods are tailored to social context
Advantages	<ul style="list-style-type: none"> • Findings can be generalized • Can quantitatively estimate size and distribution of impact • Explains statistical correlation 	<ul style="list-style-type: none"> • Able to analyze behavioural responses, explore new hypothesis, recognize previously undiscovered phenomenon • More effective in capturing intra-household features and non-income dimensions of poverty • Can identify particularly vulnerable subgroups • Allows respondents to articulate their own views
Disadvantages	<ul style="list-style-type: none"> • Results not available for long period of time • Limited types of information can be gathered • Can sometimes be expensive and time-consuming 	<ul style="list-style-type: none"> • Findings difficult to generalize, and difficult to aggregate and compare systematically • Fieldwork requires greater research skills than for quantitative enumeration

Source: slightly adapted from World Bank (2003b). A user's guide to poverty and social impact analysis. Washington, D.C., World Bank, Poverty Reduction Group and Social Development Department.

II. OVERVIEW OF SELECTED M&E INSTRUMENTS

II.1. Participatory Poverty Assessment

Definition and Basic Principles

A participatory poverty assessment (PPA) is an instrument used for including poor people's views in the diagnosis and analysis of poverty as well as in the formulation of more efficient public actions to reduce it.

Generally PPAs are carried out as policy research exercises to better understand poverty from the perspective of the poor. In this way the multidimensional (social, local, institutional, political) context of poverty and its reproduction can be better understood as well as the view of the poor on the government and its current policies.

While the most important stakeholders involved in this assessment are poor men and women, PPAs can also address other audiences like policy-makers from different levels of government, politicians, civil society,... to know their interests and perspectives and increase the involvement and support by the population.

The techniques that are used in this approach are chosen to give the people a voice: different flexible participatory methods that combine visual methods (mapping, matrices, diagrams) and verbal techniques (open-ended interviews, discussion groups).

When used repeatedly (for instance every 5 years), it obviously can also highlight changes in levels of poverty.

Source: World Bank Website, 2006; World Bank, 2003b and Norton et al, 2001.

Advantages

- Broadening stakeholder involvement and thereby increasing general support and legitimacy for anti-poverty strategies.
- Enriching the analysis and understanding of poverty by including the perspectives of the poor.
- Providing a diverse range of valuable information on a cost-effective, rapid and timely basis.
- Creating new relationships between policy-makers, service providers and people in poor communities.

Source: Norton et al, 2001

Disadvantages

- There are certain ethical dilemmas:
 - The poor are asked to participate in a process which can be justified for a 'greater good', but that is unlikely to bring themselves substantial direct benefits. This inquiry might also be time demanding for the poor, especially during busy periods in the productive cycle.
 - False impressions can be given that the inquiries will lead to direct local assistance.

- The discussions around poverty might stir up divisions in the communities.
- As this method is not offering those who participate any form of direct decision-making control or authority, some policy messages may be lost during the translation of the findings into policy formulation. In a review of World Bank's poverty assessment in Africa, Whitehead and Lockwood (1999) (in Norton et al, 2001), for instance, point to the tendency for PPA messages concerning gender to fail to translate from PPAs to World Bank Country Poverty Assessments.

Source: Norton et al, 2001

Example

With the launch of the Poverty Eradication Action Plan (PEAP) in Uganda (1996-1997), some individuals in Government were conscious of the fact that although a significant level of consultation had been undertaken in the development of the PEAP, with donors, academia and NGOs, the poor themselves had not been consulted. When a World Bank Country Assistance Strategy further clarified how consultation with the poor could be useful, the idea of the Uganda Participatory Poverty Assessment Process (UPPAP) was born.

With a government in the lead from the beginning, and in control of the design process, a PPA was set up that revealed a highly complex picture of poverty and that successfully influenced government's policies. The main policy responses that were taken from the UPPAP findings were:

- The original priorities under the PEAP were confirmed, however, the provision of safe water has received significantly more resources, and the actions to improve security, governance and public service delivery to the poor have become central features of the new PEAP.
- Missing links in the processes of policy implementation were identified (the weakness in information flows, the need for budget flexibility to allow lower level governments to respond to local priorities and political accountability).
- Pro-poor shifts in the focus of sector policies have been implemented. The Plan for Modernisation of Agriculture, for example, was reoriented to food security and basic production needs of the poor.
- Key inter-sectoral areas that are important to tackle poverty and that current structures of Government are not well equipped to handle (nutrition, sanitation, information) were highlighted.

Source: Norton et al, 2001

Further Reading

- Norton, A., Bird, B., Brock, K., Kakande, M. and Turk, C. (2001). *A rough guide to PPAs, Participatory Poverty Assessment, an introduction to theory and practice* [online]. London, Overseas Development Institute. Available from: <http://www.odi.org.uk/pppg/publications/books/ppa.pdf>.
- On the World Bank participation-website more can be found on participatory M&E, e.g. PPAs: www.worldbank.org/participation.
- More on the PPA in Uganda can be found on the website of the UPPAP: <http://www.finance.go.ug/Uppap/index.htm>.

II.2. Survey

Definition and Basic Principles

A survey is a tool used to collect standardized information from a carefully selected sample of people or households that can be expected to adequately reflect the properties of the population.

Surveys can be used for:

- Providing baseline data against which the performance of the strategy, program or project can be compared.
- Comparing different groups at a given point in time (cross-sectional survey).
- Comparing changes over time in the same group (longitudinal survey).
- Comparing actual conditions with the targets established in a program or project design.
- Describing conditions in a particular community or group.
- Providing a key input to a formal evaluation of the impact of a program or project.
- Assessing levels of poverty as a basis for preparation of poverty reduction strategies.

Source: World Bank, 2004a

Advantages

- When the sample is representative for the larger population, findings from the sample can be applied to the wider target group or the population as a whole.
- Quantitative estimates can be made for the size and distribution of impacts.

Source: World Bank, 2004a

Disadvantages

- With the exemption of the Core Welfare Indicators Questionnaire(CWIQ), results are often not available for a longer period of time.
- The processing and analysis of data can be a major bottleneck for the larger surveys even when computers are available.
- Living Standard Measurement Survey (LSMS) and household surveys are expensive and time consuming.
- Many kinds of information are difficult to obtain through formal interviews. (E.g.: closed questionnaires used in surveys do not allow to grasp more qualitative types of information, this type is better obtained through open discussion.)

Source: World Bank, 2004a

Example

In the following sections, we will discuss different examples of surveys:

- Single-Topic household Surveys
- Multi-topic household Surveys
- Core Welfare Indicators Questionnaire
- Service Delivery Survey
- Citizen Report Cards

II.3. Single-topic Household Surveys

Definition and Basic Principles

A single-topic household survey is designed to collect data from every household or person in the sample with the goal of providing accurate measures on a certain topic (Scott, 2003).

Advantages

As these surveys focus on one topic, they are able to provide much greater depth of information on the subject of interest and allow a more thorough analysis than a multi-topic survey would allow (Scott, 2003).

Disadvantages

Although each of these surveys is valuable, they do not provide a comprehensive picture of the population and how it lives. This limits policymakers in their ability to understand the determinants of observed social and economic outcomes and, hence, their ability to design effective and efficient programs and policies. Multi-topic household surveys attempt to fill this gap (Scott, 2003).

Examples

Examples of single-topic household surveys are (Scott, 2003):

- **Labour force surveys:** These surveys have to provide precise estimates of key labour market variables such as labour force participation rates, unemployment rates, sectoral distribution of employment and characteristics of the labour activities of the working age population.
- **Income and expenditure surveys:** This type of survey has to provide inputs to National Accounts on consumer expenditures, track changes in expenditures over time and the relative share of different expenditures and provide the weights for the consumer price index.
- **Demographic and health surveys:** These surveys look at specific factors affecting health outcomes and fertility patterns.

II.4. Multi-topic Household Surveys

Definition and Basic Principles

Multi-topic household surveys provide a means to gather data on very diverse aspects of living standards to inform policy. For the content of such a survey to meet poverty-related analytic needs, certain elements need to be taken into account. To illustrate these points and to clarify certain elements, we will use the experience of the Living Standard Measurement Surveys (LSMS), a multi-topic household survey developed by The World Bank and very often used.

1. The survey aims to provide an adequate measure of poverty or welfare at the household level. In the LSMS data on total consumption are collected to get an indication of poverty. To ensure that the collected data reflects reality, similar data is collected in a variety of sections of the household questionnaire, which allows cross-checking.
2. The survey must collect data on a wide range of topics related to welfare and government programs and the linkages between them. As no country is equal to another and countries change over time, the content of the questionnaire might be different between countries and over time. The 60 different LSMS's undertaken in the past 17 years, covered the following topics:

Table 1: Topics covered by the LSMS during the past 17 years.

Household Demographics*	Food consumption (purchase, produced gift)*	Time Use
Housing*	Non-farm household businesses*	Anthropometrics
Education*	Agricultural Activities*	Privatization
Health*	Non-food consumption and durables*	Credit
Labour*	Other income (including public and private transfers)*	Subjective measures of Welfare
Migration*	Social Capital	
Fertility*	Shocks, Vulnerability	

Topics indicated with a dot are the ones most often used.

Source: Scott (2003)

3. To be successful, the development of a survey requires careful identification of the key policy issues. This will not only ameliorate the content of the questionnaire itself, the wide consultation will ensure ownership of the resulting data. In LSMS surveys, the questionnaire design phase takes, on average, about eight months and involves a fairly large group.
4. A final point that needs to be considered in the process of determining the content of the questionnaire is that of comparability. Whereas the content of the questionnaire might be different over time and between countries (see above in 2) maximum efforts are made to ensure as much as possible comparability over time and across countries.

As these surveys want to do more than just measuring variables, completeness, consistency and accuracy of the data collected within each household is imperative. To ensure this, attention has to be given to the quality of the survey, from the design to the analytic phase.

Source: Scott, 2003

Advantages

The method gives a comprehensive picture of the population, the determinants of poverty and the impact of government policy on the situation of the poor (Scott, 2003).

Disadvantages

- Given the complexity of the survey instrument, multi-topic household surveys tend to have small sample sizes, for both cost and quality considerations.
- Generally, these surveys are carried out infrequently and are not an integral part of the statistics system. This will be a problem when the analytic tool employed requires before and after data and/or panel data.
- Technically, these sorts of surveys are very demanding.
- The method is expensive and time-consuming.

Source: Scott, 2003

Example

In the post-war process of rebuilding the economic and social base of the country, the government of Bosnia-Herzegovina faced problems created by the lack of relevant data at the household level. To improve the amount of data available to policymakers, the statistical organizations of the country decided to implement a LSMS. The purpose of the survey was to collect data needed for assessing the living standard of the population and for providing the key indicators needed for social and economic policy formulation.

The subjects of the questions asked to the households were partially similar to many other LSMSs: housing, education, labour, migration, credit, vouchers, social assistance, consumption, agricultural and non-agricultural activities. To reflect the specific post-war circumstances of the country however, the module on health was expanded and incorporated 16 depression screening questions. The sample of households consisted of 5402 households drawn from rural and urban areas in the two entities of the country, to allow for comparison.

In the PRSP of the country we see that policymakers benefited from the information in the survey, mainly by the insights provided on poverty:

- The main reason for poverty did not seem to be unemployment, but low wages for those who were working.
- Contrary to the public opinion, war disabled and war veterans faced lower risk of sliding into poverty than the average inhabitant of the country.

Source: Government of Federation of Bosnia and Herzegovina, 2004 and World Bank, 2001.

Further Reading

- Grosh, M.E. and Glewwe, P. (2000). *Designing Household Survey Questionnaires for Developing Countries: Lessons from 15 Years of the Living Standards Measurement Study*. Volumes 1, 2, and 3. Washington, D.C., The World Bank.
- Grosh, M.E. and Glewwe, P. (1998). “The World Bank’s Living Standards Measurement Study Household Surveys”, *Journal of Economic Perspectives*. Volume 12, Number 1, Winter 1998: 187-196.

II.5. Core Welfare Indicators Questionnaire

Definition and Basic Principles

The Core Welfare Indicators Questionnaire (CWIQ) is another multi-topic household survey that is gaining importance. It generates the essential statistical indicators for policy-decisions very rapidly and helps the countries to develop their capacity to use such indicators to design and monitor programs and projects more effectively.

To be of optimal use for policymakers, the number of indicators that are measured is limited to those most relevant for making effective policy decisions:

1. indicators of standards of living for the household and household members (i.e. home ownership, percentage of households reporting diminishing/increasing land assets, type of home construction,...)
2. indicators of access, utilization and satisfaction with community and other basic services (i.e. access to clean water, primary and secondary education, local market, public transport,...)

Source: World Bank, 1999a

Advantages

- To shorten the time between initiation of the survey and the analysis of the data, measures are taken at every stage of the survey process to reduce time: questionnaires are standardized and have a simple structure and multiple choice questions, only one visit to the households is needed to get the data, data entry can be done by using scanners and the presentation of results is standardized (World Bank, 1999a).
- By keeping the number of indicators and the time of implementation low, this tool is an ideal instrument for annual consultation and informing policy-makers on the needs of the poor and the effectiveness of their policies. It makes the consultation of a large number of households possible and it often allows the disaggregation of the information on a regional, gender and age basis (Lucas et al., 2004; World Bank, 1999a).

Disadvantages

- As the key advantage of the CWIQ is its ability to provide quick information, the number of indicators is kept low. It is thus important for users of this method to withstand the pressure of adding questions that could lengthen the timeframe (World Bank, 1999a).
- While the CWIQ does collect a wealth of information, there exist a number of household welfare issues that it does not address. The CWIQ is not a survey to measure household income or expenditures. It cannot capture the intricacies of intra-household relations or the contributions by different members of the household to income or welfare. It does not address questions of seasonality or migration, nor detail the composition and production of agricultural holdings or other enterprises (World Bank, 1999a).

Example

To develop poverty profiles for the PRSP of Rwanda, the iPRSP mentions the plan of using a CWIQ (Government of Rwanda, 2000). The government choose this tool as it can monitor poverty and the effects of development policies, programs and projects on living standards in a relatively short time.

This information would then be used to:

1. furnish policy makers, planners and program managers with a set of simple indicators for monitoring poverty and the impact of development policies, programs and projects on the living standards of the people,
2. provide timely and reliable data for monitoring changes in the living standards of various sub-groups of the population,
3. provide inputs for the development of the poverty reduction strategy for the country.

In 2001, the survey was performed. The design of the sample was done in two steps. In a first stage, cells⁴ were selected, with a probability relative to their size. Within each cell, three “nyumbakumis⁵” were then selected randomly and within each, three households were selected randomly also. In this way, a total of 5800 households were selected nationwide, giving a sample size of 29500 individuals. The indicators used in the survey were of two types: 1) Indicators of standards of living for the household and household members, and 2) Indicators of access, utilization and satisfaction with community and other basic services (amenities, education, health, etc.).

In the PRSP we see that many of the findings of the CWIQ were used for defining policy priorities. Some of the findings used are summarized in the table below:

Source: Government of Rwanda, 2000, 2001 and 2002.

⁴ The cell is the smallest administrative unit, of which there are 8.768 in Rwanda. They are well known and easily identifiable because of the administrative structure under which it is placed (prefecture, commune, secteur, cells). Each head of a cell maintains a complete list of household and conversely each household knows to which cell it belongs.

⁵ Every ten (more or less) households have a head called “nyumbakumi”.

	<i>Total</i>	<i>All Rural</i>	<i>All Urban</i>	<i>Rural Poor</i>	<i>Urban Poor</i>
Household economic situation compared to one year ago					
<i>Worse now</i>	4,4	4,6	1,3	4,3	4,5
<i>Better now</i>	2,5	2,6	1	1,6	0,7
Access to water					
Safe water source	71,3	70	90,6	71,2	87,9
	57,6	55,8	85,6	57,5	82,7
Adult literacy rate					
	57,7	55,6	83,6	51,7	71,6
Primary school					
<i>Access to School</i>	53	51,1	82,7	53,1	84,9
<i>Satisfaction</i>	39,1	37,5	63,6	32,3	54,9
Medical services					
<i>Health access</i>	14,4	11,4	52,2	10,1	36,3
<i>Need</i>	38	38,7	28,3	37,3	28
<i>Use</i>	22,6	22,6	23,6	20,8	20,5
<i>Satisfaction</i>	12,5	12,4	13,3	11,9	9,3

Source: Government of Rwanda, 2001

Further Reading

- The World Bank's website on CWIQs (contains the World Bank CWIQ Handbook): <http://www4.worldbank.org/afr/stats/cwiq.cfm>

II.6. Service Delivery Survey/Client Satisfaction Survey

Definition and Basic Principles

A Service Delivery Survey (SDS) is a tool used by a government ministry or agency to assess the effectiveness and efficiency of public spending and incentives. It mostly focuses on various dimensions of service delivery in provider organizations, in particular the interaction with clients. To get a complete picture of reality, the survey combines information of the provider with performance of government services based on client experience. In this way the surveys shed light on:

- the constraints clients face in accessing public services,
- their views about the quality and adequacy of services, and
- the responsiveness of government officials.

By providing this picture, these surveys can be helpful for different government objectives:

- It will help to determine where reforms must be undertaken.
- It provides a basis for measuring the impact of reforms.
- It helps to enhance the customer orientation of the reforms.

As for many tools, this tool has also different variants. The one most often used, mainly by the World Bank is the Quantitative Service Delivery Survey (QSDS).

Source: World Bank, 1995 and 2004a

Advantages

- It provides feedback on government services from the first line.
- It can generate very useful information on performance in service delivery as well as uncover/unveil corrupt practices in service delivery (Reinikka and Svensson, 2006).
- It provides incentives to service providers to do their work (Dehn et al., 2003).

Disadvantages

- This sort of survey requires considerable effort, cost and time compared to other surveys that measure client experience, like surveys of perception (Dehn et al, 2003).

Example

As part of the Uganda Institutional Capacity Building Project (UICBP), the Government of Uganda (GoU) planned to introduce Results Oriented Management (ROM) into public services at all levels. As a first step in initiating ROM, the GoU commissioned a SDS that was executed in 1995 with the support of the World Bank.

The purposes of the SDS were:

- to develop a suitable methodology and establish a framework of sample sites throughout Uganda,
- to gather baseline data on key services that could form the basis for producing performance criteria for these services,
- and to build evaluative capacities within central and local government in Uganda.

The services selected for the baseline were those provided to rural communities by the Ministry of Health (MoH) and by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF).

Existing relevant data on the selected services was first reviewed. In order to get data not usually included in routine data collection systems, users and potential users of the services were asked about their use of and views about the services. Key findings were:

- 67% of households are willing to pay for improved health services and 52% for improved agricultural services.
- The most common complaint with health services (32%) was the lack of drugs.
- 11% of households reported ever having been visited by an Agricultural Extension worker.
- 80% of households visited by an Extension Worker had received all the information needed from the visit.
- About halve of households were willing to pay for improved extension service.

In the future, this data must be used as a quantitative baseline for programme managers in the relevant ministries as to improve their planning, monitoring and evaluation and with the ultimate goal to improve quality and coverage of service delivery in the future.

Source: Community Information, Empowerment and Transparency (CIET) International, 1996

Further Reading

- Examples of QSDSs done by The World Bank can be found on this site: <http://www.worldbank.org/research/projects/publicspending/tools/newtools.htm>
- On QSDS: Dehn, J., Reinikka, R. and Svensson, J. (2003). "Survey tools for assessing performance in service delivery", In: Bourguignon, F. and Pereira Da Silva L.A. (eds). *Evaluating the poverty and distributional impact of economic policies*. Washington, D.C., The World Bank.

II.7. Citizen Report Cards

Definition and Basic Principles

The Citizen Report Card (CRC) is a combined quantitative and qualitative tool.

Generally, it is used by NGOs and think-tanks to

- collect citizen feedback (both poor and rich) on public services from the actual users of a service: availability of the service, satisfaction with the service, quality of the service, responsiveness of service providers, corruption or other indirect costs, willingness to pay, quality of life,...

Most of the times the tool is used in a participatory manner: beneficiaries do not only respond to an existing questionnaire but they are also involved in the design of the questionnaire (mostly through preliminary focus group discussions).

- assess the performance of individual service providers and/or compare performance across service providers,
- generate a database of feedback on services that is publicly available.

By disseminating this information through the media, the objective is to create greater public awareness about the poor performance of public services and to mobilize citizens to adopt pro-active stances by demanding more accountability, accessibility and responsiveness from service providers.

Source: Public Affairs Centre (s.d); Transparency International, 2001 and World Bank, 2004c

Advantages

- Simple evaluation tool.
- Credible user feedback from citizens on the performance of public services.
- Combined quantitative and qualitative tool (builds on the strengths of both types of methodologies).
- The findings are public domain.
- This tool has largely succeeded in engaging the public into action.

Source: Gopakumar (s.d) and Transparency International, 2001

Disadvantages

- CRCs do not take into account the feedback of commercial and industrial enterprises, primary users of public services.
- This approach has no adjustment mechanisms to even out the differential impact of citizen expectations.
- Corruption is difficult to tackle by this tool, as it are generally NGOs and think-tanks that are using it.
- The success of the method depends on strong media support.
- As the major output of this tool is the report card, it does not automatically lead to changes. In order to stimulate action, information dissemination is needed.

Source: World Bank 2003a, 2004c

Example

The first time this tool was used, was in Bangalore, India. Although the city was in the beginning of the nineties a growing centre of modern industries and scientific research, public services and infrastructure were considered by many people to be unsatisfactory. In 1993, inspired by the use of client satisfaction surveys in the private sector, a citizen report card exercise was initiated by a small group of researchers.

To select the interviewed households, 6 localities were first selected in the city. Within each locality, households that had interacted with any public service provider in the preceding six months were chosen. In total, 810 households were surveyed, 480 middle-income and 330 low-income. The agencies that were covered by the survey were The Electricity Board, The Regional Transport Office, the Water and Sewerage Board, the Bangalore City Corporation, Telecom, Public Sector banks and hospitals and Bangalore Development Authority.

A pre-tested questionnaire was used to ask users about their overall satisfaction of service delivery, and specific issues included were among others: a) staff behaviour, b) number of visits required to complete a task, c) frequency of problem resolution and d) information provided. A seven-point rating scale enabled quantification of responses.

Their survey found that:

- 10.5% of the households were satisfied (satisfied plus very satisfied) and 37.5% dissatisfied (dissatisfied plus very dissatisfied) with services.
- Hospitals, transport and public banks were the only services where satisfaction reached double digits.
- Paying significant amounts of bribes to get something done was not an exception.

To inform the public about these findings, different actions were undertaken to create public awareness of the problems:

- the findings were first made available to the heads of all the public agencies covered by the study,
- the findings were publicized through the media,
- the Public Affairs Centre (PAC) organized several campaigns that were brought into the public through the media,
- the findings were disseminated through seminars and meetings in different parts of the city.

All this generated huge public outcry and stimulated civil society to combine forces and demand action from public agencies to change the situation. Under this pressure, officials in certain public agencies and politicians responded to the dissatisfaction:

- In certain agencies bill collection was streamlined and new systems were introduced for the registration of routine breakdowns of service.
- The Bangalore City Corporation asked help from the PAC to find ways to stimulate greater citizen participation in its services, to simplify its services and make them more citizen friendly, and to respond to public complaints in a more efficient and transparent manner.

- The Bangalore Development Authority developed its own report card.
- The public hospitals of Bangalore decided to set up “help desks” to assist patients and to reorient their staff to be more responsive and efficient.
- The Chief Minister of Karnataka, the state with Bangalore as capital, formed the Bangalore Agenda Task Force that brings together prominent city residents for the purpose of improving the city’s quality of services and infrastructure

In 1999 a follow-up survey was undertaken, covering 1.339 middle-income households and 839 low-income households. The agencies covered were the same as in 1993 and the methodology was similar to the one used in the first survey. This second survey found certain improvement in service delivery:

- The overall percentage of satisfaction increased from 10.5 to 40.1.
- The overall percentage of dissatisfaction fell from 37.5 to 17.9.
- Improvements were similar for all households.
- Public hospitals and electricity showed the greatest improvements. For all services, the proportion of satisfied households increased by at least half.
- There was no reduction in the proportion of households paying bribes.

Source: Samuel, 1998; World Bank, 2003a, 2004b and Gopakumar s.d.

Further Reading

- The website of the Public Affairs Centre, Bangalore, India: www.pacindia.org
- The PAC developed an e-learning course on Citizen Report Cards: <http://www.citizenreportcard.com/index.html#>
- On the World Bank participation-website more can be found on participatory M&E, e.g. CRCs: www.worldbank.org/participation
- The World Bank Institute Service Delivery: <http://www4.worldbank.org/afr/stats/wbi.cfm#sds>
- World Bank (2004b). “Public expenditure tracking surveys, application in Uganda, Tanzania, Ghana and Honduras”, *Empowerment Case Studies* [online]. Washington, D.C., The World Bank, PovertyNet. Available from: <http://www.worldbank.org/poverty.net>.

II.8. Community Score Card

Definition and Basic Principles

Like the Citizen Report Card (see point 7), the Community Score Card (CSC) is an instrument to extract social and public accountability and responsiveness from service providers. However, by including an interface meeting between service providers and the community that allows for immediate feedback, the process is also a strong instrument for empowerment. The main elements of this tool are:

- An input tracking matrix: This part provides the community with a rough snapshot of the efficiency and resource constraint with which the facility in focus operates, based on a comparison of the facility's actual level of physical assets and service inputs versus the facility's entitlement for such items.
- A community performance scorecard: In group discussions, the villagers develop performance assessment indicators that are used for the evaluation of the facilities and services under consideration. Both high and low scores are subsequently discussed and the community is also asked to come up with their own suggestions to improve the performance of public service delivery.
- To get the perspective of the service providers, they evaluate their own performance using standard and group generated indicators. Finally, they are also asked to reflect on the reasons why they gave certain scores and to come up with their own suggestions for improving the state of service delivery.
- The core of this tool is however not on these scorecards. By organising an Interface Meeting between service providers and the community, the method tries to ensure that the feedback of the community is taken into account and that concrete measures are taken to remove the shortcomings of service delivery. In this way, this tool is a strong instrument for empowerment of the community.

Source: World Bank, 2005a and World Bank Website, 2006; Shah and Singh, 2003.

Advantages

- Through the interface meeting, feedback from users to service providers is almost immediately. In this way, this tool empowers local communities by enabling them to identify gaps and constraints and negotiate reforms (Thindwa et al. 2005 and Shah and Singh, 2003).
- Almost direct feedback from user groups to service providers (Thindwa et al. 2005).
- Assessment of the current status of service delivery, as well as actions to be taken to correct the situation is arrived at through mutual dialogue during an Interface Meeting (Thindwa et al. 2005).
- The community tracks inputs by comparing actual facility assets and supplies against entitlements (Thindwa et al. 2005).

Disadvantages

- CSC initiatives, especially those that arrive as one-off experiments, will serve little long-term purpose unless implementation is followed through on a sustained basis (Shah and Singh, 2003).
- Relies heavily on grass-roots mobilization to create awareness and invoke participation (Shah and Singh, 2003).

Example

In line with its broad development objectives, the government of Gambia, in collaboration with the World Bank, developed the Accountability and Participatory Monitoring and Evaluation Program. The purpose of the program was to broaden citizens' capacity, create opportunities for citizens' participation and feedback on the quality, adequacy and efficiency of key services. A CSC process was used to reach these goals. The first CSCs were carried out in two priority sectors: health and education.

For education, 59 facilities were selected across the six main divisions in the country. Analysis of the data indicated that:

- teachers received more than 70% approval rating in all regions except one,
- adequacy of school facilities, including furniture, core textbooks and toilets ranked below 40% satisfaction in each region,
- and toilet facilities are either non-existent, inadequate or appalling in 4 of the 6 districts.

The confrontation of both service providers and users or beneficiaries in an Interface Meeting led to the following recommendations for improving the performance in education facilities:

- Parents and school administration must lobby the ministry of education to ensure timely and adequate supply of the needed materials.
- Pool resources together and repair broken chairs, benches and tables.
- Bind torn textbooks with hardcover.
- Collaborate and provide new toilet facilities in the schools and improve the quality of existing ones.
- Create parent teacher associations (PTAs) in communities where they do not exist and support dormant PTAs to become more effective.
- Establish and implement a reward program for teachers in order to attract and retain qualified teachers.
- Ensure that the CSC process is institutionalized and implement the recommendations for improving education facilities at the grassroots level in an accelerated manner.

For health, 15 facilities were taken up in the survey. Here the survey data indicated that:

- staff capacity was weak, with less than 30% satisfaction rating of adequacy of staff at health facilities across the regions,
- the availability of essential equipment received less than 15% satisfactory rating in all regions except one,

- although the overall rating for availability of drugs was fairly encouraging (40% overall), the community felt that drugs were almost always in short supply except essential drugs like anti-malaria drugs which were available during malaria season,
- about 69% of the health facilities surveyed had at least one ambulance although 30% of them were in deplorable condition.

The following recommendations were made during Interface Meetings:

- Establish a Health Committee (HC) representing the community. This HC should:
 - ensure government meets entitlement packages including adequate supply of drugs, water, electricity, equipment, training and supply of health workers.
 - champion an agenda for promoting cleanliness and clean habit in and around health centres.
- Establish a health supplemental funding program to ease reliance on government support as inadequate and unpredictable government flows have affected the quality of services provided in hospitals.
- Health staff should develop strategies and rules for enhancing efficient and effective health services delivery in the communities

As this CSC was only a very recent pilot project, the long-term impact of the tool is still unclear.

Source: World Bank, 2005a

Further Reading

- On the World Bank participation-website more can be found on participatory M&E, e.g. CSCs: www.worldbank.org/participation
- Shah, P. and Singh, J. (2003). *Community Score Card Process: A short note on the general methodology for implementation*. Washington, D.C., The World Bank Social Development Department.

II.9. Public Expenditure Tracking Survey

Definition and Basic Principles

Public expenditure tracking surveys (PETSs) track the flow of public funds through the various layers of government bureaucracy and determine the extent to which resources actually reach the target groups. The surveys examine the manner, quantity and timing of releases of resources to different levels of government, particularly to the frontline providers (schools or health facilities).

PETS are often implemented as part of larger service delivery and facility surveys which focus on the quality of service, characteristics of the facilities, their management, incentive structures,... (e.g. together with a (Quantitative) Service Delivery Survey, see point 6)

In the new aid paradigm, PETS are in more and more countries becoming participatory. These participatory PETS differ from the traditional PETS by involving citizens in the collection of data on inputs and expenditures and through the immediate dissemination of results to the public. An additional participatory dimension can be added by involving CSOs or other independent institutions in the implementation of the PETS.

Source: World Bank 2003c and 2004a

Advantages

- It gives the possibility to locate and quantify political and bureaucratic capture, leakage of funds and problems in the deployment of human and in-kind resources, such as staff, textbooks and drugs (World Bank, 2004a).
- Supports the pursuit of accountability when little financial information is available (World Bank, 2004a).
- In the reverse way, it can be used to evaluate impediments of information to account for actual expenditures (Dehn et al, 2003).
- It can provide a basis for monitoring changes over time (Lindelov, 2003).

Disadvantages

- Government agencies may be reluctant to open their accounting books (World Bank, 2004a).
- The survey provides information, but does not necessarily result in change (Lindelov, 2003).
- Costs can become high when local capacity is limited (World Bank, 2004a).

Example

Uganda was the first country to implement a PETS in the education sector in 1996. The study was motivated by the observation that despite a substantial increase in public spending on education, the official reports showed no increase in primary enrolment.

As adequate public accounts were not available to report on actual spending, a survey collected a five-year panel data set on provider characteristics, spending (including in-kind transfers), and outputs in 250 government primary schools.

The survey indicated that, on average:

- Only 13 percent of the annual capitation (per student) grant from the central government reached the school in 1991-1995. The remaining 87% either disappeared for private gain or was captured by district officials for purposes unrelated to education. Roughly 70% of the schools did not receive anything and if the schools received some funds, it was a negligible amount. Limiting the survey to the last year gave better results, but even then only 20% of the central government capitation grants were estimated to have reached the schools.
- About 20% of the funds allocated for teacher salaries went to “ghost workers” who did not exist or were not working as teachers.
- Parents contributed about 73% of total school spending in 1991. In spite of an increase in government share during the survey period, parents, on average still funded 60% of total primary funding by 1995.

Following the publication of the findings, the central government made a swift attempt to remedy the situation. It began publishing the monthly intergovernmental transfers of public funds in the newspapers, broadcasting information on them on radio and requiring primary schools to post information on inflows of fund publicly (e.g. at the entrance of schoolbuildings). This not only made information available to parent-teacher associations, but also signalled to local governments that the centre had resumed its oversight function.

An evaluation of the information campaign 5 years later revealed a large improvement. While schools on average are still not receiving the entire grant (and there are delays), capture has been reduced from on average 80 percent in 1995 to 20 percent in 2001. Schools with access to newspapers did on average better, as their funding increased on average by 10 percentage points more than the schools that lacked newspapers.

Source: Dehn et al. 2003; World Bank 2004b.

Further Reading

- Public expenditure tracking survey is discussed on the World Bank’s website on public finance: <http://www1.worldbank.org/publicsector/pe/>
- On the World Bank participation-website more can be found on participatory M&E, e.g. PETS: www.worldbank.org/participation
- Reinikka, R. and Svensson, J. (2001). “Explaining leakage of public funds”, *World Bank Policy Research Working Paper*. No. 2709. Washington, D.C., The World Bank.
- Dehn, J., Reinikka, R. and Svensson, J. (2003). “Survey tools for assessing performance in service delivery”, In: Bourguignon, F. and Pereira Da Silva L.A. (eds). *Evaluating the poverty and distributional impact of economic policies*. Washington, D.C., The World Bank.

II.10. Poverty Observatory

Definition and Basic Principles

In a number of countries, the UNDP has supported the establishment of “poverty observatories”. These vary in character but are essentially independent agencies which either undertake or support others (mostly Civil Society Organisations, CSOs) to undertake frequent and rapid poverty relevant assessments and disseminate findings to both policy-makers and community members. They emphasise broad stakeholder participation in the monitoring process.

Source: Lucas et al., 2004

Advantages

- It can lead to an institutionalised cooperation between government and civil society.
- By institutionalising participation of the civil society in the monitoring and evaluation, people are encouraged to take greater ownership of their own destiny by providing space for dialogue.
- Through their community networks across the country, civil society is closer to the people and able to cover a larger number of households for the collection of baseline data required for analysis of poverty trends.

Source: based on Barungi and da Barca Vieira, 2005

Disadvantages

The whole civil society, or at least a representative sample, must be involved; otherwise this tool runs the risk of not being fully representative.

Source: based on Barungi and da Barca Vieira, 2005

Example

As part of the effort to evaluate and monitor the implementation of its current PRSP, the government of Mozambique decided in 2003 to set up a Poverty Observatory (PO). Broadly speaking, the PO is intended to support both government and its partners in the supervision and coordination of the PRSP.

Its main objectives therefore are:

- monitoring and evaluating the performance in the implementation of the PRSP by collection of data on progress achieved and analyzing this data to better direct required action, conducting studies, research, meetings, seminars and establishing data banks and publications that document best practices,
- making suggestions to the Government in order to increase PRSP’s impact
- ensure transparent interaction between Government and its partners involved in the fight against poverty.

To fulfil these tasks, the PO consist of

- the Opinion Council, an ad hoc advisory group made up of 60 members representing the central bodies of the State, civil society organisations and the international development partners.
- and the Technical Secretariat (TS)⁶, a permanent body that will
 - coordinate the work undertaken by relevant ministries in the implementation of the medium and short term planning instruments and support data and information collection as well as analysis to ensure the smooth functioning of the PO,
 - collaborate with government and non-governmental members in their support of the PRSP,
 - propose research and studies on poverty and social development relevant to the work of the PO.
 - collect and disseminate examples of good practices in the fight against poverty.

A recent evaluation of this observatory by the UNDP shows some first signs of success:

- Government recognised the need to encourage its peoples to take greater ownership of their own destiny through providing space for dialogue. The PO seemed to be an effective tool for this.
- The CSOs working in the PO are able to cover a larger number of households for the collection of baseline data. This data forms the basis for an independent annual poverty assessment report. The annual poverty assessment report of 2004, for example, was a wide participatory exercise which involved collective effort of around 100 civil society organizations. Interviews were taken from 5000 citizens (44% women) and 2000 institutions responded to the questionnaire in 102 of the 146 districts.
- Recommendations to the government, made at the May 2004 PO Plenary are followed up by the authorities.
- To raise citizen's awareness about the poverty assessment report, local media were used.
- The government also appreciates the value of the qualitative analysis done by the PO which will feed into the PRSP revision process. One of the major issues raised was the need to redefine the conceptualisation and definition of poverty in the PRSP to pay equal attention to quantitative and qualitative aspects.
- To broaden citizen's participation in the formulation and monitoring of PRSP priorities, initial steps have been taken to set up provincial PO forums.

Source: Barungi and da Barca Vieira, 2005 and Southern African Regional Poverty Network (SARPN), 2003

Further Reading

- Barungi, B. and da Barca Vieira, O. (2005). "UNDP Best practices in southern and eastern Africa region", *Prepared for the Residents Representatives Cluster Meeting*; February/March 2005.

⁶ UNDPs support to this PO consists of the assistance it will give to this TS: capacity building, establishing/strengthening of poverty monitoring systems at provincial level, poverty related strategic impact evaluation studies, nationwide sensitization and dissemination of PRSP and the MDGs, revision and updating of PRSP with a focus on mainstreaming of cross-cutting issues (SARPN, 2003).

- Southern African Regional Poverty Network (SARPN) (2003). “Poverty observatory, a mechanism for evaluating and monitoring the implementation of PARPA”, *SARPN Country Analysis* [online]. South Africa, Hatfield, SARPN. Available from: <http://www.sarpn.org.za>

II.11. Participatory Beneficiary Assessment

Definition and Basic Principles

As beneficiaries and other stakeholders often lack a voice loud and clear enough to make their perceptions be heard and incorporated into project and policy formulation, the need for intermediation was clear. Participatory Beneficiary assessment (PBA) therefore involves systematic consultation with beneficiaries and other stakeholders to help them identify and design development activities, signal any potential constraints to their beneficiary participation, and obtain feedback on reactions to an intervention during implementation.

To obtain this information, three data collection techniques are used:

- in-depth conversational interview around key themes or topics,
- focus group discussions,
- direct observation and participant observation (in which the investigator lives in the community for a short time).

While early assessments were largely for project design or one-shot evaluation purposes, more recent beneficiary assessments are iterative learning processes undertaken periodically.

Source: World Bank Website, 2006; World Bank, 1996 and Salmen, 2002

Advantages

- By amplifying the voice of the people for whom development is intended, beneficiary assessments empower these people to help themselves (Salmen, 2002 and World Bank, 1996).
- The tool informed policy with otherwise unavailable and/or new information (World Bank, 1996).
- PBA influenced policy and led to changes in project design through improved targeting, efficiency and effectiveness of programs (World Bank, 1996).
- The insights on the perspectives of intended beneficiaries provided by PBAs were found useful by managers in both design and implementation of activities in all sectors and regions (Salmen, 2002).
- The PBA approach has shown its versatility by being effective in a variety of sectors (Salmen, 2002).
- The approach increased sustainability by providing operationally oriented feedback from the client population (World Bank, 1996).

Disadvantages

- Systematic listening and consultation requires lengthier, repeated interactions among stakeholders (World Bank, 1996).
- Tends to have a narrower focus than a Participatory Poverty Assessment (see point 1), providing less contextual and historical background information, though this also implies that it is mostly also less resource intensive (World Bank, 2003b).

Example

In the beginning of the nineties, the Ministry of Health in Lesotho had the goal of expanding the provision of modern health services to the country's population. From the beginning it was understood that to achieve this goal, it was necessary to learn the attitudes, concerns and customs of the people to design an appropriate health care system. An in-depth qualitative analysis of individual household behaviour was conducted, in collaboration with the World Bank, using participatory beneficiary assessment techniques. This approach was considered to be particularly relevant, given the sensitive nature of the information needed, such as family planning practices.

Three communities were selected and the participant observer method was chosen as the main methodology. The participant observers were given two weeks of training and then lived for approximately two months in the communities for conducting interviews. Representative samples of close to 50% were interviewed in three communities. Supplementary interviews were carried out at clinics.

The following findings emerged from this assessment:

- The government villager health worker (VHW) program failed because villagers did not use their services, which were largely directed towards preventative health care. The VHW were not given any curative remedies, even of a simple nature; this considerably lowered their status in the eyes of the villagers. Traditional healers, on the other hand, were sought out by villagers because they had curative remedies, herbs and such, for immediate use.
- Rural women often became pregnant because they did not have access to a steady supply of contraception and had to travel long distances for supplies deterred usage. Furthermore, the husbands were opposed to contraception, making it necessary for the women to hide their supplies.
- People were very dissatisfied with the quality of treatment and level of respect they received from doctors and other health professionals in hospitals.
- The poor were excluded by fees beyond their means and the well-to-do were getting services at what they considered to be low prices.

With these findings, the government made important changes to its policy:

- The government VHWs were provided with aspirin and other remedies to facilitate interaction with the villagers.
- The traditional healers were brought into the national health system and given courses in basic health.
- Contraceptives were made more accessible to women.
- The need to categorize and charge patients according to socio-economic status was recognized.

Source: Salmen, 2002

Further Reading

- On the World Bank participation-website more can be found on participatory M&E, e.g. Beneficiary assessments: www.worldbank.org/participation

- Salmen, L.F. (2002). “Beneficiary assessment, an approach described”, *Social Development Paper*, Paper Number 10, Social Development Family of the World Bank. Washington, D.C., The World Bank.
- Salmen, L.F. (1998). “Towards a listening bank: a review of best practices and the efficacy of beneficiary assessment”, *Social Development Papers, Environmentally and Socially Sustainable Development*, Paper Number 23, The World Bank. Washington, D.C., The World Bank.
- Salmen, L.F. and Amelga, M., (1998). “Implementing beneficiary assessment in education: a guide for practitioners (with examples from Brazil)”, *Social development papers, Environmentally and Socially Sustainable Development*, Paper Number 25, The World Bank. Washington, D.C., The World Bank.

II.12. Performance Assessment Framework

Definition and Basic Principles

A Performance assessment frameworks (PAF) is a new instrument used in multidonor budget support arrangements. It defines a set of key policies, actions, output and outcome indicators, ideally taken from the PRSP, and uses these for dialogue and monitoring and assessing the performance of the recipient. The instrument must however not be seen as a list of conditionalities, it is rather a basis from which prior actions or disbursement triggers (for some donors) are drawn and explicitly defined in the Memorandum of Understanding (MoU) (Wolgin, 2004). Ideally, this MoU is the same for all donors. In reality, some donors require additional conditions. These are taken up in there bilateral agreement with the recipient.

In the spirit of mutual accountability, the (donor) Program Aid Partners (PAPs) in Mozambique developed their own PAP's PAF. This will be used to assess their own performance in alignment, harmonisation, predictability, transparency, administrative burden and capacity building against their MoU obligations and the Rome Declaration on Harmonisation (Gerster, 2005). This must facilitate the monitoring of PAP's behaviour against commitments; it exposes non-compliance and weaknesses to peer pressure, and strengthens PAPs accountability to Government of Mozambique.

Advantages

- Experience has shown that transaction costs can be significantly reduced by managing all budget support through a single harmonised PAF (Lawson et al., 2005).
- A PAF, when based on an appropriate preparation process, is an effective instrument to tailor the move from imposed to agreed conditionality according to the local context (Gerster, 2005).
- A PAF makes a common schedule for planning, review, decisions and disbursements possible and improves predictability (Hoole, 2006).
- A significant level of alignment to Government systems and procedures is achievable, in particular by utilising normal government reporting systems for budget execution, for service delivery performance and for progress towards PRS targets (Lawson et al., 2005).
- Applying the PAF to donor's obligations, offers up new ways to strengthen mutual accountability (Hoole, 2006).

Disadvantages

- The use of a PAF could induce herd behaviour of donors and increase volatility of aid (Wolgin, 2004). As donors become increasingly aware of this danger, they seek to avoid it through variegated response.
- Donors and government must avoid an unnecessary expansion in the scope and complexity of the PAF. A PAF should remain one element within a range of processes for performance review and dialogue (Lawson et al., 2005; Wolgin, 2004).
- PAFs often include indicators (outcome and impact level) that are beyond the control of the government.

Example

In 2004, a MoU was signed by the Government of Mozambique (GoM) and 15 donors for provision of General Budget Support (GBS) over five years, based on a partnership in the spirit of shared objectives, joint learning and mutual accountability. A key tool of the MoU-based GBS was the PAF. Being based on the national poverty reduction strategy (PARPA/PRSP), and its operationalisation in the annual Economic and Social Plan (PES), the PAF is fully embedded into the mechanisms of domestic accountability to parliament (Gerster, 2005).

The PAF consists of 40 indicators, proposed by GoM, negotiated and agreed by the GoM and the donors (the Program Aid Partners; PAP). There are well-defined processes and institutional arrangements to monitor and revise the PAF. The PAF, as the basis for dialogue, is complemented by the underlying principles of the MoU on macro issues at the political and economic level to assess government performance (Gerster, 2005).

Yearly the PAF is adapted during the Mid-Year Review. The latest version, of September 14, 2006 can be found in Annex 1.

As explained before, the donors in Mozambique also have their own PAF. The working of this tool can be summarized as follows: (World Bank 2005b):

- Donors identify the indicators to be assessed, which subsequently will be discussed with and vetted by the government.
- Donor performance will be assessed by an independent team and subject to periodic discussion by the government and donor peers.
- The donor performance assessment framework will be linked to an action plan and timeframe for its implementation.
- Annual donor performance reports will be released publicly.
- The framework will be continuously adapted based on collective and individual donor assessments.

The first matrix, agreed at the September 2004 Mid-Year Review, was the result of a period of consultation with the Government of Mozambique and among the G15 PAPs. It was based on the results of the 2004 Baseline Survey of PAP performance in 2003, which was performed by a team of independent consultants⁷. The first section of the matrix reflects specific and broad commitments to which the PAPs signed up to in the MoU. The second section reflects broader aid effectiveness objectives to be monitored. It entails objectives which are not specifically set out in the MoU but they reflect the declaration made by the PAPs in the MoU to work in the spirit of The New Partnership for Africa's Development (NEPAD), the Monterrey Consensus and the Rome Declaration on Harmonisation (Gerster, 2005).

In the September 2006 Mid-Year Review, the PAP's PAF was also adjusted. Its latest version can be found in annex 2.

Further Reading

The Website of the PAPs in Mozambique: <http://www.pap.org.mz/>

⁷ Baseline Study on PAP Performance in 2003 – September 2004 – Report to the G15 Programme Aid Partners and Government of Mozambique by Richard Gester and Alan Harding.

II.13. Joint Review

Definition and Basic Principles

Based upon the DAC definitions, a joint review can be defined as a review undertaken with the participation of more than one donor agency and/or partners. In practice joint reviews are undertaken in the context of sector and general budget support. It involves an assessment (in between monitoring and evaluation) of a sector policy/programme or government budgetary policy and management that are, in the spirit of harmonization, undertaken jointly by donors and the recipient government. Increasingly, recipient non-government actors (such as NGOs, local research institutes) and non-budget support donors participate. Joint Reviews aim at fulfilling both accountability and learning needs of various stakeholders. Recipient governments use the information obtained for accountability towards their citizens and for bringing about changes to programmes and policies. Donor can assess progress made, use information from the review in policy dialogue as well as for decision-making about future disbursements

Advantages

- As the terms of reference and recommendations are not directed by one sole agency, there is an increased potential for objective and independent review. This could increase the legitimacy of the review.
- Joint reviews are mostly based upon various sources of information (both primary and secondary data collection). This triangulation of data sources increases the validity of findings and conclusions.
- Participation of different partners with different backgrounds facilitates mutual learning, sharing of best practices and capacity building.
- Joint reviews mostly conclude with a review meeting where findings from the review mission are discussed upon. This forum of discussion and negotiation increase the probability of effective feedback and integration of conclusions and recommendations.

Disadvantages

- Although a joint review should by definition be cheaper, reality shows that this is often not the case.
- Due to the large amount of work a joint review asks, it is often difficult to provide information on time for the next government budget.
- The joint review is often not used for accountability towards domestic stakeholders.
- There is a risk that joint reviews might become too large when every participant requires a discussion on his/her topics.

Example

On april 13, 2006, the Government of Mozambique (GoM) and the Programme Aid Partners (PAPs) concluded the annual Joint Review of the Government's PRSP and the

performance of the PAPs. Over 45 days, 24 working groups, consisting of Government, PAPs, other donors and civil society representatives, assessed the government's policy in 5 thematic areas (Poverty and Macroeconomic Management, Governance, Economic Development, Human Capital, Cross Cutting Issues) and the performance of the PAPs in 2005. Information used was provided by the PRSP, the Economic and Social Plan of 2005, the PAF 2005, the budget, the 2005 Government reports on the execution of the budget and the PES and the independent report on the performance of the PAPs.

The assessment of the Government's performance concluded that the Mozambican economy showed a continued growth of 8% and performance of the Government, measured by the PAF, was satisfactory. In macroeconomic management all the ten targets were reached and in economic development 13 of the 16 were met. Only in governance donors were concerned as 8 of 13 targets were missed. Overall, the review found that satisfactory progress had been made, giving a reliable basis for PAPs to continue general budget support.

Performance of the PAPs also improved compared to 2004. Improvements were however needed in the medium to long-term predictability and the government asked donors to provide a larger part of their aid through programme or budget support. The development of new country strategies by 12 PAPs was therefore seen as a key opportunity to address these issues.

Source: Programme Aid Partnership, 2006.

Further Reading

The Website of the PAPs in Mozambique: <http://www.pap.org.mz/>

II.14. Impact Evaluation

Definition and Basic Principles

Impact evaluation is the systematic identification of the effects - positive or negative, intended or not – on individual households, institutions, and the environment caused by a given development activity such as a program or project. By illustrating these effects, this tool helps to better understand the extent to which activities reach the poor and the magnitude of their effects on people's welfare.

Impact evaluations can range from large scale sample surveys in which exposed populations and control/comparison⁸ groups (composed of individuals that are as similar as possible to the exposed population, except for not having been exposed to the intervention) are compared before and after, and possibly at several points during program intervention; to small-scale rapid assessment and participatory appraisals where estimates of impact are obtained from combining group interviews, key informants, case studies and available secondary data.

Source: World Bank, 2004a

Advantages

- Provides estimates of the magnitude of outcomes and impacts for different demographic groups, regions or over time.
- Provides answers to some of the most central development questions – to what extent are we making a difference? What are the results on the ground? How can we do better? (especially when quantitative techniques of impact evaluation are combined with more qualitative methods such as focus group discussions, participant observation, etc.)
- Systematic analysis and rigor can give managers and policy-makers added confidence in decision-making.

Source: World Bank, 2004a

Disadvantages

- Some approaches are very expensive and time-consuming, although faster and more economical approaches are also used.
- Reduced utility when decisions-makers need information quickly.
- Difficulties in identifying an appropriate counter-factual.

Source: World Bank, 2004a

Types of impact evaluations

⁸ The notion 'control' group is used in experimental designs whereas 'comparison' group is used in quasi-experiment designs.

In doing an impact evaluation, different approaches can be used. They differ in the methods used to identify a control/comparison group. This control group should be as similar as possible to the target group except for the fact that its members do not participate in a program or receive the intervention. An estimate of impact can then be derived by comparing the levels of well-being between comparison/control groups and the target/exposed/intervention group (those who do receive the intervention) (World Bank Website, 2006). Four possible approaches are:

1. Randomized pre-test post-test evaluation:

Subjects (families, schools, communities,...) are randomly assigned to exposed and control groups. Questionnaires or other data collection instruments (anthropometric measures, school performance tests,...) are applied to both groups before and after the project intervention. Additional observations may also be made during project implementation (World Bank, 2004a).

While this approach is considered the optimum approach to estimating impact, it has several problems in practice: (1) randomization may be unethical, (2) it can be politically difficult, (3) the scope of a program may mean that there are no non-treatment groups; i.e. in the case of full-coverage programs like PRSPs and Structural Adjustment Programs all citizens in a country are exposed to an intervention which makes the identification of a control group more difficult, (4) individuals in control groups may change certain identifying characteristics during the experiment that could invalidate or contaminate the results, i.e. people in the control group can look for the benefit of the project through alternative sources and finally (5) it is often difficult to ensure that assignment is truly random (Baker, 2000).

These impact evaluations normally take 1 to 5 years, depending on time which must elapse before impacts can be observed. Cost can range from \$50,000 to \$1 million depending on the size and complexity of the program being studied (World Bank, 2004a).

2. Quasi-experimental design with before and after comparisons of project and control populations

Where randomization is not possible, a comparison group is selected which matches the characteristics of the intervention group as closely as possible. This implies that comparison groups are selected among groups of the population that are also eligible for the intervention but who were so far (by accident) not included. Where projects are implemented in several phases, participants selected for subsequent phases can be used as the comparison group for the first phase intervention group (World Bank, 2004a).

In comparison with the first approach, the disadvantages of this tool are (1) the lower reliability of the results as the methodology is less statistically robust, (2) the statistical complexity and (3) the problem of selection bias (Baker, 2000). It is more probable that a selection bias occurs as there is no prior (to the intervention) random assignment of individuals/households over a treatment and a control group. Those individuals who participate in the treatment may thus have other (invisible) characteristics than those who do not participate. These ex-ante differences (selection bias) may finally also be responsible for the different outcome scores among the intervention and the control group.

Costs and timing are similar to the first approach (World Bank, 2004a).

3. Ex-post comparison of project and non-equivalent control group

Data are collected on beneficiaries of an intervention and a non-equivalent comparison group that is selected in the same way as above in type 2 (quasi-experimental design with before and after comparison). Data are only collected after the project has been implemented. Multivariate analysis is often used to statistically control for differences in the attributes of the two groups (World Bank, 2004a).

This approach often draws upon existing data sources and is thus often quicker and cheaper to implement, given sufficient existing data. The principal disadvantages of this approach are similar to the second approach: (1) the reliability of the results is often reduced as the methodology is less robust statistically, (2) the methods can be statistically complex and (3) there is a problem of selection bias (Baker, 2000).

The costs of this approach are \$50,000 and more. Usually, the cost will be one third to one half of a comparable study using methods 1 & 2 described above (World Bank, 2004a).

4. Rapid assessment ex-post impact evaluations

Some evaluations that use this method only study groups affected by the project while others include matched comparison groups. Participatory methods can be used to allow groups to identify changes resulting from the project, who has benefited and who has not, and what were the project's strengths and weaknesses. Triangulation is used to compare the group information with the opinions of key informants and information available from secondary sources. Case studies on individuals or groups may be produced to provide more in-depth understanding of the process of change (World Bank, 2004a).

The costs of these sorts of evaluations are \$25,000 and more. Some studies are completed in 1 to 2 months; others take a year or longer (World Bank, 2004a).

Further Reading

- PovertyNet of The World Bank has a section on impact evaluation:
<http://www.worldbank.org/poverty/impact>
- Baker, J. (2000). *Evaluating the poverty impact of projects: a handbook for practitioners* [online]. Washington, D.C.: The World Bank. Available from:
<http://siteresources.worldbank.org/INTISPMA/Resources/handbook.pdf>
- Ravallion, M. (1999), "The mystery of the vanishing benefits: ms Speedy Analyst's introduction to evaluation", *Policy Research Working Paper*, 2153, Development Economics Research Group of The World Bank. Washington, D.C., The World Bank.

II.15. Public Expenditure Review

Definition and Basic Principles

A public expenditure review (PER) is a tool for analyzing public sector issues in general and public expenditure issues in particular. PERs are very useful documents for the government in general, and the ministry of finance in particular, to analyse systematically (and often comprehensively) public sector issues.

Most PERs are essentially comprehensive macro-level reports with a mandate to focus on the economy, efficiency and effectiveness of resource allocation. Topics include -but are not restricted to- analysis and projection of revenue, determination of the level and composition of public spending, inter- and intra-sectoral analysis, financial and non-financial public sector enterprises, structure of governance, and the functioning and efficacy of public institutions.

Over the years, different approaches of PER emerged:

- Traditional PERs are purely technical exercises, based on official documents and accounts, carried out by experts. Often they are formalised in a report put on a government official's desk.
- To involve citizens more in this exercise, participatory PERs (PPER) have been developed that include/engage citizens in the collection of data on inputs and expenditures and disseminate the results to the public.

Source: World Bank Website, 2006 and World Bank, 2003c

Advantages

- In certain countries, a PER is the only mechanism for a systematic (and often comprehensive) analysis of public sector issues. It is therefore a very useful document for the government in general and the ministry of finance in particular.
- A PER can be a good input for public sector reform programmes.

Source: World Bank Website, 2006

Disadvantages

- A majority of PERs are not used as vehicles for sustained dialogue (World Bank, 1998).
- The process of a PER can be too long to emerge and therefore become dated and “out of sync” with the client's budgetary cycle (World Bank, 1998).
- PERs have had a modest impact on client expenditure policies due to a lack of timeliness, client ownership and inadequate concern with implementation and follow up issues (World Bank, 1998).

Example

In 2003, a public expenditure review in Bangladesh indicated that:

- While the poverty reduction challenge remains daunting, the Government's financial capacity to address poverty declined considerably in 1999-2001 because of the deteriorating financial situation of the public sector, including state-owned enterprises (SOEs). The fiscal deficit of 6% of GDP is unsustainable and greater revenue mobilization is needed, especially for state-owned enterprises.
- Public expenditures and policies have important positive effects, especially on human development and poverty. No major expenditure reallocations among sectors appear necessary at this stage.
- Weak governance in institutions, a challenge across the country, significantly reduces the efficacy of Annual Development Programs (ADP), service delivery and poverty reducing policies. There is an urgent need to strengthen project selection in the ADP, to introduce stronger mechanisms of accountability, and to promote a better climate for mobilizing resources for development. Improving governance should be at the heart of the poverty reduction strategy.
- Raising the incomes and expenditures of the whole population, especially the poor, is necessary for attaining the MDGs. But this needs to be accompanied by specific actions in child malnutrition, maternal mortality and education quality.
- The fiscal savings from tighter financial management of the ADP and SOEs could easily exceed 2 percentage points of GDP, helping finance reforms in sectors that hold back growth and the attainment of the MDGs. In the sectors of banking, ports and energy there is an urgent need to revisit the policy framework for private participation and to redirect the role of government in providing public goods.

Based on these findings, six recommendations have been formulated:

1. Restoring fiscal sustainability.
2. Reducing the role of SOEs and strengthening their governance framework.
3. Improving the efficacy of ADP spending.
4. Strengthening public expenditure management.
5. Enhancing the pro-poor bias of public spending.
6. Expanding the role of the private sector and improving the role of government.

Source: World Bank and Asian Development Bank, 2003.

Further Reading

- On the Public Finance department of The World Bank, information on the PER can be found: <http://www1.worldbank.org/publicsector/pe>

II.16. Rapid Appraisal Methods

Definition and Basic Principles

Rapid appraisal methods are quick, low-cost ways to gather the views and feedback of beneficiaries and other stakeholders, in order to respond to decision-makers' needs for information. They fall in between very informal methods, such as short site visits and highly formal methods, such as censuses, surveys; they share some of the characteristics of both types of methods.

They can be used for:

- providing rapid information for management decision-making, especially at the project or program level,
- providing a more in-depth understanding of complex socioeconomic changes, highly interactive social situations, or people's values, motivations, and reactions.
- providing context and interpretation for data collected through more formal methods

Not only can these methods be a tool on themselves, several of these methods are often used as part of a larger M&E-instrument. Focus group discussions are for example used to design the questionnaires for citizen report card surveys (see point 7) and direct observations help researchers in participatory beneficiary assessments (see point 11).

Source: World Bank 2004a; USAID, 1996

Advantages

- They are relatively low-cost.
- These tools often require less technical and statistical expertise than formal methods.
- They can be quickly completed. Rapid appraisal methods can gather, analyse and report relevant information to decision-makers within days or weeks. This is not possible with sample surveys. Rapid appraisal methods are therefore advantageous to decision-makers who seldom have the option of postponing important decisions to wait for information.
- These methods are good at providing in-depth understanding of complex socioeconomic systems or processes. Formal methods, which focus on quantifiable information, lose much in "operationalizing" social and economic phenomena.
- They provide flexibility. Rapid appraisal methods allow evaluators to explore relevant new ideas and issues that may not have been anticipated while elaborating an evaluation. Such changes are not possible in sample surveys once the questionnaire is designed and the survey is under way.

Source: USAID, 1996

Disadvantages

- The information generated by these tools may lack reliability and validity because of informal sampling techniques, individual biases of the evaluators or interviewers, and difficulties in recording, coding and analyzing qualitative data.
- They lack quantitative data from which generalizations can be made for a whole population. Most rapid appraisal methods generate qualitative information. Even those that generate quantitative data (such as mini-surveys and direct observation) cannot be generalized with precision, because they are almost always based on non-representative samples. While a rapid appraisal method can give a picture of the prevalence of a situation, behaviour or attitude, it cannot tell the extent of pervasiveness.
- Their credibility with decision-makers may be low. Most decision-makers are more impressed with precise figures than qualitative descriptive statements. For example, a sample survey finding that 83 percent of local entrepreneurs were satisfied with the technical assistance provided is likely to carry more weight than the conclusion, based on key informant interviews, that most entrepreneurs interviewed seemed satisfied with the technical assistance.

Source: USAID, 1996

Examples of rapid appraisal methods

The most commonly used methods include:

1. Key informant interview

Key informant interviews are qualitative and in-depth interviews of 15 to 35 people selected for their first-hand knowledge about a topic of interest. The interviews are loosely structured, relying on a list of issues to be discussed. Key informant interviews resemble a conversation among acquaintances, allowing a free flow of ideas and information. Interviewers frame questions spontaneously, probe for information and take notes, which are elaborated on later (USAID, 1996 and World Bank, 2004a).

This method is useful in all phases of development activities – identification, planning, implementation and evaluation. For example, it can provide information on the setting for a planned activity that might influence project design. Or, it could reveal why intended beneficiaries aren't using services offered by a project (USAID, 1996).

2. Focus group discussion

A focus group discussion is a facilitated discussion among 7 to 11 participants on their experiences, feelings and preferences about a topic. Participants are carefully selected and might be beneficiaries or program staff, for example. The facilitator raises issues identified in a discussion guide and uses probing techniques to solicit views, ideas and other information. Sessions typically take one to two hours (USAID, 1996).

Focus group interviews can be useful in all phases of development activities – planning, implementation, monitoring and evaluation. They can be used to solicit views, insights and recommendations of program staff, customers, stakeholders, technical experts or other groups (USAID, 1996).

3. Community group interview

A community group interview is a facilitated discussion in a meeting open to all community members. The interviewer follows a series of questions taken from a carefully prepared questionnaire (World Bank, 2004a).

4. Direct observation

During direct observation, the evaluation teams record what they see and hear at a program site. Often, this observation is done informally, without much thought to the quality of the data collection. Direct observation techniques allow for a more systematic, structured process, using well-designed observation record forms. The information may be about ongoing activities, processes, discussions, social interactions and observable results (USAID, 1996 and World Bank, 2004a).

5. Mini-survey

A mini-survey is a structured questionnaire with a limited number of close-ended questions that is administered to 50-75 people. Selection of respondents may be random or purposive (interviewing stakeholders at locations such as a clinic for a health survey) (World Bank, 2004a).

6. Rapid Rural Appraisal

Rapid Rural Appraisal (RRA) are designed for obtaining new information and formulating new hypotheses about rural life. It emerged in the 1970s and 1980s in response to the perceived problems of outsiders missing or miscommunicating with local people in the context of development work. The tool therefore emphasizes the importance and relevance of situational local knowledge. Research is generally done by a multidisciplinary team, technical specialists and social scientists, using a set of informal techniques to collect and analyze data. Although originally developed for use in rural areas, PRA has been employed successfully in a variety of settings (Rennie, J. K. and Singh, N. C., 1996; World Bank, 1996 and Crawford, I.M., 1997).

As this tool still remained fundamentally an extractive, externally-driven process, the **participatory rural appraisal** (PRA) was developed in the 1980s. It was built on the RRA but was going much further in participation. In PRA the local knowledge is also given a central place in the tool, but data collection and analysis are undertaken by local people, with outsiders facilitating rather than controlling. The approach uses therefore group animation and exercises to facilitate information sharing, analysis and action among stakeholders. Also this tool was used in both rural as urban settings (Rennie, J. K. and Singh, N. C., 1996 and World Bank, 1996).

Further Reading

- USAID Performance Monitoring and Evaluation TIPS http://www.usaid.gov/pubs/usaid_eval/#02
- K. Kumar (1993). *Rapid appraisal methods*. Washington, D.C., The World Bank.

II.17. Cost-Benefit and Cost-Effectiveness Analysis

Definition and Basic Principles

Cost-benefit and cost-effectiveness analysis are tools for assessing whether or not the costs of an activity can be justified by the outcomes and impacts. In their analysis, researchers must take a long view (in the sense of looking at repercussions in the further, as well as in the nearer, future) and a wide view (in the sense of allowing for side-effects of many kinds on many persons, industries, regions,...), i.e. it implies the enumeration and evaluation of all the relevant costs and benefits.

The main difference between the two tools lies in their way of measuring the benefits:

Cost-benefit analysis (CBA) measures both inputs and outputs in monetary terms.

Cost-effectiveness analysis (CEA) is primarily used in programs and projects in which outputs can be measured with precision, but not in monetary terms. Therefore this tool measures the inputs in monetary terms, and outcomes in non-monetary units (i.e. improvements in student reading scores achieved; kilometres of road constructed, litres of drinking water made available, number of children vaccinated, number of life-years saved).

Source: World Bank, 2004a and Belli et al., 2001

Advantages

- Good quality approach for estimating the efficiency of programs and projects.
- Makes explicit the economic assumptions that might otherwise remain implicit or overlooked at the design stage.
- Useful for convincing policy-makers and funders that the benefits justify the activity.

Source: World Bank, 2004a

Disadvantages

- Fairly technical, requiring adequate financial and human resources available.
- Requisite data for cost-benefit calculations may not be available, and projected results may be highly dependent on assumptions made.
- Results must be interpreted with care, particularly in projects where benefits are difficult to quantify.

Source: World Bank, 2004a

Example

To illustrate the application of these two tools and the differences between them, we will illustrate the two approaches with two studies measuring the cost-benefit and cost-effectiveness of different investment-possibilities in the education sector:

Cost-effectiveness analysis

To inform the design of future investments in the education sector, Tan, Lane and Coustère (1995 in Belli et al., 2001) used data generated under two previous World Bank operations to assess the cost-effectiveness of alternative inputs to improve student learning.

The authors first estimated the relationship between selected school inputs and student learning using regression analysis, and then estimated the costs of the relevant inputs. The available data permitted evaluating the individual effects on student learning of workbooks, classroom furniture, class size, teacher qualification and preschool education, controlling for variation in students' initial levels of learning and their family background, as well as for differences in classroom and school management practices. Simple division of the costs by the corresponding regression coefficients gave the desired cost-effectiveness ratios:

Input	Annual cost per pupil (in pesos)	Impact on achievement in mathematics (in units of standard deviation)	Cost-effectiveness ratio (cost per standard deviation gained)
<i>Workbooks</i>	49	0.194	253
<i>Classroom furniture</i>	53	0.323	164
<i>Preschool programs</i>	250	0.076	3289

The results showed that, in this particular case, smaller classes and higher teacher qualification had no effect on student performance and, therefore, could be ruled out as priorities for policy intervention. Three school inputs –workbooks, classroom furniture, and preschool education- had unambiguously positive effects on learning. Of these, preschool education was strikingly less cost-effective than the other two.

Source: Belli et al., 2001

Cost-benefit analysis

In 1980 the Brazilian government launched a major program, the Northeast Basic Education Project, to improve elementary schools in an impoverished part of the country. Harbison and Hanushek (1992) (cited in Belli et al., 2001.) used cost-benefit analysis⁹ to evaluate the payoffs to key components of the project. The logic is that by enhancing student achievement, the project reduces repetition and dropout rates. The result is to shorten the number of student-years it takes to reach a given grade level.

⁹ Because the authors' calculations ignore the value of higher-achieving students and the cumulative effects higher up the educational pyramid, the authors describe their calculation as partial cost-benefit analysis.

Making the estimates involves the following five main steps:

1. Calculate the expected achievement gains associated with a US\$1 expenditure on each purchased input to be considered.
2. Estimate the increase in promotion probability associated with the gain in achievement.
3. Link the foregoing steps to obtain the increase in promotion probability associated with a US\$1 expenditure on each input.
4. Compare the average number of student-years required for promotion with and without the investment, taking the difference as the saving in student-years arising from the initial US\$1 invested.
5. Convert the time savings into dollars using estimates of the cost of a student-year of schooling.

Following these steps, Harbison and Hanushek show that certain investments to improve schooling conditions in northeast Brazil have dramatic payoffs:

Investment	Dollars saved per dollar investment	
	Northeast (low income)	Southwest (high income)
<i>Software inputs (writing materials and textbooks)</i>	4.02	0.52
<i>Hardware input (facilities and furniture)</i>	2.39	0.30
<i>Upgrade teachers to complete primary schooling through:</i>		
<i>Nonformal Logos inservice training</i>	1.88	0.24
<i>Four more years of formal primary schooling</i>	0.34	0.04

If the benefit-cost ratio exceeds unity, an investment is worth undertaking. Investing in writing materials and textbooks, for example, returns as much as US\$4 per dollar, suggesting that from the perspective of society as a whole, the investment is worthwhile. The calculation is however sensitive to underlying matrices of grade-to-grade promotion. Thus, in the most advantaged areas of the country, where grade progression is faster than in northeast Brazil, the returns to similar investments are much smaller. Investing in educational software, for example, would then return only US\$0.52 on the dollar, which indicates that it costs the community more than the gains.

Source: Belli et al., 2001

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II.18. The Logical Framework Approach

Definition and Basic Principles

The logical framework (LogFrame) is a management technique used in different development organizations that helps to clarify objectives of any project, program or policy. It aids in the identification of the expected causal links – the “program logic” – in the following chain: inputs, processes, outputs (including coverage or “reach” across beneficiary groups), outcomes and impact. It leads to the identification of performance indicators at each stage in this chain, as well as risks which might impede the attainment of the objectives. The LogFrame is also a vehicle for engaging partners in clarifying objectives and designing activities. During implementation the LogFrame serves as a useful tool to monitor and review progress and take corrective action.

Source: World Bank, 2004a

Advantages

- It documents clearly the change away from input & activity to an output & outcome focus
- Its output & outcome orientation keeps clients at the forefront.
- Scarcity of resources requires priority setting which, in turn, must be based on specific objectives.
- The tool ensures that decision-makers ask fundamental questions and analyze assumptions and risks.
- It engages stakeholders in the planning and monitoring process.
- When used dynamically, it is an effective management tool to guide implementation, monitoring and evaluation.

Source: World Bank, 2004a and TAC, 1999

Disadvantages

- If managed rigidly, it stifles creativity and innovation
- If not updated during implementation, it can be a static tool that does not reflect changing conditions.
- Training and follow-up are often required.

Source: World Bank, 2004a

Example

To improve literacy in Ghana, the Non-Formal Education Division/Ministry of Education (NFED/MOE) developed the National Functional Literacy Program. The principal objective of the program was to increase the number of Ghanaian adults (15-45 years), particularly women and the rural poor, who acquire literacy and functional skills¹⁰.

¹⁰ Following the definition of UNESCO, a functionally literate person is one who can engage in activities in which literacy is required for effective functioning of his/her group and community and also for enabling

The NFLP seeks to achieve this objective by providing a quality basic functional literacy program in selected national languages, creating a literate environment, and strengthening institutional capacity for program implementation, monitoring and evaluation.

In line with the World Bank's goal of improving productivity and welfare of the Ghanaians, the Bank approved support to the this Program in 1999. The Bank's support focuses on 6 components:

1. Basic Literacy and Development Activity Program,
2. English Pilot
3. Literate Environment
4. Monitoring, Evaluation and Research Program
5. Radio Broadcasting
6. Management and Institutional Enhancement

To monitor the performance of the program, a LogFrame was worked out in the Project Appraisal Document that identified several objectively verifiable indicators based on these 6 components:

<i>Hierarchy of Objectives</i>	<i>Key Performance Indicators</i>	<i>Monitoring and Evaluation</i>	<i>Critical Assumption</i>
<p>Sector-related CAS Goal: The productivity and welfare of Ghanaians improves.</p>	<p>Sector Indicators: Core welfare indicators (education, health, employment, household status) improved --(Baseline: CWIQ 1997)</p>	<p>Sector / Country Reports: Core Welfare Indicators Questionnaire (CWIQ) Survey; other standard surveys, e.g., GLSS</p>	<p>(from Goal to Bank Mission) Government continues with its development agenda of broad-based social and rural development and direct poverty alleviation efforts</p>
<p>Project Development Objective: Increase the number of functionally literate adults aged 15-45, particularly of women and the rural poor. (a functional literate can engage in activities in which literacy is required for effective functioning of his/her group and community and also for enabling him/her to continue to use reading, writing and calculation for his/her own and the community's development).</p>	<p>Outcome / Impact Indicators: At the end of each basic literacy cycle, 70% of a sample of enrolled adults in each batch able to:</p> <ul style="list-style-type: none"> • read and comprehend a short essay of 3 paragraphs; • write a simple one-page letter; and • perform simple calculations in 4 arithmetical operations with numbers of up to one million. • have participated in development activity projects • demonstrate behavioural change and civic awareness 	<p>Project Reports:</p> <ul style="list-style-type: none"> • Annual MIS reports and periodic monitoring and field supervision visits (NFED) • Learners' assessments at end of literacy cycle (NFED) • Formative evaluations • Tracer studies (NFED) 	<p>(from Objective to Goal) Quality programs in formal education are provided.</p>

him/her to continue to use reading, writing and calculation for his/her own and the community's development.

<p><i>Output from each component:</i></p> <p>1. Basic Literacy and Development Activity Program Implemented Literacy program is established, operational, and providing services to the targeted groups.</p>	<p>Output Indicators: Basic literacy skills training in the selected 15 national languages with enrollment of 200,000 learners/cycle of which at least: •40% classes in the North (regions: Northern, Upper-West, Upper-East) •60% of classes in rural areas •60% of enrolled learners women</p>	<p>Project Reports: • Annual MIS reports and periodic monitoring and field supervision visits (NFED) • Annual Program implementation reviews (joint NFED/IDA)</p>	<p>(from Outputs to Objective) • Demands for literacy classes continues. • Targeted groups are motivated to enroll and remain in literacy classes • NGOs and other providers deliver literacy in Non-NFED languages.</p>
<p>2. English Pilot Expanded English classes: 100, 150, 200, 400, 500 for years I to 5, respectively</p>	<p>2.1 English classes At the end of each English literacy cycle, 70% of a. sample of enrolled adults able to: • read and comprehend a short essay of 3 paragraphs • write a simple one-page letter</p>	<p>Learner assessment</p>	
<p>3. Literate Environment Enhanced Access to reading materials</p>	<p>3.1 Number of appropriate titles per language produced annually through regional mechanisms</p>	<p>Annual Program Implementation Reviews (Joint NFED/IDA)</p>	
<p>4. Implemented Monitoring, Evaluation and Research Program</p>	<p>MIS data complete, reliable and timely every year . Annual learners' assessments conducted and analyzed promptly Tracer studies and impact assessments carried out as planned Research plan and pilots carried out as planned Formative evaluations carried out periodically</p>	<p>Same as above</p>	
<p>5. Literacy classes supported by Radio Broadcasting stage I -Existing system improved Stage II – (a) expansion to cover four more national stations and (b) English language interactive radio <u>Triggers include:</u> positive impact assessment of existing radio broadcasting and positive feasibility assessment for expansion and use of radio in the English classes</p>	<p>5.1 Quality and efficiency of existing system improved</p>	<p>Same as above</p>	

<p>6. Management/Institutional Capacity Enhanced</p> <p>1. Improved program management</p> <p>2. Non-formal education policy framework developed</p> <p>3. Improved institutional capacity</p> <p>4. Effective partnerships with other literacy providers/ NGO's established</p> <p>5. Professional facilitation of Income Generating Activities</p>	<p>6.1.1 Annual quantitative and qualitative targets achieved as planned</p> <p>6.1.2. Utilization of MER work to improve program effectiveness</p> <p>6.2 Policy Framework presented at mid-term review</p> <p>6.3.1 Human resource development and staff decentralization strategies developed and action plan carried out during the first three years</p> <p>6.3.2 Decentralized resource management in operation</p> <p>6.4 Increased collaboration with NGO's and other providers</p> <p>6.5 Number of literacy groups obtained micro-credit by the end of the Program</p>	<ul style="list-style-type: none"> • Annual MIS reports and periodic monitoring and field supervision visits (NFED) • Formative program evaluation • Audit Reports (independent) • Annual program implementation reviews (joint NFED/IDA) • NFED agreements with NGO's • Annual database of literacy providers • NFED agreements with selected NGO for training 	
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II.19. Theory-based Evaluation

Definition and Basic Principles

A theory-based evaluation design is one in which the analysis is conducted along the causal chain from inputs to impacts. It is thus similar to the LogFrame approach, but allows a much more in-depth understanding of the working of a program or activity. In particular, it does not need to assume simple linear cause-and-effect relationships. For example, the success of a government program to improve literacy levels by increasing the number of teachers might depend on a large number of factors. These include, among others, availability of classrooms and textbooks, the likely reaction of parents, school principals and school children, the skills and morale of teachers, the districts in which the extra teachers are to be located, the reliability of government funding, and so on. By mapping out the determining or causal factors judged important for success, and how they might interact, it can then be decided which steps should be monitored as the program develops, to see how well they are in fact borne out. This allows the critical success factors to be identified. And where the data show these factors have not been achieved, a reasonable conclusion is that the program is less likely to be successful in achieving its objectives.

Source: World Bank, 2004a

Advantages

- Provides early feedback about what is or is not working and why.
- Allows early correction of problems as soon as they emerge.
- Assists identification of unintended side-effects of the program.
- Helps in prioritizing which issues to investigate in greater depth, perhaps using more focused data collection or more sophisticated M&E techniques.
- Provides basis to assess the likely impacts of programs.

Source: World Bank, 2004a

Disadvantages

- Can easily become overly complex if the scale of activities is large or if an exhaustive list of factors and assumptions is assembled.
- Stakeholders might disagree about which determining factors they judge important, which can be time-consuming to address.

Source: World Bank, 2004a

Example

Although Bangladesh could reduce fertility and mortality in the 1980s, malnutrition remained an important problem, affecting close to seventy percent of all children under-five. To address this problem, the government undertook in 1995 a pilot nutrition intervention supported by the World Bank, the Bangladesh Integrated Nutrition Project (BINP). As early signs of the project gave the promising message that malnutrition

seemed to be reducing, the government decided to scale up the project in 2002 under the National Nutrition Project (NNP). However, this decision resulted in some debate following a study by Save the Children UK, suggesting that the project had had little impact on nutritional outcomes. In order to clarify the problem, a theory-based evaluation was undertaken by the Independent Evaluation Group (IEG) of the World Bank.

The IEG study confirmed that there was an impact from the project, but it seemed to be very low, being equivalent to a reduction in malnutrition of less than 5 percent.

Through a theory-based evaluation, the IEG could identify two missing links that explained the disappointing outcome:

1. The first missing link was the relative neglect of some key decision-makers regarding nutritional choices. Mothers were not the sole, or even main, decision makers factors (e.g. what to buy, as in rural areas men do the shopping) affecting child nutrition. Husbands and mothers-in-law are also important, but were largely neglected in the delivery of nutritional messages.
2. The second problem was the focus on pregnancy weight gain while pre-pregnancy nutritional status is the more important determinant of low birth weight. Even achieving the targeted improvements in pregnancy weight gain would have had only a small impact on the incidence of low birth weight.

Several weak links could also help to explain the small impact of the project:

1. A substantial knowledge gap persisted as many women did not put the advice they received into practice, especially if they were resource or time constrained.
2. Those receiving supplementary feeding often shared it with others or substituted it for their regular foodstuffs.

Source: World Bank – IEG, 2006

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II.20. PRSP Annual Progress Reports

Definition and Basic Principles

The PRSP annual progress report (APR) analyses the progress made by countries towards the implementation of their PRSP. For HIPC countries, this APR serves to monitor successful implementation to reach the HIPC completion point. Other countries have to produce APRs to retain access to concessional resources from the IMF through PRGF programs (OED, 2004; Driscoll et al., 2005).

APRs are intended as a monitoring tool that meets the different but related needs of the three main stakeholders in the PRSP process: government, citizens in the country or their organisations, and donors providing budget support in the framework of the PRSP (Driscoll et al., 2005):

- the review progress is a means by which the government can learn lessons and improve its performance in poverty reduction,
- the report is intended to support enhanced government accountability, enabling citizens to hold the government responsible for its successes and failures,
- it is intended to meet donor requirements in accounting for their assistance to the country.

Advantages

- Most countries use the APRs to report on progress in implementing their PRSP. It describes the status of poverty, developments in the macroeconomic framework, the implementation of priority sector policies and performance, and progress in developing M&E systems (Driscoll et al., 2005; OED, 2004).
- The compulsory production of an APR may reveal limitations in the current monitoring system (Holvoet and Renard, 2007).

Disadvantages

- Until now, most APRs are just narrative reports on progress achieved. To become a document with clear operational implications, APRs need to combine a backward look to PRSP policies, targets and indicators, and a forward look to possible revisions of those policies, adjustments to targets and indicators, and to budget allocations for the forthcoming year (Driscoll et al., 2005).
- In most countries, the analysis contained in the APRs did not lead to a change in government policy and/or reorientation in budget priorities. For attaining this objective, a better integration of the APR in the timetable of policy reviews and budget planning is needed (Driscoll et al., 2005).
- In the PRSP-logic, the APR is expected to be an open review involving government, donors and other domestic stakeholders. In this way, citizen groups can hold the government accountable to its commitments made under the PRSP. In reality, there is little evidence that the review process is effectively working in this way (Driscoll et al., 2005; World Bank, 2003c).
- In the PRSP concept, donors should rely on APRs to meet their reporting needs and make fewer demands for information on government. In reality, a majority of budget support donors questioned in the 2003 SPA survey, regarded the APR as insufficient for meeting their reporting needs. For recipient countries, facing

limited capacity, this forms an additional strain (Driscoll et al., 2005 and OED, 2004).

Example

In Mozambique, the Annual Progress Report is the most important report monitoring progress in Mozambique's strategies to reduce poverty¹¹. The APR is annually issued by the Ministry of Finance and Planning to assess the progress of government policies and outputs. In the latest APR, finalised in June 2005, the Government evaluated the implementation of the 2004 Economic and Social Plan (PES, Plano Economico e Social), a plan detailing the action program to implement the country's PRSP in a particular year.

Taking into account previous recommendations, the APR showed certain improvements in comparison with previous reports:

- The APR broadly reflects Mozambique's progress in implementing the PRSP and lays out the government's agenda for improving performance and monitoring progress.
- The APR reflects better the implementation of the PRSP and the PES.
- Representatives from civil society participated in the sectoral meetings to assess the implementation of the PRSP.

In the future, the Joint Staff Advisory Note (JSAN) of the World Bank and the IMF still sees some room for improvements:

- The quality of the APR could be improved by more analysis (especially of the weak performance in some areas) and a closer linking to the central, sector and provincial monitoring systems.
- The discussion in the APR should be linked more closely with the PES so that the APR reports specifically on outturns relative to benchmarks established in the PES and provides more information on the main policy developments and issues.
- The government must ensure that the APR that is sent to the national assembly is the final version of the document rather than one of the draft versions.

Source: Driscoll et al., 2005; International Monetary Fund and International Development Association, 2005 and Republic of Mozambique, 2005

Further Reading

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¹¹ Other reports are the Public Expenditure Review, Review on Programme Aid, Balanço do PES, Budget Execution Reports, Sectoral Reviews and Programme Aid Partner Performance Assessment (Driscoll et al., 2005).

II.21. Performance Audit – Value-for-Money Audit (VfM) ¹²

Definition and Basic Principles

A performance audit evaluates whether an organisation is meeting its objectives, and whether it is doing this in an

- economic way, economically using its resources in accordance with sound administrative principles and practices, and management policies;
- efficient way, efficiently using human, financial and other resources
- effective way, auditing the effectiveness of performance in relation to the achievement of the objectives of the audited entity, and audit of the actual impact of activities compared with the intended impact.

The audit is not undertaken periodically but mostly fits in a certain audit program that is set up. All or part of the activities of an agency or agencies can be covered by the tool.

In this way, these audits provide an independent assessment of an area of public sector activity and seek to improve resource management and add value to an agency through recommendations on improving operations and procedures.

Source: Auditor General Victoria, 2006 and Sterck et al., 2006

Advantages

- Performance audits not just try to find the problems, like financial audits, but move back to track down its cause (Kotrý, J. and Dittrichová, Z., 2005).
- In contrast to financial audits, performance audits are essentially broader and offer more space for judgement and interpretation (Kotrý, J. and Dittrichová, Z., 2005).

Disadvantages

- In this method, conclusions are made on the basis of applied social science studies of management practices, program effectiveness and policy outcomes. As these conclusions have no generally accepted equivalent standards, like professional audits of financial transactions, the objectivity is limited and the findings need to be treated differently than those of financial audits (Seldon, 2006).

Example

As Mongolia's telecommunications infrastructure consisted in the beginning of the nineties largely of an inefficient and outdated analog-based network, the Asian Development Bank (ADB) decided to support the development of this sector. Following discussion with the government, the ADB approved in 1994 a telecommunications project and two supporting technical assistance (TA) grants to remove the bottlenecks to the country's development imposed by inefficient telecommunications. After the

¹² Value-for-money audit is a synonym for performance audit (Sterck et al., 2006)

completion of the project in 1999, the project completion report finalised in 2001 rated the project and its TA grants as successful.

To learn both the positive and negative aspects of the project and identify lessons for future operations, the Operations Evaluation Department of the ADB carried out a project performance audit in 2003. The main purpose of the audit was to assess the relevance of the project, the efficacy and efficiency of its achievement in terms of its outputs and their purpose and sustainability, and the project's institutional development and other impacts. Information for the audit was drawn from project records, discussions with ADB staff and information obtained by an Operations Evaluation Mission (OEM) to Mongolia in August 2003. The mission visited sites in four of the towns covered by the project and in different non-project towns. The evaluators also met staff of the government, government-owned corporations, Mongolian Telecom (MT) and other telecommunications and Internet service providers, and telecommunication users.

Main findings of this audit were:

- The project was completed within the timeframe of 5 years and costs were only slightly higher than estimated.
- With a few exceptions and with some delays, the project's expected physical output targets were either achieved or exceeded.
- The reforms further opened the field of telecommunications to the private sector and competition.
- Telecommunication services and their use have grown substantially.
- Communication costs for fixed line users clearly reduced in the project-supported towns.
- The project and its two supporting TAs is rated as highly successful. The assistance was and remains highly relevant to development needs and it did that highly efficient. Most achievements are likely to be sustained provided that government policy remains committed to open, competitive environment and appropriate tariffs set.
- The expected self-financing of further fixed line network expansion has not occurred on a significant scale.

Drawing final cause-and-effect relationships that explain the success of this project is difficult. However, the project seems to have benefited from:

1. being large relative to the size of the sector,
2. addressing all the important aspects of the sector in a comprehensive way,
3. achieving a good balance between supporting MT and introducing competition to MT,
4. focusing the expensive investment components on the major population centres and on an existing network, which immediately generated high usage rates
5. taking place at the time that foreign investors were interested in and had the financial capacity to invest in MT and in mobile and other systems,
6. having relatively stable project management and supervision,
7. having a government making decisions relatively quickly.

Source: Asian Development Bank, 2003

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II.22. Social Audit

Definition and Basic Principles

A social audit is an independent assessment of the social performance of an activity of an organization. It allows an organization to determine whether it is meeting its social objectives.

The fact that this audit is called “social” does not mean that costs and finance are not examined. The central concern of a social audit is to know how resources are used for social objectives, including how resources can be better mobilized to meet those objectives. Reliable evidence must therefore be collected that links a programme’s impact and coverage to its costs. Both internal records on performance as the views of stakeholders (including employees, clients, volunteers, funders, contractors, suppliers and the general public affected by the organisation) must be used to obtain this information.

The initiative for this sort of audit may come from the government itself or from the civil society.

Source: Jain and Polman, 2003; Centre for Good Governance, 2005; Ledogar, R.J., 2002

Advantages

- encourages community participation,
- trains the community on participatory local planning,
- promotes collective decision making and sharing responsibilities,
- develops human resources and social capital.

Source: Jain and Polman, 2003

Disadvantages

- It is often very difficult to determine whether the social objectives are met.
- The audit must be preceded by people’s capacity building, both to carry the process, and to protect the vulnerable from the powerful (ActionAid India, 2002).
- Participation of all levels of society must be assured.

Example

Villagers in Jharnapalli, a Gram Panchayat¹³ (GP) in Orissa, India, have been raising their voice against corruption in the GP for many years, without reaction of the government. The reluctance of the government to recognize the problem is shown by the dismissal of two corrupt sarpanchs¹⁴, who were not dismissed because of their corruption, but because they had more than two children. A training of teachers and discussions with

¹³ A Gram Panchayat is a local self-government unit in India.

¹⁴ A sarpanch is the head of a Gram Panchayat.

local activists revealed that people wanted a social audit to know the exact reason for the dismissal of the two sarpanchs.

Soon after the decision to hold a social audit, a request for information was circulated to all government offices and NGO's working in the GP. As expected, there was reluctance by many to cooperate. Support of the District Collector made it however difficult to withhold information. So, the researchers received data about various works completed in the villages during the periods 1998-1999, 1999-2000 and 2000-2001. Much information was however not given and the information received contained gaps. Once collected, this data was simplified, sorted and filed village wise.

With this information, volunteers went to the villagers. Their tasks were:

- to assess the extent and instances of corruption by sharing information with villagers, verifying whether the work was done and by crosschecking information,
- to instil confidence in people to participate in the process as villagers were still not convinced of the importance of the audit. Only after the District Collector assured all the village representatives that action would definitely follow the audit, the sceptics were convinced.
- to focus on the poorest in the villages and assess the support reaching them.

The audit itself was held on the 30 October 2001 and around 2500 people participated. The teams that had been working in the villages presented their findings and villagers testified. People actively participated in the meeting and representatives of the media asked questions. The whole society was represented as even people from the dalit (untouchable) community came forward to speak. They even revealed certain practices others did not dare to talk about out of fear.

This sort of discussion seemed to be very relevant to reveal the practices of corruption:

- Many muster rolls that were read out contained false names.
- The wages on the muster rolls were higher than the wages received by the labourers.
- The local bureaucracy failed to monitor and check corruption. There were many instances where junior engineers had certified 'ghost works' through their measurement books.
- The secretary of the GP actively participated in corruption by receiving wages for 'ghost workers'.

After the audit the situation became slightly tense as threats were issued to the members of local organisations involved in the process. Actions were however also undertaken as the District Collector instructed a special audit of the panchayat by the panchayat auditor. The secretary of the panchayat was issued with a suspension notice with a recovery from him of Rs. 68.000 and criminal proceedings were planned.

Source: ActionAid India, 2002

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II.23. Benefit Incidence Analysis and Revenue Incidence Analysis

Definition and Basic Principles

An incidence analysis estimates the distributional incidence of public expenditure or revenue raising a component at the individual or household level. Benefit Incidence Analysis and Revenue Incidence Analysis are two broad categories of frequently used incidence analysis.

A **Benefit Incidence Analysis** (BIA) tells who benefits from services by describing the distribution of the subsidies financing the service, across individuals. To obtain this information three steps have to be taken:

1. Estimate the unit cost per person, or unit subsidy, of providing a service. This information is usually obtained from officially reported recurrent public spending on the service in question.
2. Impute the unit subsidy to households or individuals who are identified as users of the service. This identification is generally done by household surveys. In this way, BIA measures the distribution of the subsidy across the population.
3. Aggregate individuals (or households) into subgroups of the population to compare distribution of the subsidy among different groups. Mostly these groups are composed using income or a related welfare measure. Other criteria that can be used to compose the groups are geographic location, gender, ethnicity, age, socio-economic group,...

In a **Revenue Incidence Analysis** (RIA) the distributional incidence of government's revenues is analysed. This is done in two steps:

1. Define the groups of interest.
2. Estimate the government revenue paid by each group of households. The data used in this analysis usually comes from household surveys.

Source: World Bank, 2003b; Bourguignon and Pereira Da Silva, 2003; World Bank Website, 2006; Castro-Leal et al., 1999.

Advantages

- This tool helps to assess who benefits from public subsidies or pays them. This is important for equity reasons.
- Technically, the tool is relatively simple.
- The simplicity in interpreting the results makes it attractive to the broad public.

Disadvantages

- A BIA has limited coverage and cannot be expected to cover all public expenditures. Spending on public goods where one person's consumption is not limited by the consumption of others usually cannot be the subject of BIA as the consumption cannot be imputed to individuals (Demery, 2002).

- BIA only takes into account the current costs, ignoring long-run or capital costs (Demery, 2002).
- RIA does not take into account the behavioural response to a tax change (Sahn and Younger, 2003).

Examples

Benefit Incidence Analysis

An analysis of the benefit incidence of government health spending on individuals or households in Ghana was published in Demery et al. (1995). As information on how the government actually spends its health budget is not available, the authors had to rely on a survey undertaken by the Ministry of Health (MOH) that collected data on annual visits, actual recurrent expenditure and cost recovery in MOH health facilities in 5 Ghanaian regions. The budget data were aggregated in three categories: hospital in-patient, hospital out-patient and health centre/clinic, corresponding to the categories used in the 1992 Ghana Living Standards Survey. Care was taken to only net out that proportion of cost recovery which was not retained by the facility itself.

Table 2: Ghana, government health-care subsidies, 1992

	Eastern, Volta, Ashanti, Western regions			
	Hospital			Health centre / Clinic, etc.
	In-patient	Out-patient	All	
<i>Total Expenditure</i>	4.613.785.283	1.718.861.184	6.332.646.467	1.306.391.612
<i>Cost Recovery</i>	66.343.889	733.798.633	800.142.523	479.148.511
<i>Net Expenditure</i>	4.547.441.394	985.062.551	5.532.503.944	827.243.101
<i>Visits</i>	319.811	1.347.705	1.667.516	1.156.939
<i>Subsidy per visit</i>	14.427	1.275	3.798	1.129
	Greater Accra Region			
<i>Total Expenditure</i>	3.657.478.794	1.362.590.139	5.020.068.933	937.147.593
<i>Cost Recovery</i>	4.695.806	256.182.332	260.878.138	69.347.354
<i>Net Expenditure</i>	3.652.782.988	1.106.407.807	4.759.190.795	867.800.239
<i>Visits</i>	73.809	336.970	860.896	144.419
<i>Subsidy per visit</i>	49.553	4.044	5.831	6.489

Source: Demery et al., 1995

The table shows that the subsidy per visit is always higher in Greater Accra than in the four other regions and health centre/clinic subsidies are much lower than hospital subsidies. This indicates that urban-located and hospital-based facilities absorb higher per-visit subsidies.

To estimate the benefit incidence of government health spending, this information was combined with the 1992 Ghana Living Standards Survey (GLSS). Individuals who reported in the GLSS that they visited publicly-funded health facilities were allocated the unit subsidy for each visit. Accra residents were allocated the unit subsidies estimated for the Greater Accra Region. The rest of the population was allocated the average unit subsidy for the four other regions.

Table 3: Ghana, benefit incidence of public spending on health.

		<i>Health centre / Clinic, etc.</i>		<i>Hospital Outpatient</i>		<i>Hospital Inpatient</i>		<i>All health</i>			
		<i>Per capita subsidy</i>	<i>Share of total subsidy</i>	<i>Per capita subsidy</i>	<i>Share of total subsidy</i>	<i>Per capita subsidy</i>	<i>Share of total subsidy</i>	<i>Subsidy</i>		<i>Share of</i>	
								<i>Total</i>	<i>Per capita</i>	<i>HH exp.</i>	<i>Total subsidy</i>
		<i>(Cedis ¹⁵)</i>	<i>%</i>	<i>(Cedis)</i>	<i>%</i>	<i>(Cedis)</i>	<i>%</i>	<i>(m Cedis)</i>	<i>%</i>	<i>(Cedis)</i>	<i>%</i>
<i>Pop. quintiles</i>	<i>1</i>	661	10.4	1.079	13.2	555	10.6	6.841	2.296	3.5	11.6
	<i>2</i>	1.082	17	1.242	15.2	741	14.2	9.133	3.065	3.1	15.5
	<i>3</i>	1.202	18.9	1.432	17.5	1.058	20.3	11.004	3.692	2.8	18.7
	<i>4</i>	1.460	22.9	1.564	19.1	1.203	23.0	12.600	4.228	2.3	21.4
	<i>5</i>	1.966	30.9	2.883	35.2	1.666	31.9	19.414	6.515	1.8	32.9
<i>Ghana total</i>		1.274	100	1.640	100	1.045	100	58.992	3.959	2.4	100

Source: Demery et al., 1995

The table clearly illustrates the unequal incidence of public health spending. The poor appropriated very little while the rich gained much from public-sector health spending in 1992. More specifically, the 20% poorest obtained 11.6% of the subsidy while 32.9% of the total subsidy was in the hands of the 20% richest.

Source: Demery et al. (1995)

Revenue Incidence Analysis

As an example of a RIA, we use a Tax Incidence Analysis done by the World Bank and the IMF in Ethiopia.

On January 1, 2003, the Ethiopian government introduced a Value Added Tax (VAT) to replace a former and more complex sales tax. Compared with the previous tax system, the main differences were:

- While the former tax had 2 rates (5 and 15 percent), the new tax had a uniform rate of 15 percent.
- In contrast with the former system that only taxed production, the VAT also taxed services.
- Exemptions were given to fewer basic products.

These changes were made to enhance revenue, improve economic efficiency, promote exports and foster growth. The World Bank and the IMF were however concerned about the impact of this new tax system on equity and more specifically about its consequences on the poor and vulnerable. A tax incidence analysis of the two taxes had to shed light on the problem. Data was used from the Report on the 1999/2000 Household Income, Consumption and Expenditure Survey, published by the Central Statistical Authority of Ethiopia. This survey covered the settled areas of the country with a random sample of 17,332 households, of which 8,660 rural and 8,672 urban.

¹⁵ Cedis is the unit of currency in Ghana.

To divide the population in deciles according to their welfare level, household expenditure data was used. Per decile, the effective tax rate of the new and the old tax were calculated:

Table 4: Tax Incidence of sales tax and VAT by deciles

Decile	Average expenditure (birr) (A)	Average sales tax payment (birr) (B)	Average VAT payment (birr) (C)	Effective sales tax rate (percent) = B/A	Effective VAT rate (percent) = C/A	Increase in tax burden = (C-B)/A
1	1.688,76	50,22	73,27	2,97	4,34	1,36
2	2.593,04	81,41	117,08	3,14	4,52	1,38
3	3.206,68	99,73	139,69	3,11	4,36	1,25
4	3.747,69	118,44	162,03	3,16	4,32	1,16
5	4.301,92	137,29	185,15	3,19	4,30	1,11
6	4.895,82	154,43	206,47	3,15	4,22	1,06
7	5.582,59	189,92	245,35	3,40	4,40	0,99
8	6.531,42	228,31	289,52	3,50	4,43	0,94
9	8.028,06	306,87	375,76	3,82	4,68	0,86
10	13.839,50	747,33	800,57	5,40	5,78	0,38
Average	5.442,49	211,44	259,54	3,88	4,77	0,88

Source: International Monetary Fund, 2003.

Comparing the effective tax rates for both taxes shows that the replacement of the sales tax by the VAT has increased the tax payment burden on the average household. On average, households face an increase in the effective tax rate of 23%. This general increase in effective tax rate is mainly explained by the abolition of the lower tax rate of 5%.

Furthermore, the data also unveils that the poorest households are hit harder by the shift in the tax regime as their increase in tax burden (1.36%) is more than three times higher than the increase faced by the richest decile (0.38%).

The fact that this new tax is less income-progressive than the previous one does not necessarily imply that the situation of the poorest people deteriorates. As revenue is only half of the picture, we also have to look at the way the additional revenue is spent. If it is primarily spent on the poor, the net impact on the lower deciles might still be positive.

Source: International Monetary Fund, 2003

Further Reading

- Pearson, M. (2002). *Benefit Incidence Analysis: how can it contribute to our understating of health system performance?* Issue paper of the DFID Health Systems Resource Centre [online]. London, DFID Health Systems Resource Centre. Available from: http://www.dfidhealthrc.org/shared/publications/Issues_papers/Benefit_incidence.pdf

- Demery, L. (2000). *Benefit incidence: a practitioner's guide* [online]. Washington, D.C., The World Bank, Africa Region, Poverty and Social Development Group. Available from: <http://poverty2.forumone.com/library/view/13437/>

II.24. Poverty and Social Impact Analysis

Definition and Basic Principles

A Poverty and Social Impact Analysis (PSIA) refers to the analysis of the distributional impact of policy reforms on the well-being or welfare of different stakeholder groups, with particular focus on the poor and vulnerable. The attention for PSIA has significantly increased with the adoption of the PRSP approach and the MDGs, two strategies that increased the need for more systematic analysis of the poverty and social implications of reforms.

To serve its purpose, PSIA includes ex-ante analysis of the likely impacts of specific reforms, analysis during reform implementation and ex-post analysis of completed reforms. Given the broad scope of policy issues, methods and challenges involved, there is no methodological template for analyzing the poverty and social implications of policies. Ten key elements must however be taken into consideration when undertaking a successful PSIA:

1. Asking the right questions

A first step in the analysis of poverty and social impacts is to identify the reforms or set of reforms that will be subject to analysis. As time and resource constraints do not permit to carry out PSIA for all reforms, the identification of reforms for analysis is a matter of judgement at the country level.

It will depend on factors like:

- the expected size and direction of the poverty and social impacts,
- the prominence of the issue in the government's policy agenda,
- the timing and urgency of the underlying policy or reforms, and
- the level of national debate surrounding the reform.

After the selection of the reform(s), a second step is the formulation of the key questions for analysis. This requires an understating of the underlying problems that the reform is intended to address (both in the short and the longer term). A useful device is to conduct a problem diagnosis by organizing the chain of cause-effect relationships, from policy objectives and policy actions to impacts, in the form of a hierarchical problem tree, in order to formulate relevant research hypotheses. Useful tools for this are the Logic Framework Approach (see point 17) and the Theory-based Evaluation (see point 18).

In this stage also the formulation of a counterfactual is important (see also Impact Evaluation, point 13)

2. Identifying stakeholders

After identifying the relevant reform and formulating the key question for analysis, an early and clear identification of the relevant stakeholders is important. Not only can policy choices affect different stakeholders or economic agents in different ways, these stakeholders can also influence whether a policy is adopted and how it is implemented.

Clearly identifying who these people, groups and organizations are, and what their influence is on the reform, is therefore important.

3. Understanding transmission channels.

Once the stakeholders have been identified, PSIA identifies the channels through which a particular change is expected to affect them. The expected impacts of a policy change on the welfare of different stakeholders takes place through five main transmission channels:

- Employment
- Prices (production, consumption and wages)
- Access to goods and services
- Assets (physical, natural, social, human or financial)
- Transfers and taxes.

The transmission channels that are going to dominate and require analysis will vary and will have distinct impacts on different stakeholders, depending on the reform and the country context. Impacts may differ along two key dimensions. First, impacts can be direct or indirect. Second, the nature of impacts may vary over time while also different stakeholders will tend to be affected differently.

4. Assessing institutions.

The channels through which policy reforms affect stakeholders run through institutions, i.e. the formal and informal rules of the game that affect the behaviour and incentives of stakeholders. As institutions determine the main arena in which stakeholders interact with each other and as the framework in which policy reforms may affect households and individuals, analysing the context is important in a PSIA. Two key areas of focus are particularly relevant:

1. How institutions and interests mediate the impact of policy reforms.
2. How the analysis of markets and organizational structures reveals the necessary conditions for the benefits of interventions to reach the poor.

Useful tools are the Public Expenditure Tracking Survey (see point 9) and the Quantitative Service Delivery Survey (see point 6).

5. Gathering data and information

Assessing data needs on the one hand and the data availability on the other hand and planning the phasing of future data collection efforts are a next important part of PSIA. Four steps are suggested:

1. Mapping out desirable data and information for PSIA (this may include both qualitative and quantitative data and information).
2. Taking stock of available information and prior analyses.
3. Adapting PSIA to data and information limitations ex ante (this includes the selection of a feasible analytical approach)
4. Planning to prevent limitations in the future (this includes the development of a strategy for data collection, monitoring, and ex-post analysis that builds national capacity for PSIA).

6. Analyzing impacts

To analyze the impact of a reform, various tools can be used. Which tools are chosen, will however depend on four factors:

1. the importance of indirect impacts,
2. data availability,
3. time availability and
4. availability of capacity.

Further, the PSIA approach advises the integration of both economic and social tools to obtain a comprehensive and effective impact analysis.

The methodology that is then selected may include a combination of the following tools:

6.1. Social Analysis

This first approach combines several techniques of social analysis that combine understanding of direct impacts with behavioural analysis: how people are likely to be affected, how this impact will differ among groups, what coping mechanisms people use to deal with changes produced by reform,... Further they also evaluate how different people are likely to be vulnerable to a particular reform, and who is most likely to be vulnerable to a particular reform. Examples are:

- A *Social Impact Assessment* is an analytical framework used to assess how the costs and benefits of reforms are distributed among different stakeholders over time.
- *Beneficiary Assessment* (see point 11).
- *Participatory Poverty Assessment* (see point 1).
- A *Social Capital Assessment Tool* is a set of integrated quantitative and qualitative measurement tools to measure social capital (institutions and networks, and their underlying norms and values) at the level of households, communities and key organizations.
- *Demand Analysis* looks at consumer or client demand for different types of services; qualitative and other factors driving demand and potential substitutes; feedback on likely responses to potential changes in taxes or in service management; and exploring ways to more effectively help the poor in terms of access based upon on local institutional context and past experience with programs targeted at the poor.
- *Participatory Public Expenditure Review* (see point 14).

6.2. Direct Impact Analysis

Tools for direct impact analysis simply assess who is directly affected by a policy change and how much they are affected. The behavioural response of the affected households or groups is not taken into account.

- *Incidence Analysis* (see point 22).
- *Poverty Maps* are geographical profiles that show the spatial distribution of poverty within a country, and suggest where policies might have the greatest impact on poverty reduction.
- *Public Expenditure Tracking Survey* (see point 9).
- *Quantitative Service Delivery Survey* (see point 6).

6.3. Behavioural Analysis

This approach includes economic tools that go further than direct impact analysis as they try to take into account behavioural responses among households and economic agents.

- *Behavioural Incidence Analysis* combines incidence analysis with econometric estimates of household behaviour. In this way it can be used to explain distributional changes arising from a policy change.
- *Demand and Supply Analysis* estimates the responses of consumers and producers, respectively, to price changes.
- *Household Models* are microeconomic models that analyze the impact by integrating producer, consumer and worker decisions into a household model. These models reflect the fact that many households, especially in rural areas, are simultaneously units of production and consumption.

6.4. Partial Equilibrium Models

Partial equilibrium analysis goes another step further. Where behavioural analysis has a purely micro focus (supply not equal to demand, prices are exogenously given), partial equilibrium analysis equates supply and demand in one or more markets so that prices clear at their equilibrium level. Possible tools in this approach are:

- *Multi-market models* specify a system of demand and supply relationships for a few sectors of the economy, so that the analyst can see how policies in one sector impact on other related sectors. Through the changes in prices and quantities, the impact on household income and expenditure can also be analysed.
- *Reduced-form estimation* uses partial equilibrium models to simulate the impact of policy changes or exogenous shocks on a variable of interest, such as aggregate consumption or income.

6.5. General Equilibrium Models

General equilibrium models aim to present a comprehensive picture by modelling all economic accounts in the economy.

- *Social Accounting Matrices* select certain accounts as exogenous and leave others endogenous. This tool offers a simple method for policy simulations.
- *Computable General Equilibrium Models* are completely-specified models of an economy, or a region, including all production activities, factors and institutions.
- *123 Model* simulates one country, two sectors and three goods.

6.6. Linking microeconomic distribution or behaviour to macroeconomic frameworks or models

- *PovStat and SimSip Poverty* are Excel-based programs which simulate the changes in poverty and inequality over time resulting from changes in output and employment growth.
- *The 123 PRSP model* links the 123 model to a behavioural analysis of representative households. In this way it can be used to analyze the impact of macroeconomic policy and external shocks on income distribution, employment and poverty.
- *Poverty Analysis Macroeconomic Simulator* links a macroeconomic framework to a labour-poverty module allowing the simulation of a wide range of policies, from labour and wage policies to taxation, prices as well as the allocation and levels of government spending.
- *Integrated macroeconomic model for poverty analysis* is a dynamic computable general equilibrium model. It can be used to analyze the impact of macroeconomic policy and external shocks on income distribution, employment and poverty.
- *Augmented Computable General Equilibrium (CGE) Model with Representative Household Approach* is based on a CGE model with representative households that are linked to a household module.

7. Contemplating Enhancement and Compensation Measures

To the extent that the ex-ante analysis reveals adverse effects on the living standards of the poor or other vulnerable groups, PSIA could:

1. ***Consider alternative design.*** the design of the reform may be improved by including enhancement or mitigation measures, or by different sequencing of public actions.
2. ***Consider direct compensatory mechanisms.*** when adverse impacts of reform are unavoidable, one can consider compensatory measures based on poverty grounds (especially if some of the poor loose in the short run and when the objective is poverty reduction); equity grounds (especially if groups that have

traditionally been the poorest and most vulnerable (lose more than those with greater economic security); or political economy grounds (especially if the losers have the capacity to organize and threaten either the sustainability of the reform or survival of the government).

3. ***Consider delay or suspension:*** if the short-to-long-term benefit of the best-designed policy intervention does not exceed the short-term (or long-term) costs of mitigating or compensating the poor.

8. Assessing Risks

When laying out the broad parameters of possible reform alternatives, it is important to address the risk that some of the assumptions underlying the analysis may not be realized. Risk assessment addresses this issue and provides further insight into policy choice and design, including sequencing. In addition, when combined with careful monitoring, risk analysis can help anticipate and address major unintended consequences by adjusting the reform during implementation.

There are four main types of risk in PSIA:

- ***Institutional risk:*** risk that assumptions made regarding institutional performance were incorrect (e.g. unexpected market or institutional failures, key organizations perform in unexpected ways).
- ***Political economy risk:*** risk that powerful interest groups may undermine reform objectives by blocking implementation, capturing benefits or reversing reform actions.
- ***Exogenous risks:*** risks of shocks to the external environment such as a natural disaster or regional economic crisis.
- ***Other country risks:*** risk of an increase in political instability or social tensions that could undermine effective implementation.

9. Monitoring and Evaluating Impacts

When identifying and designing reforms based on ex-ante PSIA, it is important to consider setting up at early stage systems for monitoring & evaluation. These are important as:

- M&E is critical both to validate ex-ante analyses and, where necessary, to influence reformulation of policy reforms.
- By following impact indicators and the assumptions underlying the analysis, monitoring helps to signal unexpected developments.
- M&E are also central in the promotion of accountability and ownership.

To effectively complete all these tasks, PSIA puts a heavy demand on data and information bases. In considering these information needs it is therefore essential to build, where possible, on existing systems of M&E. When new M&E systems need to be developed, they are best set up during the initial stages of reform. They should also be integrated with existing systems in order to develop a coherent national poverty monitoring system that brings together information bases, indicators, mechanisms for linking M&E and policy decision making and so forth.

10. **Fostering Policy Debate and Feeding Back into Policy Choice**

For low-income countries, PSIA has been conceptualized as an integral part of the PRSP process and as an element of the dialogue on the country's poverty reduction strategy.

Fostering and drawing upon public discussion of policy can be useful at various points of the PSIA process:

- At an early stage, the debate can inform the choice of reform for which analysis should be undertaken.
- During the analysis, discussions can help analyze stakeholders, understand transmission channels, and validate technical impact analysis.
- Policy debate among stakeholders is also essential to develop consensus, build ownership and to create leverage of social accountability, since it enhances the understanding of the potential poverty and social impacts of the reform.
- Finally it can also be useful for monitoring and evaluation purposes.

Ensuring that the lessons learned from the policy analysis, implementation and monitoring are fed back into the policy process is central to PSIA. The feedback of lessons is a critical step, and adequate institutional setup is required to “close the loop”.

Source: World Bank, 2003b

Advantage

The PSIA approach can be used to analyze the poverty and social impacts of a variety of reforms in different sectors and in different regions.

Source: World Bank, 2003b

Disadvantages

- In many instances, the data and information required to do a comprehensive analysis are not readily available.
- Different analytical constraints make a PSIA a difficult and statistically demanding exercise. Capacity constraints in developing countries might therefore convince governments to choose easier tools.
 - The various direct and indirect effects make it difficult to analyze the impact of macroeconomic and structural reforms at the microeconomic or household level. This makes PSIA a difficult tool for analysts.
 - The extent and nature of reform impacts may differ over time. Capturing these inter-temporal dimensions within distributional analysis is a complex undertaking.
 - Rigorous analysis requires a comparison to be made between outcomes with and without reform. This is hard to do ex-ante.

Source: World Bank, 2003b

Example

Although the Mozambican school network has witnessed an impressive expansion since the signing of the Peace Agreement in 1992, completion rates did not display the same pattern of development. To explain these difficulties, many factors can be cited. Generally these can be grouped into three categories:

- Demand-side constraints: direct costs and opportunity costs
- Supply-side constraints: quality of education, access and the physical condition of school infrastructure and related facilities.
- Contextual factors: socioeconomic, cultural, traditional community practices, chronic illness,...

Different studies in the past tried to determine the impact of these factors on enrolment and pupil retention in primary schools. One of the limitations of these studies was however their lack of information on the specific role that direct costs and opportunity costs exercise in financing primary education, in household decision making regarding the length of children's schooling, or in pulling children out of school before they can complete lower or upper primary education.

To measure the role of direct and opportunity costs, the World Bank made available resources in 2003 to undertake a PSIA. Officials of the Ministry of Education seized the opportunity, assigned a team to work on the study and launched it in February 2004.

To obtain its information, the PSIA relied on primary and secondary data sources. In terms of primary data, two field surveys were undertaken. One survey was carried out among senior officials at the Ministry of Education and education staff in the provinces and districts in order to assess the government policy on fees. A second survey was performed in selected districts, schools and communities in order to determine the consistency between the government policy and the way this policy is interpreted and applied in schools. As secondary data, the team used a national household budget survey of 2002-2003 that provided detailed information on household income and expenditures in a representative sample of 8.700 households.

The analysis of this information showed that:

- Although the official policy on school fees outlines a limited number of fees that could be collected, evidence shows that the majority of primary schools collect extra fees to cover routine expenses as direct government budget allocations to cover daily operations are extremely rare.
- The majority of policy makers, senior officials and technical officers interviewed during the field study believed that fees are an essential source of funds to run primary schools.
- The interviewees generally agreed that some schools deny access to children for lack of payment and that parents are not well aware of the policy stating that children whose parents cannot afford to pay cannot be denied access to school.
- Although they disagreed on the relative importance assigned to each constraint, central, provincial and district government officials generally agreed on the main constraints to enrolment and pupil retention in primary education: opportunity costs and direct costs related to learning materials.

- The findings of the survey among stakeholders in the schools and communities are consistent with those of the survey among government officials. According to these local stakeholders, the factors with the greatest impact on primary school completion rates are the direct costs of learning materials and books, the high opportunity costs, the low value attributed to education by parents and pupils, and poverty. With these findings, the hypothesis that school fees are the main factor in influencing attendance and completion was not supported.
- Finally, the household survey analysis showed, consistent with the findings from above, that school fees alone have essentially no impact on enrolments and dropouts. Other factors have a larger impact on school attendance and pupil retention: school proximity, characteristics of the children, the geographical location of a household, parental educational attainment, and household welfare.

Based on the study, the research team, in consultation with policy makers, generated recommendations to increase retention in primary schools:

1. The most important recommendation was a revision of the current policy on school fees to clarify the type, purpose, frequency of fee contributions, payment mechanisms, and accountability of funds. Pupils whose parents cannot afford to make contributions should be exempted from paying fees.
2. Public information campaigns should be initiated to educate communities on the right of children to attend primary school (irrespective of their economic circumstances), on the wider benefits of schooling, and the need to start school at the appropriate age.
3. The resources that are channelled directly to the school should be increased to ease the burden on households. To elicit reform from the ground up and the size of the grant could be tied to pupil retention and overall school performance.
4. Teachers should be deployed better to ensure that qualified teachers are distributed more equitably, especially in rural areas where the supply of qualified teachers and female teachers is limited.
5. To reduce the travel time to school it is recommended to build schools closer to the communities. In order to increase the likelihood of continuing from one level to the next, it is advisable to build lower and upper primary schools in one physical plant.

Further Reading

- On the World Bank PSIA-website the PSIA User's Guide can be found together with examples, training,... www.worldbank.org/psia

II.25. Ex-ante Poverty Impact Assessment¹⁶

Definition and Basic Principles

An ex-ante Poverty Impact Assessment (PIA) is a “light” version of the PSIA. It is a tool that helps to improve the design of interventions such as policies, programs or projects by trying to understand the transmission channels through which these interventions are undertaken and the results that are so triggered at different levels and times. In this way, the ex-ante PIA informs donors and partner countries about the expected intended and unintended consequences of their interventions. Further, the approach also provides information about the impact of these interventions on the well-being of different social groups, focusing on poor and vulnerable.

To apply the model, 5 modules were suggested that could direct the evaluations:

1. General poverty situation and relevance of the intervention to national strategies and plans,
2. Stakeholders and Institutions,
3. Transmission channels used and overall results by channel
4. Capability of stakeholders
5. Impact on MDGs and other goals.

Source: OECD (DAC), 2006

Advantages

- An ex-ante PIA provides an opportunity for clear exposition of the reasons for action and allows partners and other stakeholders to examine the assumptions, logic and evidence underlying resource allocation decisions. Interventions with high impact on poverty reduction and pro-poor growth can thus be identified. Interventions with low impact can potentially be better designed. Mitigating measures can be identified and included in programme design where negative impact may be expected.
- Since ex-ante PIA assesses the assumptions implicit in the design of the intervention and the causal links which generate the desired results, it can also guide the design of a monitoring system.
- The approach might identify existing information and information gaps.

Source: OECD (DAC), 2006

Disadvantages

- An ex-ante PIA provides less information than a PSIA.
- The tool can not be applied to budget support, since such assistance can be used to fund any part of the partner country’s budget. In the same logic, it is not possible to undertake an ex-ante PIA of an entire PRSP.

Source: OECD (DAC), 2006

¹⁶ This section is largely based on the November 2006 version of the ex-ante PIA. A slightly revised version will be available by March 2007.

Example

This tool is still in progress. It has not been widely applied and case studies have only been performed so far with the aim of developing the tool further. One of these case studies is the evaluation of three Indo-German development projects in the field of Natural Resource Management by GTZ¹⁷. Before expanding on one of the evaluated projects, we want to make two remarks about this GTZ-evaluation.

1. As two of the evaluated projects were implemented for a number of years already, this example illustrates that slight modifications to the approach can broaden the applicability of the tool to other phases of the project/programme cycle. To illustrate ex-ante PIA, we will present the findings of the third project on biofuel, a pilot project that still had to be started.
2. The evaluation under study used a previous slightly differing version of the ex-ante PIA. Its results fed into the further elaboration of the tool.

In Andhra Pradesh (India) the production of biofuel is seen as potentially important for employment generation, environmental rehabilitation and energy security. Different partners, including farmers, collectors, processors and consumers, therefore decided to set up a Public Private Partnership (PPP) as they all consider joint production as a potential win-win cooperation. The evaluated project is a pilot that tested and compared several ways of addressing equity issues and outcomes for the poor. Insights could be gained from other ongoing projects on biofuel in India but also from other projects supported by Indo-German Development Cooperation.

The five modules cited above were generally used as a guideline throughout the PIA:

1. *Background*

- The Government of Andhra Pradesh prepared a draft policy paper on biodiesel and has plans to increase the coverage of trees (*Pongamia pinnata* and *Jatropha curcas*) that can provide the seeds.
- The National Insurance Company provides *Jatropha* cultivators with crop insurance support.

2. *Stakeholders and Institutions Analysis*

- The State Government of Andhra Pradesh provides the legal framework and support in terms of grants and subsidies. The government is strongly interested in poverty reduction but does not consider biofuel production the main way to do so. However, the government is actually providing high level subsidy (free plantation material/ plantation cost/ assured irrigation source) to below poverty line families to take up *Jatropha* plantation.
- Southern Online Bio Technologies Limited has experience in the production of biofuel in its production plant near Hyderabad. The firm buys seedlings and produces biodiesel. The company has no particular interest in poverty reduction.
- The International Institute for the Semi Arid Tropics (ICRISAT) in Hyderabad provides capacity development and research and development. Although the Institute is mainly interested in developing a viable, sustainable agronomic approach, it is also interested in poverty reduction.
- Different NGOs organize village level groups to ensure equity.
- GTZ is the final stakeholder organizing coordination and funding. Its overarching goal is poverty reduction and achieving the MDGs. Further it also aims to foster economic cooperation with India.

¹⁷ We would like to thank Solveig Buhl for providing us the document.

3. *Transmission channels used and overall results by channel*

- Guaranteed prices are one of the prerequisites for resource poor farmers to take up risky new product lines. As small farmers have a low bargaining power in the market, contract farming can be a viable way of balancing farmers' and buyers' interests in a fair and transparent manner. The disadvantage of this contract farming, which entails individual arrangements between sellers and large scale industrial buyers, could be overcome by establishing Self Help Groups (SHG) and co-operative societies which also venture into the processing of raw materials to claim a higher share of the value added.

- The employment effect will be significant. In the informal sector people could be employed in the collection of seeds from existing trees, the cultivation of trees on private and common land, the running of pressing machinery and nurseries. Estimates show that in this way 10.000 full-time jobs could be created. In the formal sector a smaller number of jobs will be created mainly in the new oil factories. When SHGs can grow and become viable oil-producing co-operatives they will also create formal employment.

- The project will create access of the target group to seedlings, irrigation water, production credits and innovative technologies which will contribute to a rising livelihood status.

- The project will finally contribute to the creation of assets. The most important outcome will be the use of wasteland and fallow land for production of fuel. Further the project will also develop human and physical assets and social networks.

4. *Capability of stakeholders*

- As longer term impact studies of this type of projects are not yet widely available, the overall impact on income and poverty of the project is difficult to predict. One similar project however showed an increase in income of 77% over three years.

5. *Impact on MDGs and other goals.*

The impact of the Public Private Partnership (PPP) will be mainly on goal 1, i.e. eradicate extreme hunger and goal 3, i.e. gender equality and empowerment of women.

Further Reading

- OECD (DAC) (2006). *A practical guide to Ex Ante Poverty Impact Assessment*. OECD (DAC), DAC Network on Poverty Reduction.

SUMMATIVE MATRIX

	Time required	Cost	Quantitative/Qualitative	Scope Input/Output/Outcome/ Impact
Participatory Poverty Assessment (PPA)	5-9 months, assuming a research team of 10-20 people	From \$15.000 to \$200.000	Combined (focus on qualitative)	Impact
Living Standard Measurement Survey (LSMS)	18 months-36 months	200.000\$-3.000.000\$	Quantitative	Outcome/Impact
Core Welfare Indicators Survey (CWIQ)	Preliminary results can be obtained within 30 days 2 months	30-60\$ per household	Quantitative	Outcome/Impact
Service Delivery Survey/Client Satisfaction Survey	Consultation, design and pre-testing take several months. The survey itself takes 1-2 months, depending on the sample size and data accessibility	60.000-100.000\$	Combined	Output/Outcome
Citizen Report Card Survey	3-6 months, each survey in Bangalore took 7 months	Bang: 10.000-12.000\$	Combined	Output/Outcome
Community Score Card	3-6 weeks	30.000\$-40.000\$	Combined	Output/Outcome
Public Expenditure Tracking Survey	5-6 months	Can be high until national capacities to conduct them have been established. Uganda: 60.000\$ for education sector, 100.000\$ for health sector.	Quantitative	Input/Output
Poverty Observatory	Permanent feature		Combined (focus on qualitative)	Impact

Participatory beneficiary assessment	3-4 months	40.000\$	Qualitative	Outcome/Impact
	Both duration and cost will increase when the assessment is done in an iterative fashion, at periodic intervals throughout the life of the project.			
Performance Assessment Framework			Quantitative	Output/Outcome/(Impact)
Joint Review	Depends upon the programme or policy under review. In Mozambique the joint review of the PRSP and the partner's performance took 45 days. In the case of a joint sector review it mostly takes about 15 to 20 days.		Combined. The joint review gathers data from various sources, including both qualitative and quantitative.	All levels
Impact evaluation	Depends on what approach is chosen. 1 month to 5 years \$25.000-\$1 million		Quantitative	Impact
Public Expenditure Review		250.000\$	Quantitative	Input/Output
Rapid Appraisal Methods	Low to medium, depending on the scale of methods adopted	Four to six weeks, depending on the size and location of the population interviewed and the number of sites interviewed	Combined (with focus on qualitative)	Outcome/Impact
Cost-Benefit and Cost-Effectiveness	Varies greatly, depending on scope of analysis and availability of data.		Quantitative	Input/Output

Logical Framework Approach	Several days to several months, depending on scope and depth of participatory process	Low to medium, depending on extent and depth of participatory process used to support the approach	Combined	All levels
Theory-based Evaluation	Medium, depends on the depth of the analysis and especially the depth of data collection undertaken to investigate the working of the program	Can vary greatly, depending on the depth of the analysis, the duration of the program or activity and the depth of the M&E work undertaken.	Combined	All levels
Performance Audit/Value-for Money Audit			Combined	Input/Output (Outcome/ Impact)
Social Audit			Combined	Input/Output (Outcome/ Impact)
Revenue Incidence Analysis	One month, if the data are clear.	\$15.000 (PSIA sourcebook)	Quantitative	Input/Outcome
Benefit Incidence Analysis	When the household survey is available: 4-8 weeks. When it is not available: 1-2 years (PSIA sourcebook)	\$10.000 (PSIA sourcebook)	Quantitative	Input/Outcome

Ex-ante Poverty Impact Assessment	Between 2 days and 2-3 weeks.			
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Annex 1: Mozambique's PAF

Achievements (Actions)	Responsibility of:	Indicator [Verification Source]	Target 2007	Indicative target 2008	Indicative target 2009	Type of indicator (Outcome/Output)	No of Ind
Carry out at least one Provincial Poverty Observatory (OPP) in each province	MPD	Number of Provinces with executed OPPs [Syntheses of the OPP on the OP website and at the DNP]	11	11	11	Output	1
Note: Since we are dealing with an outcome indicator, there are various actions and responsible entities, whereby these may be conferred in the Strategic Matrix		Aggregate expenditure as a % of the approved Stage Budget (OE) [OE]	≥95% e ≤105%	≥95% e ≤105%	≥95% e ≤105%	Outcome	2
Allocation of the public resources in accordance with the objectives of the PARPA II, whereby the allocation for priority sectors, as indicated in the PARPA, is used as a reference (Table 17)	MF-DNO / MPD-DNP	Allocation of the OE in line with the MTFF [MTFF and OE]	X	X	X	Output	3
Increase in the budgeting orientated by the objectives of the Government	MPD / MF	Research on the Localization of Public Expenditure ("PETS") executed on a bi-annual basis [MF and MPD]	Initiated and effectively carried out at MEC (Education) level	Actions in response to the implemented 2007 PETS	Research carried out	Output	4
Direct execution of the budget through the e-SISTAFE	MF/ Ministries	Number of Ministries, State organs and UGEs [MF]	25 Ministries, organs and at least 291 UGE	To be defined	To be defined	Output	5
Note: Since we are dealing with an outcome indicator, there are various actions and responsible entities, whereby these may be conferred in the Strategic Matrix		Total incomes as a % of GDP [OE]	14.9%	15.4%	15.9%	Outcome	6
Implementation and operation of the Procurement System up to the district level	MF - DNPE	System of Procurement operational [DNPE-MF]	X	X	X	Output	7
Increase the number of organs with an operational internal controls unit at central and provincial levels	IGF	% of organs at central and provincial levels with operational internal control units [Annual activities report on the internal control sub-system, SCI]	30	65	100	Output	8

Increase the number of financial audits	TA	Number of financial audits approved by the TA [Annual activities report]	90	118	144	Output	9
Implementation of the national decentralized planning and finance strategies	MPD / MF / MAE	% of the budget transferred to the: - provinces, - districts - municipalities [OE]	24.9% 3.0% 0.8%	To be defined	To be defined	Output	10
	MAE	% of operational District Consultative Councils (at least 3 meetings per year) with accountability to the Government [MAE]	60%	80%	100%	Output	11
Development and implementation of the unified Personnel Information System (ANFP, MF and TA)	ANFP	Published Statistics Yearbook on public servants [Statistics Yearbook]	Census and CUF	X	X	Output	12
Increase in the number of municipalities	MAE	Proposal for the increase in the number of municipalities deposited in the AR [MAE]	Legislation on the criteria approved by the CM and deposited in the AR			Output	13
Increase the productivity of the Courts	TS	Number of cases tried per judge per year[TS official statistics]	150	To be defined	To be defined	Output	14
	MJ	% of prisoners in jail awaiting trial [TS official statistics]	35%	30%	30%	Output	15
Investigation and closure of corruption cases	PGR	Number of corruption cases : A) Reported B) Under investigation C) a- Accused b- Non-accused (awaiting better evidence) c- Filed D) Tried [PGR]	Published statistics	To be defined	To be defined	Output	16
Improvement in the quality of the services rendered by the Criminal Investigation Police	MINT and PGR	% of cases prepared within the preparation time limits [MINT and PGR]	50%	50%	50%	Output	17

Increase in the PRM's operationality	MINT	% of cleared-up crime processes [MINT]	74%	74%	75%	Output	18
Strengthening of the activities of the PAV, and especially that of the mobile brigades component	MISAU - DNS	DPT3 and Hb coverage rates in children between 0-12 months [SIMP]	95%	95%	95%	Output	19
Carry out campaigns on education, information dissemination, awareness of community leaders and of other people with decision-making powers so as to increase the demand of obstetric care	MISAU - DNS	Coverage rate of institutional births [SIMP]	52%	53%	56%	Output	20
Increase the use of mosquito nets and insecticides	MISAU - DNS	% of pregnant women and children under 5 who have at least one REMT1 in each district without fumigation [Malaria Programme]	≥95%	≥95%	≥95%	Output	21
Increase National capacity to the diagnosis and treatment of AIDS	MISAU - DNS	Number of people who benefit from antiretroviral therapy (ART) [HIV/AIDS Programme]	96420	132280	165000	Output	22
		Number of children who benefit from paediatric ART [HIV/AIDS Programme]	11 820	20826	30000		
Recruitment of teachers	MEC	Net enrolment rate at 6 years of age in the 1st Grade - Girls [MEC Statistics]	67%	73%	80%	Outcome	23
Distribution of the EP school textbooks	MEC	EP2 conclusion rate - Girls [MEC Statistics]	27%	40%	50%	Outcome	24
Increase in the proportion of teachers with pedagogical training							
Hiring of new teachers	MEC	Ratio students per teacher in EP1 [MEC Statistics]	71	69	67	Outcome	25
Reduction in the number of teachers teaching 2 shifts in EP1							
Construction of new disperse water points	DNA / DPOPH's	Number of new disperse water points that were constructed [DPOPH annual reports]	1 055	1055	1034	Output	26

Implementation and expansion of the Social Protection programmes (Direct Social Aid, Food Subsidies, Social Benefit through Work, Income Generating Programme, Institutional Assistance Programme for Children, the Elderly and Deficiency Carriers)	DPMAS / INAS	Number of children, elderly people, deficiency carriers, women who are heads of the family aggregate benefiting from social protection programmes [PES periodic reports with disaggregated data per target programme and group]	120437	279800	294400	Output	27
On-site and off-site inspection and report production by BM	BM	% of banks fulfilling the IAS/IFRS norms [BM]	100%	100%	100%	Output	28
Elaboration of: Regulation on Private Pensions Funds (Private), proposals for the insurance contracting law; Revision of the financial guarantees regime and the elaboration of a transition plan for the IFRS	IGS	Submission to the Council of Ministers / Parliament [Publications in the Government Gazette]	Revision of the financial guarantees regime. Regulation on the private pensions funds	IFRS transition plan and proposals for the insurance contracting law		Output	29
Realization of the actuarial study and the design of the investments strategy and elaboration of regulating diplomas	INSS	Study concluded; investment strategy being implemented; regulations in force and recommendations implemented. [INSS]	Realization of the actuarial study and the elaboration of the investment study	Implementation of the recommendations made by the actuarial study and by the investment strategy	Implementation	Output	30
Simplification of the procedures for starting a business	MINJ / MIC	Number of days to start a business [Annual World Bank Report "Doing Business Annual Report"]	60	40	30	Output	31
Approval and implementation of a flexible Labour Law	MITRAB	Cost of hiring and firing workers** [Doing Business Position]	80	To be defined	To be defined	Output	32
Divulgence and dissemination of agricultural technologies	MINAG / Agricultural Extension	Total number of peasants assisted by the public extension services, including sub-contracting [REL]	222300	222300	411000	Output	33

Construction and rehabilitation of water collecting infra-structures for the agriculture sector	MINAG / Agricultural Services	Number of new irrigation hectares rehabilitated with public funds and put under the management of the beneficiaries. [REL]	4000	3400	3000	Output	34
Stocktaking, mapping of land occupation, use and utilization	MINAG / Lands and Forests	% of processes channelled and registered in 90 days [MINAG]	90%	95%	99%	Output	35
Rehabilitation and maintenance of the network of national roads	MOPH	% of roads in good and reasonable conditions [ANE Report]	76%	77%	78%	Outcome	36
Distribution of condoms, implementation of CNCS's national communication strategy and the expansion of vertical transmission prevention services	CNCS / MISAU	% (and number) of HIV positive pregnant women who have been receiving complete prophylaxis treatment in the last 12 months so as to reduce the risk of vertical transmission from mother to baby [MISAU]	13% (22500)	17% (30400)	22% (42000)	Output	37
Inclusion of gender issues identified in the PARPA in the PES/OE and BdPES	Identified Ministries (in coordination with MMAS and MPD)	PES/OE and BdPES whereby the actions, budgets and progress in gender are reflected [Sector BdPES/OE and a conjunct MMAS evaluation]	MMAS, MISAU, MEC, MINAG, MINT, MOPH, MPD.	MMAS, MISAU, MEC, MINAG, MINT, MOPH, MPD.	MMAS, MISAU, MEC, MINAG, MINT, MOPH, MPD., MJ and MAE	Output	38
Coordination of the implementation process of the Local Economic Development Agencies	MPD - DNPDR	Cumulative number of operational Local Financial and Economic Development Agencies [DNPDR monitoring reports]	8	10	10	Output	39
Elaboration and approval of district plans on the use of land	MICOA / MPD	Cumulative number of District Development Strategy Plans (PEDD) with an elaborated and approved integrated spatial component (use of land) [Sector BdPES]	26	33	40	Output	40

Annex 2: PAF of the Program Aid Partners in Mozambique

ANNEX 4: PAPs PERFORMANCE MATRIX

Objectives	Activities	No	AGGREGATED MATRIX FOR ALL PAPs Indicators	2006 Target	2007 Target	2008 Target	2009 Target	2010 Paris Target
Portfolio Composition	GBS	1a	Individual PAPs provide at least 40% GBS (as % of ODA to Government)	40%	Yes	Yes	Yes	
		1b	% GBS in PAPs total ODA ¹⁸	40%	40%	44%	48%	
	Program Aid	2	% Program-based aid in total PAPs ODA disbursed (<i>Paris Indicator 9</i>)	70%	72%	75%	80%	(66%)
Predictability	Commitment GBS	3	% PAPs with multi-year agreements of not less than 3 years.	100%	100%	100%	100%	
		4	Commitments of GBS for year n+1 made within 4 weeks of the JR in year n	100%	100%	100%	100%	
	Disbursement GBS	5	Disbursement of confirmed GBS commitment in the fiscal year for which it was scheduled, according to quarterly disbursement schedule as agreed with GoM	100%	100%	100%	100%	
		6	% PAPs ODA that is recorded in the government budget (<i>Paris Indicator 3</i>)	80%	82%	85%	90%	(>85%)
	All ODA to government	7	PAPs ODA disbursed as percentage of aid recorded in government budget (<i>Paris indicator 7</i>)	new	To be defined	To be defined	To be defined	(halve gap)
Harmonization and Alignment	Harmonization of conditionality	8	PAPs adhere to GBS common conditionality.	95%	100%	100%	100%	
		9	Number of PAPs with NO Annex 10 exceptions	13	14	14	15	
		10	Strict harmonization between new bilateral agreements for GBS and MoU	100%	100%	100%	100%	
	Utilization of government systems and reporting	11	% PAPs ODA using Country Public Financial Management Systems (<i>Paris indicator 5a</i>)					
		11a	% PAPs ODA disbursed using national budget execution procedures (<i>Paris Indicator 5a</i>)	45%	45%	55%	60%	
		11b	% PAPs ODA disbursed audited using national auditing procedures	new	40%	42%	45%	

¹⁸ PAPs ODA in this matrix only includes ODA to Government

Objectives	Activities	No	AGGREGATED MATRIX FOR ALL PAPS Indicators	2006 Target	2007 Target	2008 Target	2009 Target	2010 Paris Target
			only (<i>Paris Indicator 5a</i>)					
		11c	% PAPS ODA disbursed using national financial reporting procedures (<i>Paris Indicator 5a</i>)	replacement	45%	55%	60%	
		12	% PAPS ODA disbursed using national procurement systems (<i>Paris Indicator 5b</i>)	45%	45%	55%	60%	(2/3 reduction in non-use)
		13	% Sector programmes that comply with indicators 11a, 11c and 12	new	?	?	?	
		14a	% of total missions that are joint (<i>Paris Indicator 10a</i>)	20%	30%	35%	40%	(40% joint)
		14b	Total number of missions	160	140	120	100	
		15	% of analytical work that is coordinated (<i>Paris indicator 10b</i>)	50%	55%	60%	65%	(66% joint)
		16	Donors agree "quiet period" with GoM and implement it	Reach agreement and implement	Yes	Yes	Yes	
Capacity Strengthening	Project Implementation Units	17	Number of parallel PIUs (<i>Paris indicator 6</i>)	new	27	22	17	(2/3 reduction)
	Technical cooperation	18	% PAPS TC provided through co-ordinated programmes (<i>Paris Indicator 4</i>)	new	50%	55%	60%	(50%)
		19	% sector-wide TC as a percentage of total TC	Agreement on guidelines for national capacity development support		13%	16%	20%

Objectives	Activities	No (points)	<u>Individual matrix</u>		2006 Target	2007 Target	2008 Target	2009 Target	2010 Paris Target
			Indicators						
Portfolio Composition	GBS	1a (4)	PAP provides at least 40% GBS (as % of ODA to Government)		40%	Yes	Yes	Yes	
	Program Aid	2 (4)	% Program-based aid of total ODA disbursed by PAP (<i>Paris Indicator 9</i>)		70%	72%	75%	80%	(66%)
Predictability	Commitment GBS	3 (3)	PAP has multi-year agreements of not less than 3 years.		yes	yes	yes	yes	
		4 (3)	Commitment of GBS for year n+1 made within 4 weeks of the Joint Review in year n		yes	yes	yes	yes	
	Disbursement GBS	5 (4)	Disbursement of confirmed GBS commitment in the fiscal year for which it was scheduled, according to quarterly disbursement schedule as agreed with GoM		yes	yes	yes	yes	
		6 (2)	% PAP's ODA that is recorded in the government budget (<i>Paris Indicator 3</i>)		80%	82%	85%	90%	(>85%)
	All ODA to government	7 (2)	ODA disbursed by PAP as percentage of its aid recorded in government budget (<i>Paris indicator 7</i>)		new	To be defined	To be defined	To be defined	(halve gap)
Harmonization and Alignment	Harmonization of conditionality	8 (2)	PAP adheres to GBS common conditionality.		yes	yes	yes	yes	
		9 (1)	PAP has NO GBS MoU Annex 10 exceptions		yes	yes	yes	yes	
		10 (1)	Strict harmonization between PAP bilateral agreement for GBS and MoU		yes	yes	yes	yes	
	Utilization of government systems and reporting	11	% PAP's ODA disbursed using Country Public Financial Management Systems (<i>Paris indicator 5a</i>)						
		11a (2)	% PAP's ODA disbursed using national budget execution procedures (<i>Paris Indicator 5a</i>)		45%	45%	55%	60%	
		11b (1)	% PAP's ODA disbursed audited using national auditing procedures only (<i>Paris Indicator 5a</i>)		new	40%	42%	45%	
		11c (2)	% PAP's ODA disbursed using national financial reporting procedures (<i>Paris Indicator 5a</i>)		replacement	45%	55%	60%	
		12 (2)	% PAP's ODA disbursed using national procurement systems (<i>Paris Indicator 5b</i>)		45%	45%	55%	60%	(2/3 reductio

Objectives	Activities	No (points)	<u>Individual matrix</u>		2006 Target	2007 Target	2008 Target	2009 Target	2010 Paris Target
			Indicators						
									n in non-use)
		14a (1)	% of total missions by PAP that are joint (<i>Paris Indicator 10a</i>)		20%	30%	35%	40%	(40% joint)
		15 (1)	% of analytical work by PAP that is coordinated (<i>Paris indicator 10b</i>)		50%	55%	60%	65%	(66% joint)
Capacity Strengthening	Project Implementation Units	17 (2)	Number of parallel PIUs (based on list agreed for OECD/DAC questionnaire) (<i>Paris indicator 6</i>)		new	Zero or number reduced	Zero or number reduced	Zero or number reduced	(2/3 reduction)
	Technical cooperation	18 (2)	% PAP's TC provided through co-ordinated programmes (<i>Paris Indicator 4</i>)		new	50%	55%	60%	(50%)
		19 (1)	% sector-wide TC of PAP as a percentage of total TC by PAP		Agreement on guidelines for national capacity development support	13%	16%	20%	