

Evaluating General Budget Support

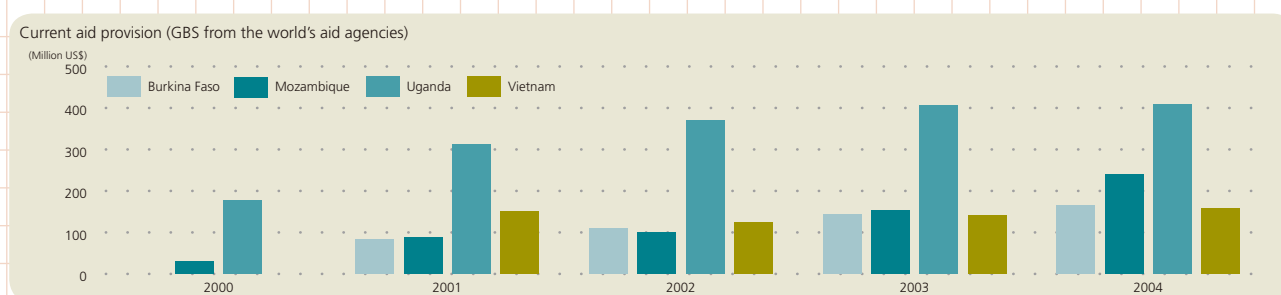
Evaluation background and objectives

General budget support (GBS) as an aid modality has been attracting considerable interest against a backdrop of discussion concerning the efforts of aid agencies and partner countries towards improving aid effectiveness trends in aid to Africa, and the efficacy of aid.

JBIC is implementing several projects in Vietnam and elsewhere using the GBS modality. The Bank is also involved in the joint evaluation study of GBS that is being carried out by the Organization for Economic Cooperation and Development (OECD), DAC (Development Assistance Committee) Network on Development Evaluation (EVALUNET) in conjunction with various aid agencies and a number of partner countries that

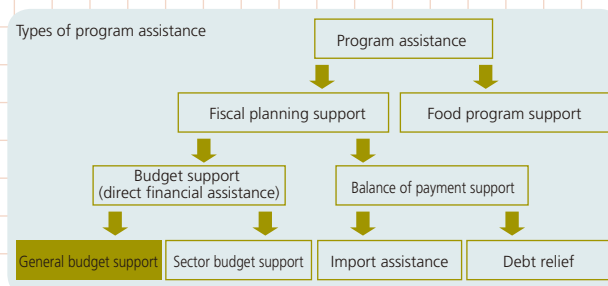
have received GBS.

The study is designed to evaluate and analyze “to what extent, and under what circumstances, GBS is relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth”. The evaluation covers “partnership general budget support” (PGBS) (i.e. the entire aid package including complementary inputs: conditionality, policy dialogue, technical assistance, harmonization and others, in addition to finances) during 1994 through 2000, and includes seven country case studies (Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam).



What is GBS?

Budget support is one form of program assistance. It involves the direct commitment of funding to a budget of partner country and, unlike normal project type assistance, is not linked to specific project activities. Budget support is broadly broken down to sector budget support and general budget support. The former is distinguished from GBS by the application of conditionality in respect of the sector that has been earmarked for assistance.



How is GBS evaluated?

The basic approaches used for evaluation are comprised of the OECD/DAC evaluation criteria (relevance, efficiency, effectiveness, impacts, sustainability) and a logical framework approach (which involves analyzing each of the steps (inputs, rapidity, outputs, outcomes, impacts) in the process towards achieving poverty reduction and other MDGs, which constitute a project's primary objectives), combined with evaluation and analysis

using entry points to assess institutional arrangements within aid agencies and partner countries prior to project implementation. Together with the aforementioned evaluation framework, a cause-and-effect diagram detailing the effects and consequences of programs undertaken through GBS was mapped out and used as the basis for the evaluation study.

Evaluation result

Various opinions were put forward by aid agencies and partner countries and a joint report of study was finalized. An outline of these results is given below.

- GBS is considered to be a relevant response to the problems in aid effectiveness.
- GBS is an efficient, effective and sustainable means of supporting the poverty reduction strategies of partner countries. It is playing a positive role in five of the seven countries for which case studies were conducted (Burkina Faso, Mozambique, Rwanda, Uganda and Vietnam).
- GBS enhances the country-level quality of aid as a whole through its direct and indirect effects on the coherence and harmonization of assistance with the development policies of partner countries. In this respect, PGBS can be said to complement the various other assistance tools that are available. The importance of PGBS positioning in the context of making strategic use of differing aid modalities was also suggested.
- It was also considered to other effects (unintended) of GBS, but no evidence was found that it would either crowd out private sector investment or undermine efforts to increase revenues.
- GBS is vulnerable to a number of risks, including political risks.

On the basis of these results, JBIC will continue to undertake projects utilizing new modalities, including GBS, and will remain actively engaged in the evaluation process.