

Sector Budget Support in Practice

Study Methodology

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List of Acronyms

CAS	Country Assistance Strategy
CIDA	Canadian International Development Agency
CPA	Country Programmable Aid
CRG	Country Reference Group
CSO	Civil Society Organisation
CV	Curriculum Vitae
DAC	Development Assistance Committee
DAIC	Design and Implementation Consultant
DANIDA	Danish International Development Agency
DFID	Department for International Development
EC	European Commission
GBS	General Budget Support
GFS	Global Finance Statistics
GPN	Good Practice Note
GTZ	<i>Deutsche Gesellschaft für technische Zusammenarbeit</i> (German Technical Cooperation)
HQ	Headquarters
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDD	International Development Department
IMF	International Monetary Fund
M&E	Monitoring and Evaluation
MDA	Ministry, Department and Agency
MFA	Ministry of Foreign Affairs (Netherlands)
MoU	Memorandum of Understanding
MP	Member of Parliament
MTEF	Medium Term Expenditure Framework
NAO	National Audit Office (United Kingdom)
NONIE	Network of Networks on Impact Evaluation
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
PAF	Performance Assessment Framework
PBA	Programme-Based Approach
PEM	Public Expenditure Management
PER	Public Expenditure Review
PFM	Public Financial Management
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
RBM	Results Based Management
SBS	Sector Budget Support
SC	Study Consultant
SPA	Strategic Partnership with Africa
SQ	Study Question
SWAP	Sector Wide Approach
TA	Technical Assistance
TOR	Terms of Reference
UK	United Kingdom
UN	United Nations
US	United States

A: Introduction

1. This methodology employed for the second phase of a study on Sector Budget Support (SBS) in Practice (SBSiP) for the Strategic Partnership with Africa (SPA) – henceforth ‘the Study’. The purpose of the Study is to draw on the experience of SBS to guide future improvements in policy and practice by partner countries and donors.

2. The 2008 Survey on Monitoring the Paris Declaration provides strong evidence that donors are making increasing use of non-General Budget Support (GBS) Programme-Based Approaches to deliver aid. Much of this aid is provided in the form of SBS, but a diverse range of approaches are in use. While there has been a systematic and comprehensive evaluation of GBS, together with the adoption of a broad consensus as to its definition, the many different sector approaches in use at country level have emerged over a number of years with little comparative review and analysis. There is also a lack of definitional clarity, with markedly different approaches often labelled as SBS. Also in marked contrast to the situation with regard to GBS, there is a lack of a systematic set of ‘good practice’ guidelines for country SBS practitioners.¹ Given the increasing aid volumes being channelled in this way, there is a clear need for a systematic cross-country cross-donor review of practical experience both at country and HQ levels.

3. An equally pressing imperative is the need to examine the efficacy of sector approaches as a means of delivering sustainable results in recipient countries. At a time when there is an increasingly diverse array of aid disbursement channels open to donors, it is important to understand better the links between sector approach inputs, one of which may be SBS, and sector level outcomes - including the different variables that augment and diminish its efficacy.

4. The Study therefore provides a welcome opportunity to undertake a systematic comparative review of SBS in practice, to draw out key findings and recommendations and draft associated good practice guidelines to complement those developed by the OECD for GBS. Moreover, the SPA provides a uniquely inclusive forum within which to develop and disseminate such guidance, affording an explicitly partner country focused and collaborative approach and increasing the likelihood that recommendations will be both accepted and acted upon.

5. This document sets out in detail the methodology used by ODI/Mokoro in delivering the Study, and is drawn from the Study Inception Report. It includes a logical framework for assessing SBS, the four step approach the team will use in order to evaluate SBS practice in the context of this framework and the specific approach to each of the Study outputs. This methodology is supported by an Annex, which sets out a much more detailed elaboration of the methodology and approach.

¹ As the SPA Note on SBS (SPA, 2005) makes clear, Volume 2 of the OECD – DAC Guidelines on Harmonising Donor Practices for Effective Aid Delivery does not explicitly address SBS guidelines, focusing more on GBS and Sector Wide Approaches.

B: Overview

6. This Section provides an overview of the ODI/Mokoro approach to the work, setting out key Study outputs and the general approach to the work.

Study Outputs

7. The Study outputs essentially comprise of five groups: i) a Literature Review; ii) Sector Case Studies (comprising both full, in-depth sector case studies and desk-based summary reports); iii) a report on Donor Headquarters (HQ) Accountability Expectations; iv) an SPA Members Workshop (and associated Workshop Synthesis and Action Plan), and; v) a final Synthesis Report and Good Practice Note (GPN). Box 1 below summarises these core Study outputs.

8. The Literature Review will examine SBS in Practice, drawing lessons from the first phase of the SBS in Practice Study (ECORYS 2008) as well as other literature on SBS including impact evaluation and experience from non-African Countries.

9. The second group of outputs comprises of the Sector Case Studies. There are two types of Sector Case Study. The first types are the full, in-depth Sector Case Studies which involve country field visits and direct interactions with recipient governments and development partners. In addition, for the identification of good practice, the six full Sector Case Studies will assess *the lessons from experience to date in specific sectors and provide the recipient government and donors with guidance that will help them improve the design and implementation of SBS in future*. The full Sector Case Studies will be supplemented by shorter summary reports in the form of desk-based Sector Case Studies which will aim to contribute to the body of good practice.

Box 1: Summary of Study Outputs

- **Literature Review on ‘SBS in Practice’**
- **Sector Case Studies:**

Full Sector Case Studies:	Desk-based Sector Case Studies
○ Zambia – Roads Sector	○ Tanzania – Health Sector
○ Zambia – Health Sector	○ Uganda – Local Government
○ Mozambique – Health Sector	○ Tanzania – Local Government
○ Rwanda – Education Sector	○ Mozambique – Agriculture Sector
○ Uganda – Education Sector	
○ Mali – Education Sector	
- **Report on Donor HQ Accountability Expectations**
- **SPA Members Workshop, Workshop Synthesis and Action Plan**
- **Final Synthesis Report and Good Practice Note (GPN)**

10. The third key output is the report on Donor HQ Accountability expectations. This aims to deepen the understanding of donor behaviour in-country in the provision of SBS, examining how far this is determined by donor HQ accountability requirements and expectations. It will involve one donor HQ case study together with a desk-based review and synthesis of existing literature on the subject.

11. These initial outputs will provide the material for the final Study outputs. A Synthesis Report will draw out the key lessons of generalisable significance for policy makers and practitioners. The Synthesis Report will in turn form the basis of the preparation of a Good Practice Note (GPN).

12. The draft Synthesis Report and GPN will be discussed at an SPA Members Workshop, which will seek to discuss and chart a way forward for improving the effectiveness of SBS. Following on from this, a Workshop Synthesis and Action Plan will also be prepared. The final GPN is expected to draw on feedback from this workshop, and to address the issues set out in Box 2 below.

Box 2: Scope of Good Practice Note (GPN)

Approaches that maximise achievement

- The conditions for successful SBS and the evidence about how significant changes in sector policies and institutions have been achieved.
- The most effective ways to influence priorities for sectoral spending and the efficiency and equity of resource use
- The design and implementation features which were most effective in maximising the benefits of SBS.

Conformity with Government systems

- How far the operation of SBS has departed from normal public financial management laws and regulations and the resulting costs/burdens imposed on partner countries.
- Whether donor safeguards and accountability requirements were justified and whether enhanced accountability was achieved in practice.
- Whether accountability requirements could be met by less onerous mechanisms.

Aligning implementation with Government systems

- How donor arrangements (e.g. for releasing funds and monitoring) can be made compatible with Government systems and how conditionality can be aligned with national policy.

Integration with other aid instruments

- How GBS and SBS can become more fully complementary. Coordination of SBS with GBS is sometimes inadequate.
- Whether underperformance against GBS targets has a significant consequence for sectoral funding through SBS.

Other practical aspects

- Whether SBS is affected by: i) sector specific capacity constraints and, procedures; and; ii) the fact that sectors within one country system may differ considerably.
- How the functional relationship between the Ministry of Finance and sector Ministry impacts on SBS.
- How consistently the different donors define SBS and how they report on it back to HQ.

Source: Terms of Reference.

General Approach

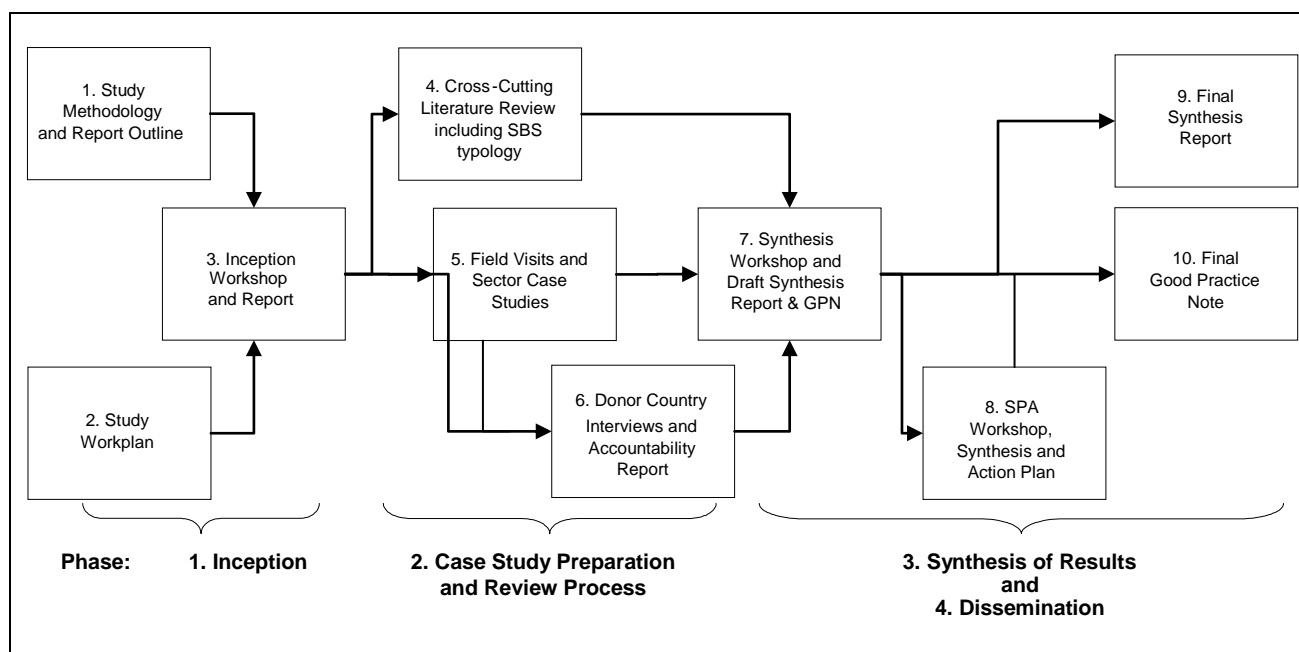
13. As set out in the ODI/Mokoro proposal, and having reviewed the Terms of Reference (TOR) in detail, the central priorities for the Study are summarised in Box 3 below.

Box 3: Central Study Priorities

- A very strong **partner country perspective** through a collaborative and consultative approach to the work (paras. 4 – 6 and 31 of the TOR);
- A **rigorous evaluative approach** that links SBS inputs to outputs and outcomes, allowing a judgement to be reached regarding the achievements of SBS in each case study country (paras. 14 - 15);
- A **comprehensive review of current SBS practice** (broadly defined), with definitional precision regarding the different approaches in use and their respective ‘derogations’ from country systems and additional external requirements for partner countries (paras. 6, 8, 12 and 17);
- An approach that carefully **builds upon existing findings** from recent evaluative frameworks and studies on SBS (paras. 20 and 28 – 30);
- Careful **attention to lines of accountability**, including both political accountability within partner countries, external donor accountability requirements and the interaction between the two (paras. 5, 17 and 30), and;
- Crucially, **policy and operational benefits for partner countries** and donors so that the future design and implementation of SBS may be improved, both within countries covered by the study and as part of a wider lesson learning exercise (paras. 4 – 6, 11, 17 and 31).

14. The key steps to be undertaken in order to deliver the Study in line with these priorities are set out and described in Figure 1 below and elaborated in greater detail in the remainder of the proposal.

Figure 1: Building Towards the Synthesis Report and Good Practice Note



Inception Phase

1. **Study Methodology and Report Outline:** The Sector Case Studies will be underpinned by a clear methodology and outline, developed from the analytical framework.
2. **Study Workplan:** This sets out a structured, time bound plan for the project. In particular it will set out the planned mission dates for all the country studies, following interactions with the Design and Implementation Consultant (DAIC) and Country Reference Groups (CRGs).
3. **Inception Workshop and Report:** Building on steps 1 – 3, an Inception Report will be produced following an *internal* workshop to collate feedback on the Study methodology and ensure that the Study Team has a clear common understanding of the analytical framework and work programme.

Case Study Preparation and Review Process

4. **Cross-cutting Literature Review:** The Inception Phase will involve a thorough cross-country and cross-sector SBS review, drawing on recent developments in the evaluation literature and reflecting examples of non-African SBS.
5. **Field Visits and Sector Case Studies:** The Review Process Phase will then commence, with collation and review of documentation, preparatory work with CRGs, field work and drafting of Country Case Studies, with opportunity for feedback to and review by CRGs. Each case study will also provide country level inputs for the Donor Accountability Report.
6. **Donor Country Interviews and Accountability Report:** After the first three case studies have been prepared the methodology and report outline will also be fully elaborated for the Donor Accountability Report, building in linkages with the information generated in the Sector Case Studies. The data for the case studies on donor accountability will be synthesised. Following this telephone interviews will be held with donor HQ representatives, and the Donor Accountability Report will be drafted.

Synthesis of Results and Dissemination

7. **Synthesis Workshop and Draft Synthesis Report and GPN:** The Synthesis Phase will involve the preparation of initial synthesis and good practice findings and their discussion at an *internal* Synthesis Workshop. Following this a first Synthesis Report and GPN will be prepared.
8. **SPA Workshop, Synthesis and Action Plan:** The Dissemination Phase (overlapping with the Synthesis Phase, will involve the preparation and delivery of the SPA Workshop and drafting of a Workshop Synthesis and Action Plan.
9. **Final Synthesis Report:** The Final Synthesis Report will be prepared drawing heavily on feedback provided by CRGs and SPA members.
10. **Final Good Practice Note:** The Synthesis Report findings will then be condensed into a practical and operationally relevant/useful GPN to assist partner governments and donors in delivering better SBS.

C: Study Methodology

15. This section sets out the methodology for the various components of the Study. It starts by defining the spectrum of SBS to be included in the study. It then provides an overview of the assessment framework, and highlights the four main steps to the assessment which will guide the case studies. It then sets out the structure of the country case studies, and outlines the main tools for carrying out the assessment, which include a set of Study Questions and an inventory of SBS for each case.

16. It concludes by setting out the approaches that will be applied in the different components – full case studies, desk case studies, the study on HQ accountability requirements, and the Synthesis. This Section should be read in conjunction with both the glossary of key terms in Annex 1 and with Annex 2, which provides a more detailed set of tools for the assessment.

Defining the Spectrum of Sector Budget Support to be included in the Case Studies

17. The OECD/DAC distinguishes GBS from SBS as follows:

“...budget support is defined as a method of financing a partner country’s budget through a transfer of resources from an external financing agency to the partner government’s national treasury. The funds thus transferred are managed in accordance with the recipient’s budgetary procedures. Funds transferred to the national treasury for financing programmes or projects managed according to different budgetary procedures from those of the partner country, with the intention of earmarking the resources for specific uses, are therefore excluded from this definition of budget support. An additional distinction might be made between general budget support and sector budget support. In the case of general budget support, the dialogue between donors and partner governments focuses on overall policy and budget priorities, whereas for sector budget support the focus is on sector-specific concerns².”

18. With respect to this ‘pure’ or ‘strict’ definition of SBS, the TOR observe that:

“In reality, there is a spectrum of different kinds of support which is labelled as SBS by donors and the Study Consultant will also examine cases which depart from this “purer” form of SBS. These “hybrid” forms may involve channelling funds through national budget processes but also incorporate various forms of “earmarking” to specific budget items, special reporting requirements, and separate accounting and procurement arrangements. Others may channel funds directly to the sector.”

19. The spectrum of SBS approaches may vary from types of pooled and basket funds on the one hand to GBS on the other. For the purposes of the Sector Case Studies, it is important that some boundaries are placed on the spectrum of support being provided to sectors for the purpose of this Study.

20. The dimension used to set these boundaries is the funding channel. Box 4 below sets out the three funding channels for aid identified in a recent study on Using Country Budget Systems for aid delivery (Mokoro 2008). As a working definition for the Study, it is proposed that aid instruments which use Channel 1 will be defined as SBS, i.e. those using the normal channels for the recipient government’s own funded expenditures.

² Source: OECD 2006, Harmonising Donor Practices for Effective Aid Delivery, Vol. 2, Chap. 2

Box 4: Aid Funding Channels

- **Channel 1 is the normal channel used for government's own-funded expenditures. Channel 1 aid is disbursed to the government's finance ministry (or "treasury"), from where it goes, via regular government procedures, to the ministries, departments or agencies (MDAs) responsible for budget execution.** Note that aid funds in Channel 1 may or may not be earmarked for specific expenditures.
- In Channel 2, external funds are provided directly to a particular ministry, department or agency (MDA) – most often a sector ministry and managed through special accounts outside of the regular government system. Thus, Channel 2 funds, although held by a government body, do not follow the normal government procedures.
- In Channel 3, expenditure is undertaken by the donor agency itself or by nongovernment agents on its behalf. Assets or services are delivered to the government in kind, but the government does not handle the funds itself.

Source: Mokoro 2008

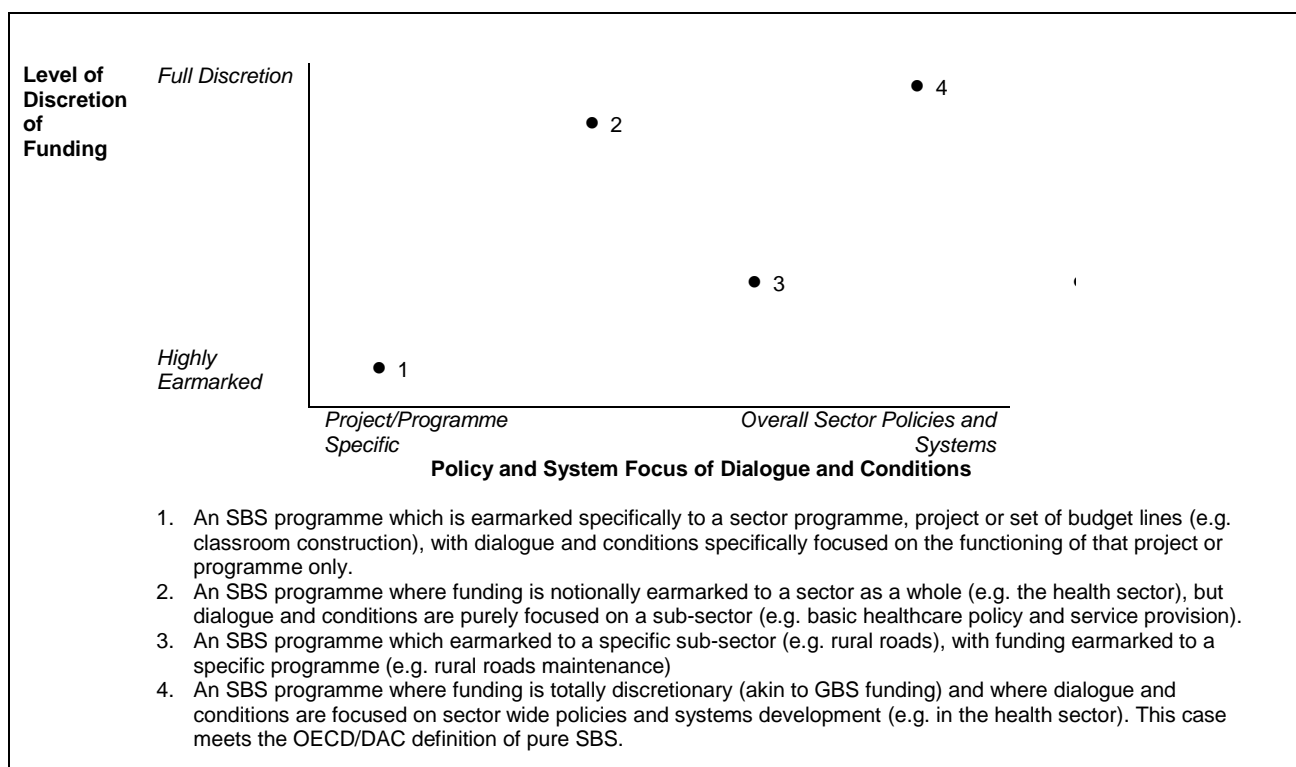
21. As the TOR observe, aid using channel 1 can still be earmarked³ to specific sub-sectors, programmes or expenditures in the budget as observed in the TOR. An extreme example of earmarking might be each Sector Budget Support programme in a sector being channelled through the treasury, but funding its own grant to support service providers in a single sector, which is separately identifiable in the budget and accounted separately (but using government systems). In another example, SBS funding may be notionally earmarked where the government agrees to increase budgetary allocations to the sector by an amount equivalent to the value of the sector budget support. On the other extreme there may be no earmarking at all.

22. Secondly, consistent with the OECD/DAC definition of SBS, **the dialogue and conditions associated with the aid should be predominately focused on a single sector** (although there may be some other conditions relating to cross-sectoral reform issues such as PFM and public service reforms). However, dialogue and conditions may be focused on a specific sub-sector or programme within a sector, too. This draws a distinction with GBS where there may be dialogue across multiple service delivery sectors.

23. Within these two broad parameters, there lies a broad spectrum of aid modalities.

³ See Glossary for definitions of earmarking and discretion.

Figure 2 below sets out some illustrations of different examples of aid provision within the spectrum.

Figure 2: The Spectrum of Sector Budget Support Covered by the Study

24. Whilst the level of discretion of funding and focus of dialogue and conditions define the broad spectrum of SBS, it is important to note that SBS has other inputs associated with it⁴. This may include links to the provision of technical assistance and capacity building and specific coordination. The specific nature of these inputs associated with the provision of SBS will also vary significantly:

- For example the Links to Technical Assistance and Capacity Building could vary significantly. On one extreme the dialogue and conditions associated with sector may not be linked to TA or Capacity building at all. Links to TA and capacity building may be through the dialogue only, with other aid projects or the budget funding specific TA and capacity building activities. On the other, there may be a explicit, and more conventional project component of TA and capacity building support forming part of the SBS Agreement.
- Coordination and harmonisation of SBS may vary from one extreme where each SBS agreement has separate dialogue structures and conditions; to the other where there is a joint set of conditions, dialogue structures, disbursement processes and accountability requirements for all SBS programmes, which are also integrated with those for GBS.

25. The limits to the spectrum preclude funding provided directly to a sector ministry, department or agency, as well as GBS which tends to cover several sectors. However there may be aid instruments outside the boundaries of the spectrum which demonstrate many of the features of SBS. This will include cases where there has been a transition from more traditional parallel project type arrangements to SBS; and where there has been a transition from SBS to GBS. It will also include basket funds which do not use Channel 1, but where there is significant partner country discretion or an explicit intention to shift towards the use of treasury systems in future; and GBS instruments which involve sector level dialogue, conditionality, technical assistance and

⁴ The OECD-DAC evaluation framework for GBS (IDD and Associates, 2006; Lawson and Booth, 2004) provides for the following inputs: funds, dialogue, conditionality, technical assistance, capacity building, harmonisation and alignment.

capacity building. Another example might be a budget support instrument where dialogue and conditions covers two sectors. Such cases will also be examined.

26. In each of the cases studies the aid programmes being studied will be defined and documented in detail. These will therefore include both the programmes which fit within the working definition of SBS and those outside it which display SBS characteristics.

The Framework for Assessing Sector Budget Support

27. Box 5 below shows the key study questions from the Terms of Reference. The methodology for sector case studies developed is geared towards answering these questions by using a solid assessment framework, which will provide a rigorous and systematic approach. The framework draws heavily from the OECD-DAC evaluation framework for GBS (IDD and Associates, 2006; Lawson and Booth, 2004) and the EC framework for evaluation of budget support operations at country level (Caputo, Lawson and van der Linde, 2007).

Box 5: Questions from the Terms of Reference

Primary Study Question:

How far has SBS met the objectives of partner countries and donors and what are the good practice lessons that can be used to improve effectiveness in future?

Key Study Questions:

- A. What has SBS achieved in the case study countries and what are the conditions for success?
- B. How far has the design of SBS conformed with partner Government regulations and systems and to what extent have donors departed or “derogated” from these to ensure accountability?
- C. How well is SBS integrated with other aid instruments and with cross cutting Government reform efforts?
- D. How does SBS compare to other aid instruments in terms of perceived benefits to partners and levels of transaction costs?

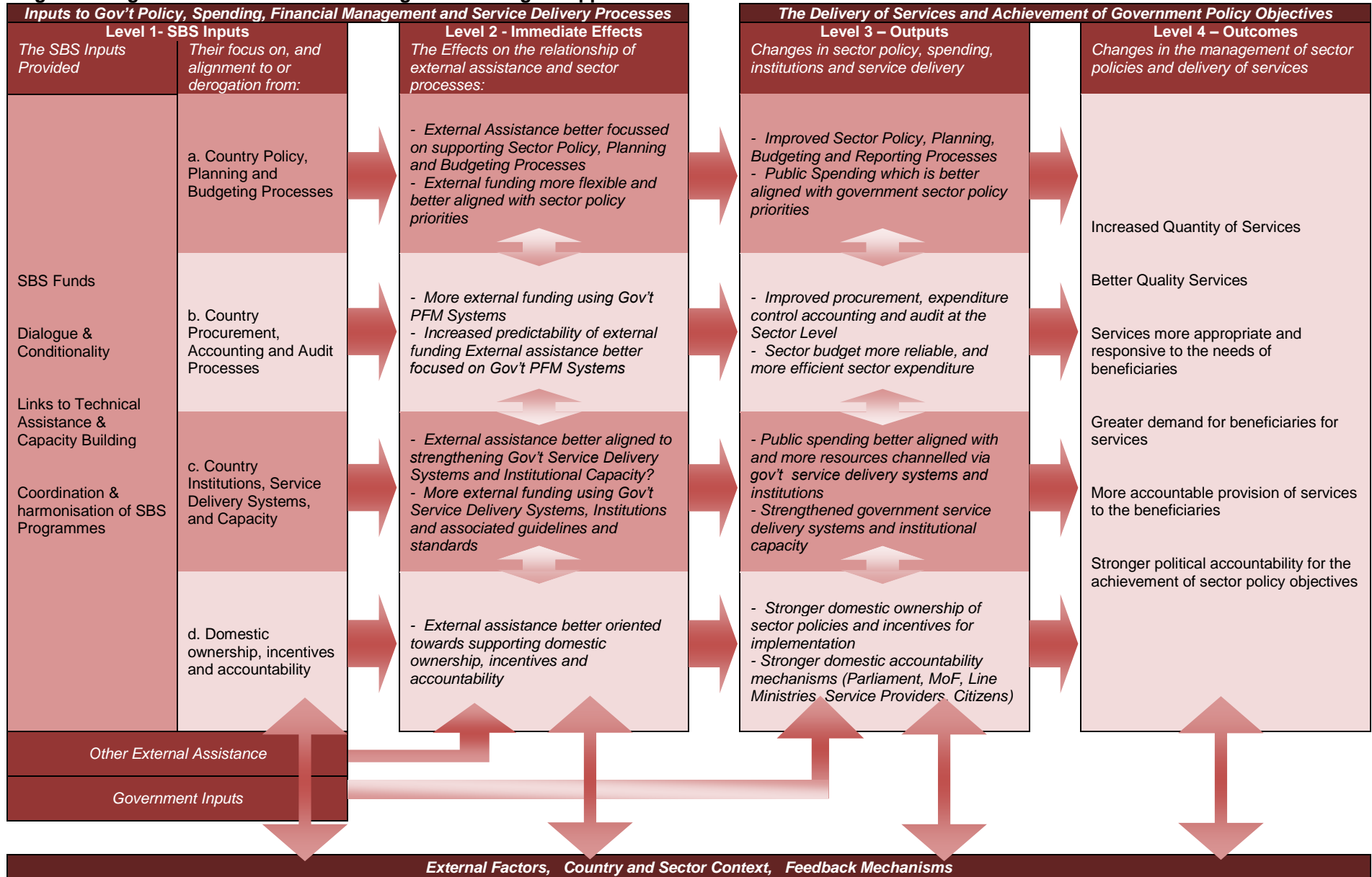
28. It is important to note that this study is not a full evaluation, and will not include a final impact evaluation. However the use of the evaluative framework will allow the case studies to identify good practice robustly, based on a systematic assessment of the results of SBS. The assessment framework has been narrowed down to focus on the sector level and the contribution of SBS in more depth. As this study is focusing on SBS in practice, it focuses mainly on the inputs and outputs of budget support, whilst the evaluation frameworks of budget support also attempt to trace causality from outputs to the outcome and impact levels.

29. Figure 3 outlines the proposed assessment framework, which takes a logical framework approach with four levels, similar to those in the OECD/DAC framework.

30. The framework links SBS inputs (Level 1), the immediate effects (Level 2), outputs (Level 3) and outcomes (Level 4), helping to improve our understanding of the link between SBS and results:

- Level 1 breaks down SBS into inputs, both financial and non financial inputs such as dialogue, conditionality and associated technical assistance and capacity.
- Level 2 sets out the immediate effects of SBS inputs on the overall nature of external assistance to the sector.
- Level 3 covers the outputs of SBS in terms of its influence on sector policy, budgeting, institutional and service delivery systems and processes.
- Level 4 examines the likely influence of SBS on outcomes in the sector, in terms of the achievement of sector policy objectives and service delivery.

Figure 3: Logical Framework for Assessing Sector Budget Support in Practice



31. The assessment framework also recognises the importance of external factors on the effects of SBS, as well as the importance of the context within which SBS is provided. It also recognises that SBS is a continuing process, in which successive rounds of support are influenced by feedback from earlier rounds.

32. The assessment framework will primarily be used as the basis for the identification of good practice. For the purpose of this study, good practice is defined as:

Instances where SBS inputs (level 1), and their influence on the overall nature of external assistance to the sector (level 2), have helped strengthen sector processes (level 3) in areas which have improved, or will plausibly improve, service delivery outcomes (level 4).

33. This definition includes cases where an appropriate balance between alignment with sector processes and legitimate derogations from those processes is reached in the sector, taking into account any implications/effects of these derogations beyond the sector. In such circumstances the counterfactual will also be explicitly investigated: i.e. what would have happened to the effects of SBS in the absence of these derogations?

34. The time period which the assessment will focus on will be the last ten years or the period over which SBS has been provided, whichever is shorter. In some countries it may be necessary to look at contextual factors over a longer time horizon, but collection of hard data on SBS and its effects will span the 10 year period.

Four Steps to the Assessment of SBS in Practice

35. The assessment framework sets out hypothetical intervention logic of SBS through the four levels. However, when carrying out an assessment of the effects of SBS in practice, it is not practical to follow the sequence implied by the four levels of the assessment framework. In order to trace effects systematically through these four levels, the assessment will be carried out in four steps (see Box 6).

Box 6: Summary of the ‘Four Steps’ to the Assessment of SBS in Practice

The four steps through which the assessment framework will be applied are as follows (explained in more detail in the text below):

1. Overview of country, sector, and aid context, including evolution of sector outputs;
2. Collation of information on the exact SBS inputs provided to the sector;
3. Assessment of the effects of SBS from inputs to outputs (i.e. across Levels 1 to 3), and;
4. Assessment of contribution of outputs to improvements in sector outcomes (level 4).

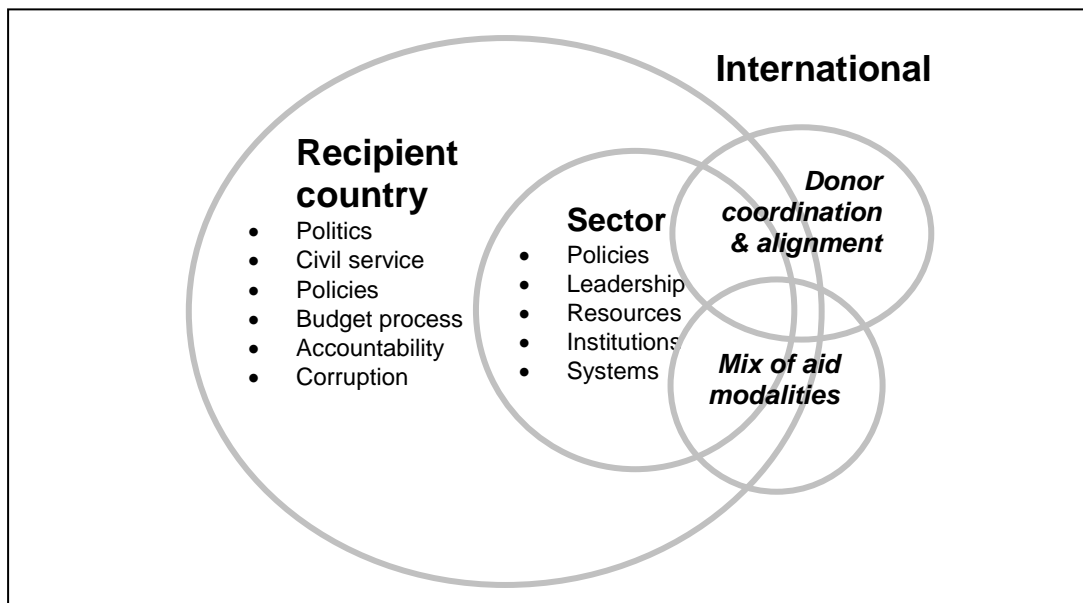
These steps draw from the ‘three-step’ approach set out in Caputo et al (2007), where the suggested steps are as follows: (i) the evaluation of inputs to outputs (analogous to step 3 here); (ii) an evaluation of outputs to impact (analogous to step 1 here, but in the case of this study there is no effort to assess impact), and; (iii) combining and comparing the results of the first and second steps, i.e. asking whether the outputs influenced by budget support in step 1 are consistent with the outcomes and impact of the outputs identified in step two (analogous to step 4 here).

The additional stage adopted in this Study is step two, which sets out SBS inputs in more detail through the establishment of an inventory. A second key difference is that the overview of sector outputs *precedes* the assessment of effects from inputs to outputs since the latter can only be fully understood in the light of the former⁵.

⁵ This methodology is often referred to as contribution analysis (Mayne 2001).

36. **Firstly** the country, sector⁶, and aid context will be established, as it is important to understand the environment in which SBS is provided. The country context will set out and overview the evolution of the political, policy, budgeting and broader economic situation in the country. The sector context will set out: (i) available evidence of the evolution of sector outputs (level 3), in terms of the state of sector policy processes, budgeting, financial management, institutions and service delivery, and; (ii) achievement of sector outcomes (level 4) in terms of the quantity and quality of service delivery in the context of sector policy objectives. This will not attempt to assess the impact of outputs on outcomes, but any existing assessments of the impact of sector outputs on outcomes will be drawn from when available. The environment for external assistance in the country and the sector will also be set out too, to give the context for the provision of SBS itself.

Figure 4: Country and Sector Context – The spheres of influence on the sector



Source: Williamson and Kizilibash (2007).

37. The **second** step will be to collect information on the SBS provided to the sector, including any broad types of SBS. In doing so, an inventory of different SBS-type instruments will be established. This step is crucial, to establish the exact SBS inputs that have been provided, and how they have evolved over time. It will also describe where SBS inputs have derogated from country policies and systems, and explore the reasons for this. This step will then examine the effects of SBS, in general terms, on the quality of the partnership between development partners, the recipient government and other domestic stakeholders in the sector.

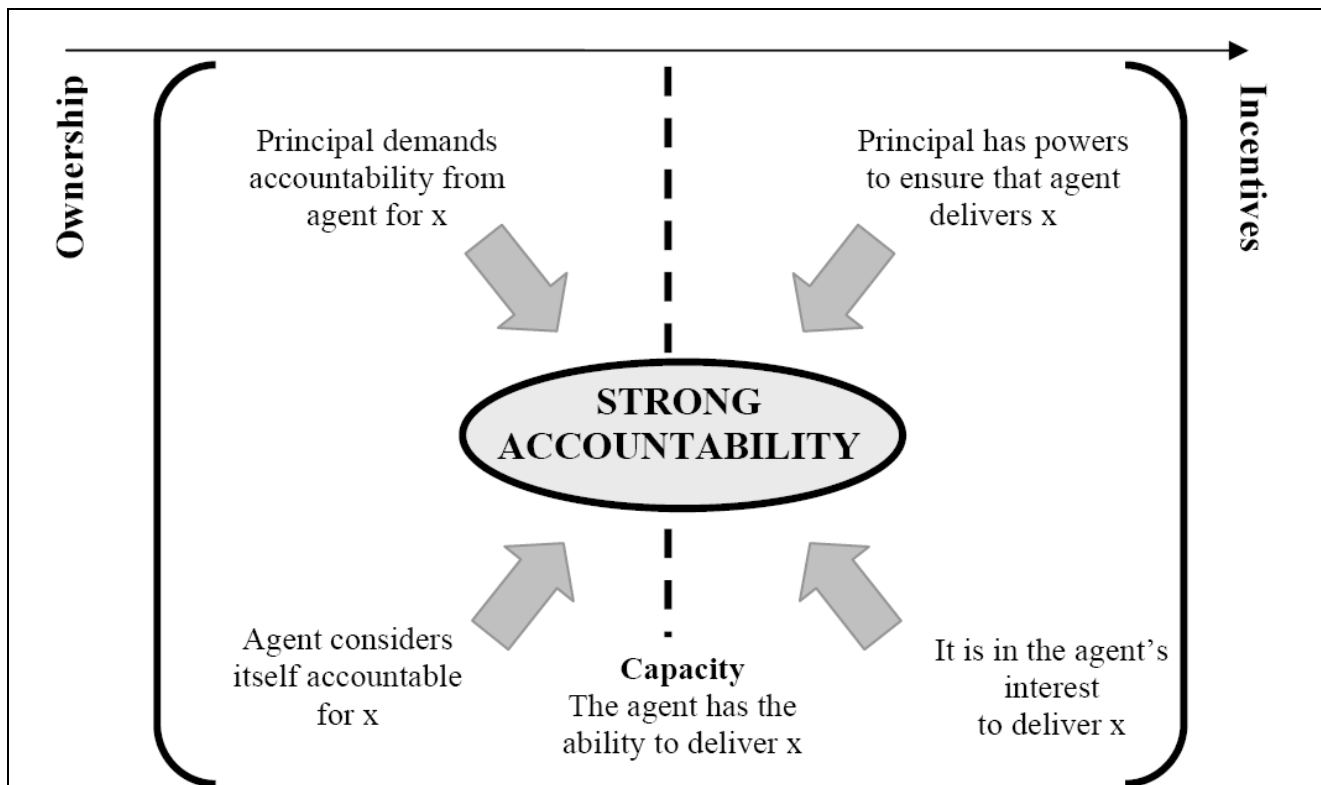
38. The **third** step will be an assessment of the effects of SBS up the first three levels of the assessment framework along four interrelated aspects of sector processes:

- (i) Policy, planning and budgeting processes and monitoring and evaluation systems;
- (ii) Sector procurement, expenditure control, accounting and audit processes;
- (iii) Sector institutions, their capacity and service delivery systems;
- (iv) Domestic, ownership, incentives and accountability (See

⁶ In some cases the sector may not be clearly defined, and this will need to be explained.

Figure 5).

Figure 5: Ownership Incentives and Accountability



Source: World Bank and GTZ (2007).

There are multiple dimensions of domestic accountability. The following dimensions of **domestic accountability** will be examined in the study:

- Parliament and Cabinet holding sector ministries accountable for the implementation of sector policies and services.
- The Ministry of Finance holding sector spending institutions accountable for the funds they have spent and results from that spending in the context of the budget process.
- Sector ministries holding local councils and service providers to account for their performance
- Local councils holding their local administrations accountable for service provision
- Citizens holding service providers accountable for the delivery of services.

A core element of the study will be to examine accountability requirements associated with SBS which **derogate** from government systems and processes, including regular domestic accountability mechanisms. It will examine whether these requirements help strengthen accountability overall or draw attention of actors away from domestic accountability mechanisms. It will also examine whether these derogations are a result of donor headquarter requirements or a country based response by donors to the local situation.

39. This step is the core of the assessment of SBS in practice. Each of these aspects or themes the inputs and immediate effects of SBS will be assessed, as well as the sector outputs influenced by SBS. In the context of the theme, any examples of better or worse practice will be identified. Whilst the focus of these sections will be on the operational aspects of SBS, the levels of the logical framework will be used to assess the results influenced by SBS, and therefore the basis of identification of better practices.

40. The **fourth** step will examine whether any of the improvements in sector outputs that were identified as having been influenced by SBS in step three are likely to have contributed (or to contribute in future) to improvements in sector outcomes. As mentioned earlier, given that the focus of the study is on the operational aspects of SBS, it will not be possible to carry out an impact assessment. However this will attempt to provide a judgement of the relevance of the outputs influenced by SBS to the improvement of sector outcomes, using available information.

Assessment Tools

41. In order to ensure a systematic assessment of SBS along the levels of the assessment framework and the four steps above, a set of standard main Study Questions (SQs) have been developed. They are shown in Box 7 below.

42. The main SQs are broad. To ensure they are approached consistently across countries, a number of more detailed sub-questions and assessment criteria have been developed under each SQ. These draw from the questions in the TOR and the various evaluation frameworks of budget support⁷. In addition, suggestions of external factors, feedback loops, and contextual issues which are likely to influence the degree of influence of SBS are also made.

Box 7: Main Study Questions

Step 1: Setting the Country, Sector and Aid Context

SQ1.1: What have been the main national trends in poverty, economic performance, governance, and public sector delivery prior to and during the provision of SBS?

SQ1.2: How have sector processes, institutions, accountability and service delivery outcomes evolved prior to and during the provision of SBS?

SQ1.3: What has been the environment for external assistance at the national and sector level?

Step 2: The Key Features of SBS Provided and its Effects on the Quality of Partnership

SQ2.1: What are the key features of the SBS that has been provided?

SQ2.2: To what extent have SBS inputs derogated from country policies, systems and processes, and are these a result of country specific concerns and/or headquarter requirements?

SQ2.3: Has SBS contributed positively to the quality of partnership and reduction in transaction costs between development partners, the recipient government and civil society?

Step 3: The Influence of SBS in Practice on the Sector and Lessons Learned

SQ3.1: What has been the influence of SBS on Sector Policy, Planning, Budgeting, Monitoring and Evaluation Processes, and what are the constraints faced and lessons learned in practice?

SQ3.2: What has been the influence of SBS on Procurement, Expenditure Control, Accounting and Audit Systems at the Sector Level, and what are the constraints faced and lessons learned in practice?

SQ3.3: What has been the influence of SBS on Sector Institutions, their Capacity and Systems for Service Delivery, and what are the constraints faced and lessons learned in practice?

SQ3.4: What has been the Influence of SBS on Domestic Ownership, Incentives and Accountability in the Sector, and what are the constraints faced and lessons learned in practice?

Step 4: The Effectiveness of SBS, and the Conditions for Success

SQ4.1: What are the main contributions that SBS has made to the improvement of sector policy processes, public financial management, sector institutions, service delivery systems and accountability, and what were the conditions for success?

SQ4.2: Have the improvements in sector systems and processes to which SBS has contributed, had a positive influence on sector service delivery outcomes, and are they likely to do so in future?

43. Whilst the sub-questions and assessment associated with each main SQ are comprehensive, the information available to answer them will differ in each case study. It is therefore not expected that country case study authors will be able to answer them all in detail. The sub-questions will act as a check list for each main SQ and will all be addressed to some degree in the full case study reports. In each case study the information available to answer the SQs will differ. Therefore sub-questions and associated assessment criteria will serve primarily as a guide for investigation. In this spirit, the case study reports will focus on the identification and documentation of good (and bad) practice in the context of each main SQ, and use the sub-questions and more detailed assessment criteria to ensure that the good practice is justified.

44. To facilitate the answering of the SQs relating to Step 2, a standard inventory of SBS has been developed. This is crucial, because it is important to define exactly what SBS has been and is being provided in each case study. The inventory will also be used to identify and document any distinct types or approaches to SBS being provided to the sector.

⁷ Annex 2 maps the questions from the TOR onto the relevant study questions.

45. In addition to the inventory, a number of other sets of core information will be collected for every case study. This will include:

- Standard country economic, financial, aid, poverty and governance data.
- Service delivery data over time, including: inputs (e.g. number of teachers, health workers, classrooms, health centres); the levels of service delivery (e.g. enrolment, access to services); the quality of services; and sector outcomes.
- Budget allocations and outturns in the sector over time, including where possible the allocations to sector priorities.
- Aid levels to the sector, including the mix of modalities and details of what aid is supporting.

Structure of Sector Case Studies

46. The sector case studies will follow the following broad structure, based on the four steps, as Box 8 below shows, with the addition of an executive summary, an introduction, and a section for conclusions.

Box 8: Structure of Sector Case Study Reports

Executive Summary (3 pages, not included in overall page limit)

1: Introduction and Overview of Methodology (2 pages)

2. The Context for SBS (5 pages)

3: The Nature of SBS Provided and its effect on the Quality of Partnership in the Sector (4 pages)

4: SBS and its Effects in Practice (14 pages)

a) *The Influence of SBS on Sector Policy, Planning and Budgeting Processes*

b) *The Influence of SBS on Sector Procurement, Expenditure, Accounting and Audit Processes*

c) *The Influence of SBS on the Capacity of Sector Institutions and Systems for Service Delivery*

d) *The Influence of SBS on Domestic Ownership, Incentives and Accountability in the Sector*

5. The Effectiveness of SBS and the Conditions for Success (3 pages)

6: Conclusion (2 page)

Annex 1 – Assessment Framework (standard across studies)

Annex 2 – Core Country and Sector Data

Annex 3 – Country and Sector Aid Data

Annex 4 – Inventory of SBS

Annex 5 – Institutions Visited and Individuals Met

Annex 6 – Supplementary Analysis and Information

47. The section for Conclusions will attempt to draw together the key lessons from the provision of SBS in the case study, and any key examples of better practice, or practices to be avoided. The conclusions will also provide answers to the Questions from the TOR shown in Box 5. The Study Reports will focus on the identification and documentation of good (and bad) practice.

48. The total length of the full case study reports (excluding Annexes) will be 30 pages. A report template has been prepared setting out a uniform report structure. The Annexes will set out standard sets of data, including the inventory of SBS, as well as any relevant supplementary analysis and data. Where appropriate, spreadsheets for summarising and collecting data will also be prepared.

49. The desk case studies will follow the case study structure, but will be shorter, with a total length of 20 pages, excluding annexes. A slimmed own inventory will also be prepared.

50. A standard report template has been prepared for case study authors to use.

Approach to Full Sector Case Studies

51. A central element of the approach to the full sector Case Studies is building a strong partner perspective and ensuring that the study outputs are relevant at the country level as well as at for the Synthesis Report and GPN. The involvement Country Reference Groups (CRGs) and is key to maximising this benefit. Links to partner countries will also be enhanced by involving local researchers in the work: each Sector Case Study will comprise a lead case study author and one local researcher.

Box 9: Involvement of Country Reference Groups

A very high priority for the Study is the incorporation of a strong partner country perspective (cf. paras. 4 – 6 and 31 of the TOR). To this end, the preparation, execution and follow-up to the fieldwork will closely involve the Country Reference Groups (CRGs). These strong links will help to ensure the studies are driven from the partner country perspective. The extensive experience within the Study Team of undertaking work for and with partner governments that produces recommendations with direct policy and operational relevance, coupled with the engagement of local researchers, will also help to ensure a strong partner country perspective and engagement throughout the process. This will increase the likelihood that Study findings and recommendations will be acted upon at country level. Emerging findings will be presented to a meeting of the CRG at the end of the fieldwork stage for each study. Each Sector Case Study will be sent in draft form to the relevant CRG for comments. To ensure the outputs are operationally useful to individual countries equal attention will be paid by case study authors to the country-level lessons and policy recommendations as to the wider cross-country lesson-learning exercise. The SPA workshop will further strengthen the consultation on and dissemination of Study findings amongst partner countries.

We note the difficulties inherent in building genuine partner country involvement in the Study and ownership of its findings. The work programme therefore emphasises a number of steps that build consultation and dialogue with partners into the Study (CRG video conferences and feedback meetings, opportunities to comment on draft reports, participation in the SPA Workshop, use of local researchers).

52. Specifically, for the full case studies, the information to answer the Study Questions will be collated through the following three methods:

- Collection and review of relevant literature, including (but not limited to): Government policy, plans and budget documentation and reports; Government and donor commissioned studies relating to the sector (e.g. public expenditure reviews, tracking studies, surveys); and documents relating to the design, agreement and review of SBS programmes, as well as agreed conditions during implementation.
- Conducting interviews with stakeholders in country at the centre in government ministries, donor agencies, parliament and civil society organisation. These interviews will allow corroboration of information from the literature review, and also the collection of further information specifically relevant to the study questions. Interviews with government officials will consists of line ministry/agency staff, including those responsible for policy and planning; line departments; finance and human resource management; officials from the Ministries of Finance and Planning dealing with sector planning and budgeting and aid management. Discussions with parliament will involve members of the relevant sectoral committee, and committees responsible for scrutinising the budget. Interviews with donor agencies will include both sector specialists and economists. Finally civil society organisations in the sector will also be interviewed.
- Undertaking field visits to sector institutions and service providers, including local governments if appropriate (covering two days of the assignment). This will allow the study consultants to obtain a qualitative sense of the state of sector institutions and service provision, and pose questions directly to institutions involved in delivery of services.

53. A detailed set of outputs and activities for the lead country case study author is set out in Annex 2c. The lead case study authors will be supported by local researchers, in particular during the preparation phase and the field visits.

54. This is an ambitious agenda, especially as the country visits for lead case study authors are only two weeks. This will therefore rely on preparatory work by the local researcher, and the proactive assistance of the CRGs in:

- Assisting study authors in the collection of literature and data well in advance of the country field visits. An indicative list of data and documents which the case study authors require is set out in Annex 2c, and will be circulated to facilitate this.
- The identification of relevant people to be interviewed, and the arrangement of meetings with those individuals. A list of the types of individuals the case study authors would like to meet is set out in Annex 2c, and will be circulated as well.

55. Towards the end of each country visit the study consultants will present preliminary findings to the CRG. This will provide an opportunity to get feedback from the reference group on these initial impressions, and correct any factual errors or misunderstandings.

56. Lead case study authors will regularly liaise with the Project Manager. Prior to the country field visits the lead case study author will brief the Project Manager on progress during the preparation phase and the state of plans for the field visit. During the course of the field visits the Project Manager will be available to provide off-site back-up support and advice. Within one week of the completion of the field visit, the case study author will prepare a draft inventory and initial answers to the main study questions. On the basis of this, a debriefing session over telephone will be held between the study consultant and the Project Manager. Similarly, once the case study author has completed a draft of the country report within three weeks of the completion of the field visit, the Project Manager will provide comments, and also hold a telephone conversation to discuss the report. This will help ensure that, across countries, study questions are being answered consistently, and the quality of reports are also consistent.

Approach to Desk Sector Case Studies

57. The four desk studies being carried out will follow the same methodology and structure as the in-depth country reports. However, these studies will draw their information from available literature and the experience of the desk study consultants, all of whom have intimate experience of the sectors they will be studying. Whilst the desk studies do not include case studies, some limited telephone interviews will be conducted with donor officials and civil servants in the country.

58. Whilst the desk studies will serve as stand-alone reports, it is important to note that the assessment they provide will not go into as much depth as the full sector case studies, and there are likely to be more gaps in answering the study questions.

59. The Project Manager will brief the desk case study authors on the methodology prior to their drafting of the report, and then provide comments and hold a telephone discussion with them on the basis of their draft report.

Approach to Study on Headquarter Accountability Requirements

60. The case studies will be complemented by an up-stream perspective provided by a study on donor HQ Accountability Requirements. This component will explicitly analyse donor country fiduciary and political accountability issues with a view to better targeting the Study's overall policy and operational recommendations between partner governments, donor country offices and donor HQs. The work will be timed so as to allow the majority of Country Case Studies to inform the donor HQ study. There are limited resources available for this component. These have been scaled down from the original ODI/Mokoro proposal. Therefore in depth investigations of only one donor, this will either be the European Commission or a bilateral donor (to be selected) which is a major provider of SBS in most case study countries, will be conducted. This will be supplemented with interviews of a subset of donor members on the SPA task team (no more than five).

61. The first element of the HQ study will be carried out as part of the full country case studies. The country case study methodology includes the following sub-question and assessment criteria on HQ practices:

2.2b: How have donor headquarter concerns and requirements influenced the choice, design and implementation of SBS programmes, including any associated derogations from country systems and processes?

- *To what extent are donor staff in country encouraged by their HQs to use SBS as an instrument?*
- *To what extent do HQ requirements influence the design of SBS agreements? Are there any specific HQ requirements that have resulted in derogations from country systems?*
- *During the implementation of SBS programmes, how does HQ relate to the implementation of SBS, including in the assessment of performance and making disbursement decisions?*
- *To what extent are the demands from HQs inconsistent with country staff designing and implementing SBS that is fully aligned with and supportive of domestic sector processes?*
- *To what extent are HQ requirements driven by political accountability demands from within donor countries?*

62. In addition, part a(viii) of the inventory specifically relates to donor HQ requirements. All full country case study authors will provide written answers to these sub-questions, and complete the relevant part of the inventory within one week of the completion of their country visits. They will also ensure they interview staff from the European Commission and the selected bilateral donor, during the field visits (even if they are not providing sector budget support). The HQ study author will review and synthesise the answers provided by the case study authors. Following this a choice of the donor to be studied will be made.

63. Secondly the HQ study author will collect and review the following:

- Specific donor guidance to country offices on the provision of SBS, as well as GBS and pooled and basket funding provided by SPA task team members; and
- Literature on donor fiduciary and political accountability concerns, and associated incentives.

64. Thirdly, the HQ study author will hold limited number of telephone interviews with donor HQs following the completion of the majority country visits. This will include interviews with the selection of SPA Task-Team members. A series of more in-depth interviews will be held with staff from the European Commission. The answers to the study questions and the results of the review of literature will inform the structure of the interviews.

Approach to Synthesis of Case Studies and Good Practice Note

65. The synthesis will draw from the literature review, the country case studies and the study on HQ fiduciary and accountability issues. The synthesis authors will divide the themes to be synthesised between them according to the structure of the country studies. It is envisaged that both the synthesis report and the GPN will be loosely structured around the same headings as the country case study report.

66. After the set of country reports have been drafted and an initial synthesis of findings prepared, a 2nd Internal Workshop of the Study Team and the Development and Implementation Consultant (DAIC) will be held. At this workshop the findings and lessons from the different countries, sectors and donor HQs will be discussed. In addition, the structure of the synthesis report will also be discussed.

67. Following this workshop, the full Synthesis Report and GPN will be drafted by the Synthesis Team, with comments and quality assurance provided by the DAIC before presentation of the final Report and Note to the SPA Steering Committee.

68. A key input into the finalisation will be the workshop with SPA members, which will bring together the partner country and donor perspectives, is clearly a crucial part of the Study. We view the core objective of the workshop as being to help SPA members understand better how sector approaches are operating in practice, to help identify areas and determinants of good practice and to explain areas of weak performance and refine a set of policy and operational recommendations to address them. We propose that it should be a fundamentally participatory exercise, with a primary aim being to stimulate discussion of sector approaches amongst participants and to gather feedback for incorporation into the Final Synthesis Report as well as generating policy and operational guidance for partner countries to be reflected in the GPN (cf. para. 31 of the TOR).

69. On the basis of the comments received from the SBSP Steering Committee and the deliberations of the SPA workshop the Synthesis Report and GPN will be finalised.

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Annexes – Details of Methodology and Approach

Annex 1 – Main Study Questions, Sub-Questions and Assessment Criteria

The table below sets out the Main Study Questions, and a comprehensive set of Sub-Questions and Assessment Criteria. These are intended to guide the case study authors in their assessment of SBS and identification of good practice. NB: The case study authors are not expected to answer every sub-question in detail. i.e. the sub-questions represent a checklist, whilst the assessment criteria should be used in the identification of good practice.

Step 1: Setting the Country, Sector and Aid Context

Study Questions and Assessment Criteria	Suggested External Factors, Context Features & Feedback Mechanisms
<p>SQ1.1: What have been the main national trends in poverty, economic performance, governance, and public sector delivery prior to and during the provision of SBS?</p>	
<p>1.1a: What has been the country's record on Economic Growth, Poverty Reduction and Governance? (Level 4)</p>	
<p>Outline the record of the country in terms of economic Growth, Poverty Reduction Outcomes (both income and non income measures), Political Governance</p>	<p>Global and regional economic and political situation; security situation; public sector performance</p>
<p>1.1b: What has been the performance of the public sector management and service delivery? (Level 3)</p>	
<p>Outline the record of the country in terms of: Policy Development including Poverty Reduction Strategy; Macroeconomic Management; Public Financial Management; Service Delivery; and Accountability</p>	<p>Global and regional economic circumstances; security situation; environment for external assistance; governance environment.</p>
<p>SQ1.2: How have sector processes, institutions, accountability and service delivery outcomes evolved prior to and during the provision of SBS?</p>	
<p>1.2a: How have the Sector and its Policies, Plans, Resource Allocation, and Monitoring and Evaluation Processes evolved? (Level 3)</p>	
<p>How have the following evolved and what are their strengths and weaknesses:</p> <ul style="list-style-type: none"> • How did the sector emerge and evolve? Define the sector. What is the composition of the sector and institutions involved? Describe the roles of central ministries agencies, and local governments. • Are there a set of clear policy priorities? Are they consistent with the delivery of services which are likely to prioritise service delivery to the poor? • Sector and sub-sector resource allocations over time and the alignment of resource allocation to sector policy priorities. (NB: include both aid and non aid resources). • Sector Policy, Strategic Planning (needs based or resource limited?) and Budgeting, Monitoring and Evaluation Processes <ul style="list-style-type: none"> ○ The existence of a clear sector-wide policy and strategic plan. ○ The existence (or not) of a clear sector budget (or is the budget presented line agency by line agency). ○ Processes for monitoring and evaluating the implementation of sector policies ○ Transmission mechanisms of national policy priorities to local governments where they are 	<ul style="list-style-type: none"> • Influence of the PRSP/National Policy Framework and overall PRSP/Policy monitoring processes • National Budgeting Process, MTEF and its usefulness in strategic resource allocation; links between budget an policy

Study Questions and Assessment Criteria	Suggested External Factors, Context Features & Feedback Mechanisms
involved in service delivery	
1.2b: How have Sector Procurement, Expenditure Control, Accounting and Systems evolved? (Level 3)	
<ul style="list-style-type: none"> • Overall reliability of sector budgetary resources – expenditure vs budget. • Evolution, strengths and weaknesses of sector procurement, accounting and audit processes. • Evidence of leakage, corruption, mismanagement of sector funds. 	<ul style="list-style-type: none"> • Progress in overall PFM and associated Reforms • Overall reliability of the budget
1.2c: How have the Funding, Structure, and Capacity of Sector Institutions and Service Delivery Systems developed over time? (Level 3)	
<ul style="list-style-type: none"> • How have the domestic institutional framework, and the systems for service delivery evolved over time? Are they clearly defined? Is there a role for local governments? (Chain of service delivery) • What share of sector resources allocated and channelled in a way that is aligned with the institutional framework and systems for service delivery? (e.g. to local governments using the inter-governmental transfer system) • How has the capacity of sector service providers, institutions and systems for delivering services improved over time? E.g. staffing levels of service providers, professionalism 	<ul style="list-style-type: none"> • Decentralisation policies (administrative, fiscal and political) where relevant • Public service policies and reform • Overall record of allocations of resources to service delivery institutions vs central policy institutions
1.2d: How has ownership of, and incentives and accountability for sector policies and service delivery evolved? (Level 3-4)	
<ul style="list-style-type: none"> • How has the ownership of sector policy priorities and sector strategies by domestic actors (civil servants, politicians ministers/MPs, civil society, the public) and the incentives they face to implement them evolved over time? • Overall have domestic accountability processes (within the sector, from cabinet, parliament and the public) evolved over time? • How have donor relationships undermined this? 	<ul style="list-style-type: none"> • Ownership of overall PRSP/policy agenda, and the incentives to achieve policy objectives overall. • Overall capacity for policy making at both the sectoral and national level. • Nature and strength of domestic accountability processes overall.
1.2e: What has been the progress in sector outcomes, and have any observed improvements in sector processes contributed towards this (Level 4)?	
<ul style="list-style-type: none"> • What information is available on the outcomes of service delivery (i.e. coverage, quality, regularity, timeliness)? • What are the trends in measures of service delivery outcomes and impact in the sector over time? • Is it likely that the implementation of sector policies and plans has contributed towards any observed improvements in sector outcomes, or are other external factors likely to have had a significant role? (If there has been an impact assessment of sector interventions, how have the inputs and outputs of the sector contributed towards the achievement of sector outcomes?) 	<ul style="list-style-type: none"> • Overall progress in reaching policy/PRSP goals • Degree to which overall improvements in policy formulation, PFM, institutions, service delivery, ownerships, incentives and accountability have facilitated sector outcomes.
SQ1.3: What has been the environment for external assistance at the national and sector level?	
1.3a: What have been the trends in the provision of external assistance to the country and how has the partnership between development partners and the country evolved? (levels 1 and 2)	
Provide an overview of available information on: <ul style="list-style-type: none"> • Volumes of external funding provided nationally; the mix of aid modalities; and the sectoral breakdown of aid 	<ul style="list-style-type: none"> • International aid policy environment (Paris, Accra) • Country factors, such as governance concerns (elections,

Study Questions and Assessment Criteria	Suggested External Factors, Context Features & Feedback Mechanisms
<ul style="list-style-type: none"> • Overall record on the alignment of aid to national policy/PRSP priorities • Overview of record of the use of domestic PFM, Institutions and Service Delivery Mechanisms by external assistance • Any frameworks or policy for the provision of Technical Assistance and Capacity Building • National structures for Dialogue and Conditionality • Efforts for donor harmonisation • Quality of the partnership between development partners and the recipient country government in the sector 	<ul style="list-style-type: none"> • corruption), security etc.
1.3b: What is the trend of external funding provided to the sector and how has the mix of aid modalities changed over time? (Levels 1 and 2)	
<ul style="list-style-type: none"> • What have been the trends in volumes of external financing to the sector? • How has the mix of aid modalities nationally and to the sector (SBS, basket funding, project support to government, and other project support) evolved over time? • Has the number of separate aid instruments employed by donors increased or decreased over time? • Has the number of donors engaged in the sector increased or decreased over time? 	<ul style="list-style-type: none"> • Overall levels of aid to the country • Overall mix of aid instruments, including levels of GBS • No. donors engaged in the country, and no. externally financed projects and programmes • Country factors, such as governance concerns (elections, corruption), security etc.
1.3c: How has the discretionary nature of external support and its alignment to sector policies and policy priorities changed over time? (Levels 1 and 2)	
<ul style="list-style-type: none"> • What sector policies or policy priorities is external finance supporting? Data on sub-sector aid allocations. • Is external finance being provided in a discretionary way which allows discretion in allocation towards policy priorities nationally, and at a sector level? • Does external finance unduly focus on one or more areas of sector policy, and is this likely to distort sector resource allocation? 	<ul style="list-style-type: none"> • Overall discretionary nature of external assistance, and alignment of aid to PRSP/National Policy priorities.
1.3d: How does external funding use domestic PFM, Institutions and Service Delivery Mechanisms in the Sector (Levels 1 and 2)	
<ul style="list-style-type: none"> • Is external funding to the sector increasingly well aligned with the government's institutional framework and systems for service delivery? • Does sector aid foster parallel mechanisms for funding and delivering services, inconsistent with the government framework? 	<ul style="list-style-type: none"> • Overall track record of aid using of government systems • The existence of parallel mechanisms in other sectors (or lack thereof).
1.3e: What types of Technical Assistance and Capacity Building do Development Partners Support to the Sector (Levels 1 and 2)	
<ul style="list-style-type: none"> • What types of capacity building and technical support are provided to the sector? • Has the focus of this support shifted from the implementation of projects, towards the development and implementation government policies and systems? 	<ul style="list-style-type: none"> • Overall policy and nature of donor TA and capacity building
1.3f: What mechanisms are there for Dialogue and Conditionality associated with external financing to the sector? (Levels 1 and 2)	
<ul style="list-style-type: none"> • What is the nature of dialogue and conditionality in the sector? • Has this moved from focusing on individual projects and programmes to government policies and systems? 	<ul style="list-style-type: none"> • Nature of dialogue and conditionality associated with GBS and around the PRSP/national policy agenda • Country factors, such as governance concerns (elections, corruption), security etc.

Study Questions and Assessment Criteria	Suggested External Factors, Context Features & Feedback Mechanisms
1.3g: What mechanisms exist for improved coordination of aid delivery in the sector, and has this improved the situation? (Levels 1 and 2)	
<ul style="list-style-type: none"> • Has the sector developed more coordinated ways of managing external assistance and interacting with the partner government – e.g. SWAp arrangements, joint mechanisms of dialogue, missions, conditionality monitoring, delegated funding etc. • How well established/functioning are they? • What undertakings are there to reduce fragmentation of aid in the sector? 	<ul style="list-style-type: none"> • National efforts to improve the harmonisation of aid delivery. • The existence of SWAp type arrangements in other sectors
1.3h: Overall, how has the quality of partnership between development partners, civil society and the recipient government evolved? (Level 2)	
<ul style="list-style-type: none"> • Have changes to the nature of external assistance (including the mix of aid modalities, dialogue, conditionality, provision of TA and capacity building support) actually contributed to more effective partnership between domestic actors and development partners? 	<ul style="list-style-type: none"> • National environment for external assistance

Step 2: The Key Features of SBS Provided (Supplemented by the Inventory Guide)

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
SQ2.1: What are the key features of the SBS that has been provided? (Level 1)	
2.1a What have been the objectives of SBS operations and how have stakeholder perceptions of SBS evolved over time and have they remained relevant? Inventory a(i)	
<ul style="list-style-type: none"> • What are the stated objectives of the SBS programmes? • Were they relevant to the sector situation and are they still likely to be relevant in the future in the recipient country? • What do development partners, the recipient government, and other domestic actors think of the role of SBS and what are their expectations? What are their implicit and explicit theories/views on the likely effects of SBS? 	<ul style="list-style-type: none"> • PRSP objectives • Relevance to the overall Development Partners strategies and their strategies at the country level? (including any joint assistance strategies) • Perceptions of governance and corruption • Incentives for project aid
2.1b: How much SBS funding has been provided, how has it been channelled and has it been his been provided predictably? Inventory a(ii), b	
<ul style="list-style-type: none"> • The size of SBS agreements over time. • Disbursement arrangements (tranches, timing etc) • Arrangements for predictable provision of funds: <ul style="list-style-type: none"> ○ Medium Term and annual predictability vis a vis the Government budget ○ In year predictability of timing of disbursements • The actual disbursements of funding relative to what was planned over time 	<ul style="list-style-type: none"> • Overall size of SBS • Governance & Fiduciary situation • Performance against conditions
2.1c: What are the financial management arrangements, including the modalities for channelling, earmarking and additionality of SBS funds? Inventory a(iii), d	
<ul style="list-style-type: none"> • Route for channelling SBS funding through the treasury to sector institutions. • Arrangements for earmarking of funds to specific programmes in the budget? Can SBS funds be tracked through the budget, or not? Is earmarking notional? • Arrangements of the additionality of SBS funds to the existing budget allocations for the sector/programmes being supported? • Where earmarking/additionality requirements exist: <ul style="list-style-type: none"> ○ Why have they been put in place (e.g. to increase funds flowing to service delivery)? Is this justified? ○ Are they intended to be temporary, and are there plans to remove them in future? 	<ul style="list-style-type: none"> • Development Partner Concerns over balance of sector resource allocation • Overall fiduciary situation • Donor accountability concerns.
2.1d: What have been the arrangements of for dialogue, conditionality, accountability, and monitoring and reviewing the provision of SBS, and how have they evolved? Inventory a(iv), c	
<ul style="list-style-type: none"> • Arrangements for dialogue, and the nature and focus of that dialogue • Arrangements for conditionality, and the nature and focus of that conditionality • Arrangements for accountability for SBS programmes, and the nature and focus of that accountability, including arrangements to strengthen accountability of donors to government. • Monitoring and evaluation arrangements, including the existence of any performance assessment framework to guide dialogue, conditionality and accountability 	<ul style="list-style-type: none"> • GBS dialogue and conditionality arrangements • Overall SWAp type dialogue and accountability arrangements
2.1e: Has SBS been linked to the provision Technical Assistance and Capacity Building, and how have these links evolved? Inventory a(v), e	
<ul style="list-style-type: none"> • Is SBS linked to the provision of technical assistance to 	<ul style="list-style-type: none"> • Other capacity building initiatives

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
<p>and capacity building? How is this done?</p> <ul style="list-style-type: none"> Describe the nature of the technical assistance and capacity building provided that is associated with SBS. 	<p>in the sector</p> <ul style="list-style-type: none"> Links to capacity building associated with GBS
2.1f: What mechanisms are there for the harmonisation of different SBS programmes, and the integration and coordination of SBS with other aid modalities, including GBS? Inventory a(vi)	
<ul style="list-style-type: none"> What provisions are there for coordinating: <ul style="list-style-type: none"> The provision of SBS and its associated dialogue and conditionality amongst Development Partners providing SBS? The provision of SBS with project and other forms of aid to the sector? How is the provision of SBS integrated/coordinated with the provision of General budget support, especially in terms of dialogue, conditionality and monitoring mechanisms. 	<ul style="list-style-type: none"> Coordination arrangements for aid at the sector level, and GBS overall.
2.1g: Has SBS evolved or been used as a transition mechanism from project/basket funding towards general budget support? Inventory a(vii)	
<ul style="list-style-type: none"> Have donors providing project/basket funding shifted their support to SBS? What was the justification for doing so? Have donors shifted from the provision of SBS to general budget support? What was the justification for doing so? 	<ul style="list-style-type: none"> Overall mix of aid modalities in the sector, and levels of GBS. Governance & Fiduciary situation
SQ2.2: To what extent have SBS inputs derogated from country policies, systems and processes, and are these a result of country specific concerns and/or headquarter requirements?	
2.2a: How have donor country level concerns and requirements influenced the choice, design and implementation of SBS programmes, including any associated derogations from country systems and processes? Inventory a(viii)	
<ul style="list-style-type: none"> To what extent did the state of country sector policies, processes effect the choice and design of SBS? To what extent did donor concerns over fiduciary risk influence the specific design, and associated derogations for country systems? To what extent was the design influenced by other donor's aid programmes in the sector? 	<ul style="list-style-type: none"> Development Partner headquarter concerns.
2.2b: How have donor headquarter concerns and requirements influenced the choice, design and implementation of SBS programmes, including any associated derogations from country systems and processes? Inventory a(viii)	
<ul style="list-style-type: none"> To what extent are donor staff in country encouraged by their HQs to use SBS as an instrument? To what extent to HQ requirements influence the design of SBS agreements? Are there any specific HQ requirements that have resulted in derogations from country systems? During the implementation of SBS programmes, how does HQ relate to the implementation of SBS, including in the assessment of performance and making disbursement decisions? To what extent are the demands from HQs inconsistent with country staff designing and implementing SBS that is fully aligned with and supportive of domestic sector processes? To what extent are HQ requirements driven by political accountability demands from within donor countries? 	<ul style="list-style-type: none"> Development Partner domestic political concerns. International initiatives to improve aid effectiveness.
SQ2.3: Has SBS contributed positively to the quality of partnership and reduction in transaction costs between development partners, the recipient government and civil society?	

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
2.3a: Overall has SBS contributed positively to the quality of partnership between development partners, the recipient government and civil society?	
<ul style="list-style-type: none"> • Overall views on the quality and usefulness of mechanisms for dialogue, conditionality and accountability. • Mechanisms and perceptions of mutual accountability within the sector for the use of aid resources. 	<ul style="list-style-type: none"> • Overall sector environment. • Overall environment for the provision of external assistance
2.3b: Overall has SBS contributed positively a reduction in transaction costs between development partners and the recipient government?	
<ul style="list-style-type: none"> • Perceptions of any changes in transactions costs of dialogue, conditionality and accountability arrangements. • Compared with other aid modalities for delivering equivalent aid volumes, what factors or features of SBS programmes have added, or reduced transactions costs? • Changes in the number of projects and project implementation units in the sector before and after the shift to SBS 	<ul style="list-style-type: none"> • Overall sector environment. • Overall environment for the provision of external assistance

Step 3: The Influence of SBS in Practice on the Sector

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
SQ 3.1: What has been the influence of SBS on Sector Policy, Planning, Budgeting, Monitoring and Evaluation Processes, and what are the constraints faced and lessons learned?	
Level 1: SBS Inputs	
3.1a: How do SBS inputs support and make use of sector policies, planning, budgetary and monitoring and evaluation processes?	
<ul style="list-style-type: none"> • Does policy dialogue cover sector policies, strategies and plans and their implementation? • Are there any conditions associated with SBS based on sector policies, strategies and plans and their implementation? What is their nature, and how are they agreed? • Are SBS accountability requirements focused on policy implementation? Do they draw from sector reports on the implementation of policy? • Do technical assistance and capacity building involve support to the strengthening of government policies, and the mechanisms for monitoring their implementation? • Are any inputs associated with GBS provided in a way that is <i>inconsistent with</i> or <i>undermines</i> domestic sector policies and policy processes? 	<ul style="list-style-type: none"> • Initial state of sector policies and strategies • Existence of clear policy priorities, and transparent resource allocation. • State of sector reporting, monitoring and evaluation processes
3.1b: Is SBS funding fully integrated in the government's MTEF, budget and sector reporting or are there special requirements for SBS?	
<ul style="list-style-type: none"> • How does SBS conform with overall partner government regulations and systems for budgeting and budget reporting? <ul style="list-style-type: none"> ○ On MTEF/budget strategy documents: are planned SBS disbursements integrated into national and sector (where appropriate) revenues in MTEF/strategic budgeting documents? ○ On annual budget: is SBS funding reported in annual budget documentation? ○ On parliament: is SBS funding included in the revenue budget and appropriations approved by parliament? ○ On budget and sector reporting: is SBS included in ex post budget and sector reports by gov't, and associated M&E processes? 	<ul style="list-style-type: none"> • Formats of budget documents allow for presentation of SBS in revenue budget. • There exists an MTEF/strategic phase to the budget process • There are established budget reporting processes and/or sector reporting/M&E processes which are able to capture SBS.
3.1c: Has SBS funding been provided in a way which allowed it to be allocated to sector policy priorities, without distorting sector resource allocations?	
<ul style="list-style-type: none"> • Is SBS discretionary, and provided in such a way that expenditures funded by SBS can be aligned with government policy priorities? • Do mechanisms for earmarking and additionality of SBS funding facilitate the alignment with sector policy priorities, or undermine this? • What would have happened to the effects of SBS in the absence of these derogations? 	<ul style="list-style-type: none"> • Alignment of sector budget allocations to sector policy priorities • Political support for realigning resource allocation to stated policy priorities
3.1d: In the provision of SBS are there any addition requirements to, or derogations from mainstream sector systems and processes, are they justified, and what issues are they intended to address?	
<ul style="list-style-type: none"> • Are there ways in which there are specific additional requirements or derogations from government budgeting and budget reporting systems? For example, through: <ul style="list-style-type: none"> ○ Mechanisms for earmarking/additionality that 	<ul style="list-style-type: none"> • State of sector policies, resource allocation and M&E • Broader national policy and governance environment.

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
<ul style="list-style-type: none"> ○ undermine the sovereignty of domestic budgetary processes? ○ Specific or parallel financial accountability requirements for expenditures funded by SBS? • Where additional requirements/derogations exist: <ul style="list-style-type: none"> ○ Why have they been put in place? ○ Is this justified? • Are they intended to be temporary, and are there plans to remove them in future? • What would have happened to the effects of SBS in the absence of these derogations? 	<ul style="list-style-type: none"> • Development Partner HQ requirements.
Level 2: Immediate Effects	
3.1e: Is Sector Dialogue, Conditionality, TA and Capacity Building better focussed on supporting Sector Policy, Planning and Budgeting Processes as a result of SBS?	
<ul style="list-style-type: none"> • How has SBS contributed towards the nature of policy dialogue, conditionality, monitoring and performance assessment in the sector? • Overall, is technical assistance and capacity development more focused on overall sector policy, planning resource allocation and monitoring, as a result of SBS? This may include diagnostic studies such as public expenditure reviews as well as direct support to improving policy processes. 	<ul style="list-style-type: none"> • Overall mix of aid modalities, including balance between project and programmatic modalities. • Incentives for recipient government actors to refocus SBS inputs on domestic systems.
3.1f: Is external funding more discretionary and better aligned with sector policy priorities as a result of the provision of SBS, or is it likely to distort sector resource allocations?	
<ul style="list-style-type: none"> • Has the move to SBS contributed to increases in sector funding, or did it represent a shift in Development Partner funding modalities? • Has SBS contributed to a greater absolute and relative share of discretionary external funding to the sector, or does earmarking prevent this? • Through earmarking and/or additionality requirements, does SBS contribute to an undue distortion of sector funding towards specific sector programmes or interventions or have they helped align external funding with policy priorities that are likely to benefit the poor? 	<ul style="list-style-type: none"> • Political support for realigning resource allocation to stated policy priorities • Alignment of donors interests with policy priorities
Level 3: Outputs	
3.1g: Has SBS contributed towards improved sector policies, plans, and budgets and better monitoring and evaluation of their implementation?	
<p>How far has SBS contributed towards:</p> <ul style="list-style-type: none"> • improvements in sector policies and strategies, with clearly defined priorities? • improvements in the process of sector budgeting and resource allocation? • improvements in the reporting and monitoring of the implementation of sector policies? • negative consequences on efforts to build stronger sector policies and policy processes? 	<ul style="list-style-type: none"> • The quality of the national policy, planning and budgeting process, and reforms to the same. • Degree to which external financing distracts attention of sector actors away from the national budget process.
3.1h: Has SBS contributed to Public Spending which is better aligned with government policy priorities and influenced by results achieved in the sector?	
<ul style="list-style-type: none"> • Has SBS contributed towards resource allocations which are better aligned towards sector policy priorities, linked to the implementation of sector strategic plans? 	<ul style="list-style-type: none"> • Political and institutional ownership of sector policy priorities within recipient country. • The degree to which increasingly discretionary in sector resources has actually contributed to increased flexibility in expenditure

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
	allocations.
Lessons Learned	
3.1i: What are the lessons that can be drawn in terms of good practice in the provision of SBS and practice which undermined the positive effects of SBS?	
<ul style="list-style-type: none"> • Based on the answers to the sub-questions and assessment criteria: <ul style="list-style-type: none"> ○ Were there any good practices in the provision of SBS? What were they and why? ○ Are there any practices which need to be improved or avoided? What were they and why? ○ Were any additional procedures or requirements on top of normal government procedures associated with SBS appropriate and did they enhance or undermine the positive influence of SBS? What were they and why? 	<ul style="list-style-type: none"> • What lessons can be drawn from the influence of external factors on the provision of SBS?
SQ3.2 What has been the influence of SBS on Procurement, Expenditure Control, Accounting and Audit Systems at the Sector Level, and what are the constraints faced and lessons learned?	
Level 1: SBS Inputs	
3.2a: How does SBS funding use Gov't Procurement, Treasury, Accounting and Audit Systems?	
<ul style="list-style-type: none"> • How does SBS conform with overall partner government regulations and systems for public financial management: <ul style="list-style-type: none"> ○ On procurement: do expenditures funded via SBS follows government's standard procurement procedures? ○ On treasury: is SBS funding disbursed into the main revenue funds of government and controlled and managed through government's systems? ○ On accounting: is SBS funding recorded and accounted for in the government's accounting system, in line with the government's classification system. ○ On audit: is SBS audited by the government's auditing system? 	<ul style="list-style-type: none"> • State of government procurement, treasury, accounting and audit systems. • Overall donor fiduciary concerns.
3.2b: Has SBS Funding been Provided Predictably?	
<ul style="list-style-type: none"> • What has been the record of implementation of arrangements to provide SBS predictability? 	<ul style="list-style-type: none"> • Donor commitment to adhere to conditions and disbursement timing. • Influence of external factors outside the sector on disbursement decisions.
3.2c: Have other SBS inputs focus on improvement of Gov't Procurement, Treasury, Accounting and Audit Systems at the sector level?	
<ul style="list-style-type: none"> • Has Sector Dialogue and Conditionality focused on interventions which are likely to improve public financial management at the sector level? • Has any Technical Assistance and Capacity Building Support linked to SBS been provided to support the procurement, financial management and accounting functions. This may include diagnostic studies such as PETS, value for money and procurement assessments in the sector, as well as support to systems improvement. 	<ul style="list-style-type: none"> • Degree of knowledge of donor representatives on country systems • Capacity of and incentives for recipient government representatives to dialogue on policy. • Adequacy of Ministry of Finance led reform and support.
3.1d: In the provision of SBS are there any addition requirements to, or derogations from mainstream sector systems and processes, are they justified, and what issues are they intended to address?	
<ul style="list-style-type: none"> • Are there ways in which there are specific additional requirements/derogations from government Procurement, 	<ul style="list-style-type: none"> • State of sector policies, resource allocation and M&E

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
<p>Treasury, Accounting and Audit systems? For example, through:</p> <ul style="list-style-type: none"> ○ Mechanisms for earmarking that require separate channels and accounting for funds? ○ Are there additional or revised financial accountability, procurement or audit requirements for expenditures funded from SBS? <ul style="list-style-type: none"> • Where additional requirements/derogations exist: <ul style="list-style-type: none"> ○ Why have they been put in place? ○ Is this justified? • Are they intended to be temporary, and are there plans to remove them in future? • What would have happened to the effects of SBS in the absence of these derogations? 	<ul style="list-style-type: none"> • Broader national policy and governance environment. • Development Partner HQ requirements.
Level 2: Immediate Effects	
3.2e: Has SBS helped increase the level and overall share of external funding using Gov't Procurement, Treasury, Accounting and Audit Systems?	
<ul style="list-style-type: none"> • To what extent has budget support contributed to an increased size and share of external funding to the sector subject to government's budgetary process? (On MTEF; on budget; on parliament; on procurement; on treasury; on accounting; on report; on audit.). 	<ul style="list-style-type: none"> • Share and size of other aid modalities and the extent to which they use government systems.
SQ3.2f: Did the move to SBS help contribute towards overall increased predictability of external funding to the sector?	
<ul style="list-style-type: none"> • To what extent have overall aid flows to the sector become more predictable, and what has been the contribution of SBS? 	<ul style="list-style-type: none"> • Level of funding from and predictability of non SBS instruments
Level 3: Outputs	
3.2g: Has SBS contributed towards improving Procurement, Expenditure Control, Accounting and Audit at the Sector Level?	
<ul style="list-style-type: none"> • To what extent have any increases in discretion and use of government systems, to which SBS has contributed, resulted in improvements in sector financial management in terms of: <ul style="list-style-type: none"> ○ Procurement, expenditure control, accounting and audit processes • How have dialogue, TA and capacity building associated with SBS contributed to these improvements? 	<ul style="list-style-type: none"> • Influence of central reforms to procurement, expenditure control accounting and audit.
3.2h: Has SBS contributed towards more predictable and reliable budget execution and improved operational efficiency at the Sector Level?	
<ul style="list-style-type: none"> • To what extent have any increases in discretion and use of government systems, to which SBS has contributed, resulted in improvements in sector financial management in terms of: <ul style="list-style-type: none"> ○ The reliability of sector budgets as a guide to sector expenditure ○ Improved value for money in/operational efficiency of sector expenditures • How have dialogue, TA and capacity building associated with SBS contributed to these improvements? 	<ul style="list-style-type: none"> • Overall reliability of the national budget, including overall revenue projections and budget reallocations. • Political commitment to budget allocations, and strong controls. • Corruption
Key Lessons	
3.2i: What are the lessons that can be drawn in terms of good practice in the provision of SBS and practice which undermined the positive effects of SBS?	
<ul style="list-style-type: none"> • Based on the answers to the sub-questions and assessment criteria: 	<ul style="list-style-type: none"> • What lessons can be drawn from the influence of external factors on

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
<ul style="list-style-type: none"> ○ Were there any good practices in the provision of SBS? What were they and why? ○ Are there any practices which need to be improved or avoided? What were they and why? ○ Were any additional procedures or requirements on top of normal government procedures associated with SBS appropriate and did they enhance or undermine the positive influence of SBS? What were they and why? 	<p>the provision of SBS?</p>
<p>SQ3.3: What has been the influence of SBS on Sector Institutions, their Capacity and Systems for Service Delivery, and what are the constraints faced and lessons learned?</p>	
<p>Level 1: Inputs</p>	
<p>3.3a: Was SBS funding provided in a way which allows it to make use of Government Service Delivery Systems and Institutions?</p>	
<ul style="list-style-type: none"> • Are SBS funds channelled via the government's mainstream mechanisms for funding government service delivery institutions? <ul style="list-style-type: none"> ○ Is funding channelled to and managed by the institutions responsible for service delivery, or are different institutional arrangements used? E.g. using local governments to deliver services ○ Are mainstream channels for funding service delivery used (e.g. the local government transfer system), or are separate channels created for the purpose? 	<ul style="list-style-type: none"> • Existence of clear mainstream government service delivery channels and systems through which funds can be channelled. • Degree of decentralisation of service delivery.
<p>3.3b: Does SBS funding use government guidelines and standards for the implementation of services?</p>	
<ul style="list-style-type: none"> • How does SBS conform with overall roles of partner government institutions and systems for service delivery? <ul style="list-style-type: none"> ○ Are activities and services funded by SBS governed by the guidelines for service delivery and any associated standards? Are they being carried out by the appropriate domestic institutions? ○ Are civil servants and/or service delivery staff (whether permanent or on contract) managed in line with the governments own public service guidelines? 	<ul style="list-style-type: none"> • State of service delivery systems and guidelines, and capacity of institutions. • Degree of decentralisation of service delivery.
<p>3.3c: How do other SBS inputs support the strengthening Government Service Delivery Systems and Institutional Capacity Building?</p>	
<ul style="list-style-type: none"> • Does technical assistance and capacity building linked to SBS support the development and strengthening of service delivery systems, and associated standards and guidelines? • Does dialogue and conditionality also focus on the strengthening of domestic service delivery institutions and systems? • Does technical assistance and capacity building linked to SBS support the strengthening of service delivery institutions? <ul style="list-style-type: none"> ○ Is such assistance tailored to the specific needs and nature of domestic institutions and service delivery systems? • Does dialogue and conditionality focus on the strengthening of domestic service delivery institutions and systems? 	<ul style="list-style-type: none"> • Skills of Development Partner staff, and level of understanding of service delivery systems and capacity
<p>3.3d: In the provision of SBS are there any addition requirements to, or derogations from mainstream sector systems and processes, are they justified and what issues are they intended to address?</p>	

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
<ul style="list-style-type: none"> • Are there ways in which there are specific additional requirements derogations from government channels for funding service delivery? For example, through: <ul style="list-style-type: none"> ○ Mechanisms for earmarking that require separate channels and accounts for funds? ○ Are there specific financial accountability requirements for expenditures funded from SBS? • Are there any ways in which there are any specific derogations from government guidelines for service delivery and public service associated with SBS? For example though: <ul style="list-style-type: none"> ○ Through the issuance of separate guidelines, standards or conditions for the use of SBS funding • Through the employment of staff in ways which are not consistent with public service guidelines. • Where additional requirements/derogations exist: <ul style="list-style-type: none"> ○ Why have they been put in place? ○ Is this justified? • Are they intended to be temporary, and are there plans to remove them in future? • What would have happened to the effects of SBS in the absence of these derogations? 	<ul style="list-style-type: none"> • State of sector policies, resource allocation and M&E • Broader national policy and governance environment. • Development Partner HQ requirements.
Level 2: Immediate Effects of SBS	
3.3e: Has SBS contributed to dialogue, conditionality, technical assistance and capacity building in the sector which is better aligned towards strengthening Government Service Delivery Systems and Institutional Capacity?	
<ul style="list-style-type: none"> • Overall, is technical assistance and capacity building more oriented towards the strengthening of service delivery systems and institutions as a result of SBS programmes? • Overall, does dialogue and conditionality focus more on the strengthening of domestic service delivery institutions and systems, as a result of SBS programmes? 	<ul style="list-style-type: none"> • Incentives Development Partner of staff to focus on strengthening domestic systems • Capacity of and incentives for recipient government representatives to dialogue on systems issues.
3.3f: Has SBS contributed to a greater quantity and share of external funding using Government Service Delivery Systems, Guidelines and Institutions?	
<ul style="list-style-type: none"> • Overall is external funding to the sector better aligned towards the roles of partner government institutions and systems for service delivery as a result of SBS programmes? • Is a greater volume and share of external funding channelled to and managed by the institutions responsible for service delivery using mainstream government systems? Are there a number of parallel mechanisms for funding service delivery? • As a result of the provision of SBS, is a greater volume and share of activities and services funded by external assistance being: <ul style="list-style-type: none"> ○ governed by government guidelines and standards for service delivery? ○ managed by civil servants and/or service delivery staff (whether permanent or on contract) in line with the governments own public service guidelines? 	<ul style="list-style-type: none"> • Mix of donor aid instruments and funding channels used by them. • Degree to which sector institutions have control over human resource issues in the sector.
Level 3: Outputs	
3.3g: Has SBS contributed to increased funds flowing through mainstream government channels for funding Service Delivery and Institutions?	

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
<ul style="list-style-type: none"> As a result of the provision of SBS is there increased funding being channelled through mainstream government channels to the appropriate institutions for service delivery? 	<ul style="list-style-type: none"> Overall changes in size of sector budgets and flexibility to allocate increased funding to service delivery. Political support for increased funding to service delivery.
3.3h: Has SBS contributed to stronger Service Delivery Systems and Institutions?	
<ul style="list-style-type: none"> As a result of the provision of SBS, are Service Delivery Systems and associated Guidelines stronger and better defined? Are the capacity of institutions and human resources engaged in the provision of services stronger as a result of the shift to SBS? 	<ul style="list-style-type: none"> Strong public service policies Decentralisation policies Donor funded projects may draw human resource capacity away from government institutions
Key Lessons	
3.3i: What are the lessons that can be drawn in terms of good practice in the provision of SBS and practice which undermined the positive effects of SBS?	
<ul style="list-style-type: none"> Based on the answers to the sub-questions and assessment criteria: <ul style="list-style-type: none"> Were there any good practices in the provision of SBS? What were they and why? Are there any practices which need to be improved or avoided? What were they and why? Were any additional procedures or requirements on top of normal government procedures associated with SBS appropriate and did they enhance or undermine the positive influence of SBS? What were they and why? 	<ul style="list-style-type: none"> What lessons can be drawn from the influence of external factors on the provision of SBS?
SQ3.4: What has been the Influence of SBS on Domestic Ownership, Incentives and Accountability in the Sector, and what are the constraints faced and lessons learned?	
Level 1: Inputs	
3.4a: How do SBS inputs support stronger ownership of policies from domestic policy makers, implementers and beneficiaries of services and the incentives for their implementation?	
<p>In the provision of SBS inputs what efforts are taken to ensure:</p> <ul style="list-style-type: none"> domestic ownership of policies and guidelines that are developed? stronger incentives for the implementation of sector policies and guidelines are promoted? 	<ul style="list-style-type: none"> Development partners and domestic stakeholders have consistent policy priorities. The implementation of policies developed are in the interests of domestic stakeholders
3.4b: How do SBS inputs support stronger domestic accountability and avoid the creation of parallel accountability requirements?	
<ul style="list-style-type: none"> How does the SBS design make use of domestic accountability mechanisms, in particular: <ul style="list-style-type: none"> Parliament holding the sector ministries accountable for the implementation of sector policies and services/ Local councils holding their local administrations accountable for service provision The Ministry of Finance holding sector spending institutions accountable for the funds they have spent and results from that spending in the context of the budget process. Sector ministries holding sector service providers to account for their performance Citizens holding service providers accountable for the delivery of services. Are there any accountability requirements for SBS which 	<ul style="list-style-type: none"> Domestic accountability processes are in place and there is potential to make them functional These processes have the potential to meet donor accountability requirements.

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
are likely to draw attention of actors away from domestic accountability mechanisms?	
3.4c: In the provision of SBS are there any additional requirements to, or derogations from mainstream sector systems and processes, are they justified and what issues are they intended to address?	
<ul style="list-style-type: none"> • What additional requirements/derogations to domestic accountability requirements exist? • Where additional requirements/derogations exist: <ul style="list-style-type: none"> ○ Why have they been put in place? ○ Is this justified? • Are they intended to be temporary, and are there plans to remove them in future? • What would have happened to the effects of SBS in the absence of these derogations? 	<ul style="list-style-type: none"> • State of sector policies, resource allocation and M&E • Broader national policy and governance environment. • Development Partner HQ requirements.
Level 2: Immediate Effects	
3.4d: How has SBS contributed to the influence of external assistance on strengthening ownership of policies from domestic policy makers, implementers and beneficiaries of services and the incentives for their implementation?	
<p>How has SBS contributed to the influence of external assistance on:</p> <ul style="list-style-type: none"> • domestic ownership of polices and guidelines that are developed? • stronger incentives for the implementation of sector policies and guidelines are promoted? 	<ul style="list-style-type: none"> • Alignment of other aid instruments with sector policies. • Focus of dialogue. • Development partners and domestic stakeholders have consistent policy priorities.
3.4e: How has SBS contributed to the influence of external assistance on strengthening domestic accountability and avoid the creation of parallel accountability requirements?	
<ul style="list-style-type: none"> • How has SBS contributed to the influence of external assistance on domestic accountability mechanisms, in particular: <ul style="list-style-type: none"> ○ Parliament holding the sector ministries for the implementation of sector policies and services/ Local councils holding their local administrations accountable for service provision ○ The Ministry of Finance holding sector spending institutions accountable for the funds they have spent and results from that spending in the context of the budget process. ○ Sector ministries holding sector service providers to account for their performance ○ Citizens holding service providers accountable for the delivery of services. <p>Are there any accountability requirements for SBS which are likely to draw attention of actors away from domestic accountability mechanisms?</p>	<ul style="list-style-type: none"> • Other aid instruments do not undermine the incentives for domestic institutions to implement policy. • Domestic processes have the potential to meet donor accountability requirements. • The implementation of policies developed and delivery of services are in the interests of domestic stakeholders.
Level 3: Outputs	
3.4f: Has SBS influenced domestic ownership, capacity, incentives and accountability in the sector?	
<ul style="list-style-type: none"> • How has SBS influenced domestic accountability for the implementation sector policies and services in terms of: <ul style="list-style-type: none"> ○ Parliament holding the sector ministries for the implementation of sector policies and services/ Local councils holding their local administrations accountable for service provision ○ The Ministry of Finance holding sector spending institutions accountable for the funds they have spent and results from that spending in the context of the budget process. 	<ul style="list-style-type: none"> • Domestic institutions and service providers have the resources and capacity to deliver services and achieve policy objectives. • The implementation of policies developed and delivery of services are in the interests of domestic stakeholders.

Main Study Questions, Sub Questions and Assessment Criteria	Possible External Factors, Context Features & Feedback Mechanisms
<ul style="list-style-type: none"> ○ Sector ministries holding sector service providers to account for their performance ○ Citizens holding service providers accountable for the delivery of services. ● Is there greater ownership of sector policies and strategies in parliament, cabinet, sector ministries, service providers, civil society as a result of the shift to SBS? Has this fostered a greater demand for performance from implementers, and sense of responsibility amongst those implementers? ● Are there stronger incentives in place for implementers to achieve policy objectives and delivery services as a result of the shift to SBS? ● Are there derogations from domestic accountability requirements caused by SBS which have undermined domestic accountability? For example from: <ul style="list-style-type: none"> ○ Specific accountability requirements for SBS programmes. ○ The attention given to donor accountability requirements as result of dialogue, at the expense of domestic demands for accountability. ○ What would have happened to the effects of SBS in the absence of these derogations? 	
Key Lessons	
3.4g: What are the lessons that can be drawn in terms of good practice in the provision of SBS and practice which undermined the positive effects of SBS?	
<ul style="list-style-type: none"> ● Based on the answers to the sub-questions and assessment criteria: <ul style="list-style-type: none"> ○ Were there any good practices in the provision of SBS? What were they and why? ○ Are there any practices which need to be improved or avoided? What were they and why? ○ Were any additional procedures or requirements on top of normal government procedures associated with SBS appropriate and did they enhance or undermine the positive influence of SBS? What were they and why? 	<ul style="list-style-type: none"> ● What lessons can be drawn from the influence of external factors on the provision of SBS?

Step 4: The Effectiveness of SBS and the Conditions for Success

Main Study Questions, Sub Questions and Assessment Criteria on the contribution of SBS	Other Factors important in Influencing Outputs and Outcomes
SQ4.1: What are the main contributions that SBS has made to the improvement of sector policy processes, public financial management, sector institutions, service delivery systems and accountability, and what were the conditions for success?	
<ul style="list-style-type: none"> • Overall, what are the main improvements in sector processes (i.e. outputs identified step 2) to which SBS has contributed? • In particular how has SBS contributed towards: <ul style="list-style-type: none"> ○ Improved information on and orientation towards the achievement of service delivery results in the sector? ○ Improved decision making and resource allocation in the sector oriented towards the achievement of service delivery? 	<ul style="list-style-type: none"> • What were the other major factors (internal and external to the sector) and context features which contributed to sector outputs? • How did these factors and features interact with SBS? Which facilitated/constrained the effects of SBS?
SQ4.2: Have the improvements in sector systems and processes to which SBS has contributed, had a positive influence on sector service delivery outcomes, and are they likely to do so in future?	
<ul style="list-style-type: none"> • Ceteris paribus, and on the basis of accumulated knowledge in development practice: <ul style="list-style-type: none"> ○ have these improvements under SQ4.1 contributed to any improvements in sector outcomes (identified in Step 1). ○ Are they likely to do so in future? 	<ul style="list-style-type: none"> • What were the other major factors (internal and external to the sector) and context features which contributed to sector outputs? • How did these factors and features interact with SBS? Which facilitated/constrained the effects of SBS?

NB: Although the Step 4 questions above are brief, this is an essential part of each sector case study. It will identify the main results of SBS. Please refer back to your answers in preceding steps, especially steps 1 and 3, in order to draw together the evidence of how SBS has contributed to improved sector outcomes (or not).

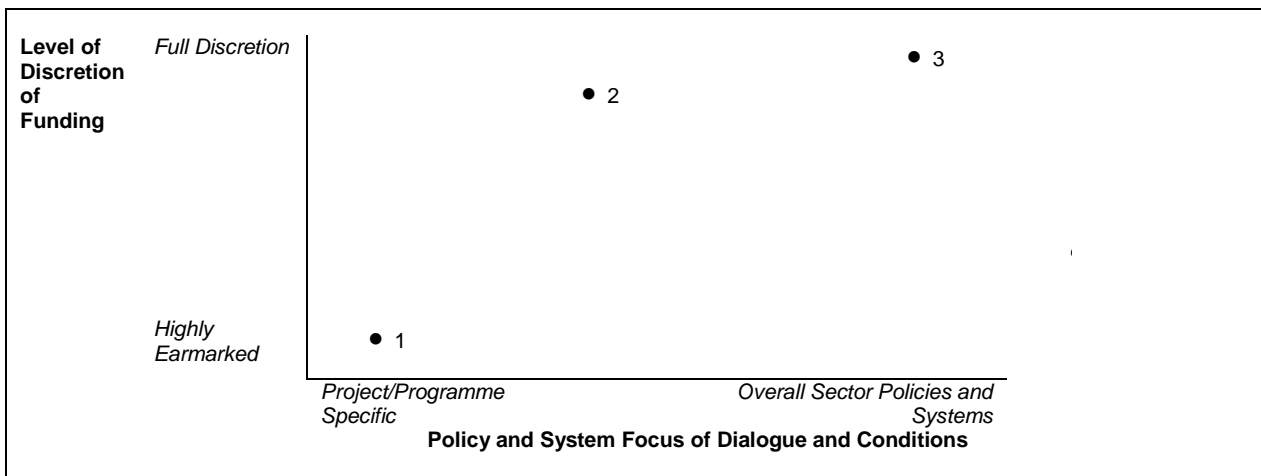
Annex 2: Guide for the Inventory of Sector Budget Support

a) Details of Inputs by Type of SBS

Study Consultants will identify any distinct types/families/approaches to SBS in the sector, as well as instruments outside the working definition of SBS which display many of the features of SBS. These may be distinguished by factors such as:

- Differing locations on the spectrum of SBS (level of earmarking vs discretion; focus of dialogue and conditions) and/or
- Where there were distinct features over different time periods.

The different types of families of SBS will become evident during the literature collection/study visits. It is therefore up to the case study authors to identify these types, which should be located on the diagram below. Where an SBS instrument is outside the spectrum of SBS it should be highlighted in red on the diagram.



The consultant will then fill out the detailed description of Inputs for each type of aid programme using the table below. The number of columns in the table will vary, depending on the number of types identified.

SBS Input	SBS Type 1	SBS Type 2	Non-SBS Type 1
(i) SBS Programmes and their Objective			
Programmes Included (state donor and dates)			
What Were the Objectives of SBS Operations and how has this evolved over time?			
(ii) Level of Funding and Arrangements for Predictability			
Trends in the size of SBS agreements over time. (relate to table in part c of the inventory)			
Mechanism and timing communication of amounts for the next financial year and the medium term and their reliability in practice. (relate to table in part c of the inventory)			
No. and timing of tranches within the financial year and their predictability in practice.			
(iii) Earmarking, Additionality and Disbursement Channels			
Overall level of discretion/degree of earmarking of SBS (i.e. location on y axis)			

SBS Input	SBS Type 1	SBS Type 2	Non-SBS Type 1
of spectrum of SBS)			
Route of channelling funds to treasury and thereafter to sector institutions (describe diagram in section b of inventory)			
Requirements for additionality of funds to sector budgets / programmes within the sector, if any.			
Specific arrangements for earmarking of funds to specific programmes in the budget and during budget execution.			
(iv) Conditionality and Dialogue			
Overall Focus of Dialogue and Conditionality (location on x axis of spectrum of SBS)			
Nature of Underlying MoU/Agreement (this may be agreement specific or joint)			
Nature and types of condition relating to the sector			
Conditions outside the sector			
The nature of Performance indicators monitored, and the source of performance indicators			
Accountability requirements for SBS programmes			
Existence of any performance assessment framework or equivalent, and description of its structure and content.			
Process for reviewing adherence to conditions			
Linking of conditions to the triggering of release of funds			
Mechanisms/Fora for dialogue with respect to SBS			
(v) Links to TA and Capacity Building			
Overall focus of TA/Capacity Building Linked to SBS	•	•	•
Is the provision of technical assistance and capacity building delivered as an explicit part of the SBS programme? If yes, describe.	•	•	•
Is the provision of TA/Capacity building in other programmes/provided by other donors explicitly linked to the provision of SBS?	•	•	•
Are there TA/Capacity Building conditions built into the SBS programme? If yes, describe.	•	•	•
(vi) Coordination with other SBS programmes and other aid modalities <i>e.g. common calendar, joint missions, common set of indicators, pooling of funds, delegated cooperation or silent partnership, Joint diagnostic and performance reviews</i>			
What provisions are there for coordinating the provision of SBS and its associated dialogue and conditionality amongst Development Partners providing SBS?	•	•	•
What provisions are there for coordinating the provision of SBS inputs with GBS?	•	•	•

SBS Input	SBS Type 1	SBS Type 2	Non-SBS Type 1
What provisions are there for coordinating the provision of SBS with project and other forms of aid to the sector?	•	•	•
(vii) SBS as a transition mechanism			
Have donors providing project/basket funding shifted their support to SBS? What was the justification for doing so?	•	•	•
Have donors shifted from the provision of SBS to general budget support? What was the justification for doing so?	•	•	•
(viii) Influence of the Country Situation and Donor HQ requirements on the design of SBS instruments	•	•	•
Degree to which the design of SBS has been influenced by the country situation	•	•	•
Degree to which the design of SBS has been influenced by donor HQ requirements	•	•	•

b) Financial Contributions against Budget over Time (US\$m)

This table below sets out SBS disbursements against the amount budgeted for in the national budget and the total committed in the BS agreement. This data will be gathered from country budget documents, SBS programme agreements, and

Programme Name	Donor	Start date	Loan/Grant	Type ⁸	Total Agreement	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007

c) Details of Conditions relating to Sector Budget Support Over Time

In this table, case study authors will set out the specific conditions (e.g. policy actions, performance targets) associated with SBS agreed each year, mapped onto the four themes in the assessment framework. This information should be gathered from Aides Memoire, programme documents, and other relevant sources.

Timing	Policy, planning and budgeting	Procurement, Expenditure, Accounting and Audit	Institutions, service delivery systems, and capacity;	Accountability	Due Process and other Conditions
1999					
2000					
2001					
2002					
2003					
etc					

d) Details of TA and Capacity Building linked to the Provision of Sector Budget Support

In this table, case study authors will set out the details of any TA and Capacity building provided to the sector which is linked to the provision of SBS, mapped onto the four themes of the assessment framework.

Timing	Policy, planning and budgeting	Procurement, Expenditure, Accounting and Audit	Institutions, service delivery systems, and capacity;	Accountability	Other

⁸ This should relate to the types identified in part a).

e) Diagram of Funding Flows of SBS

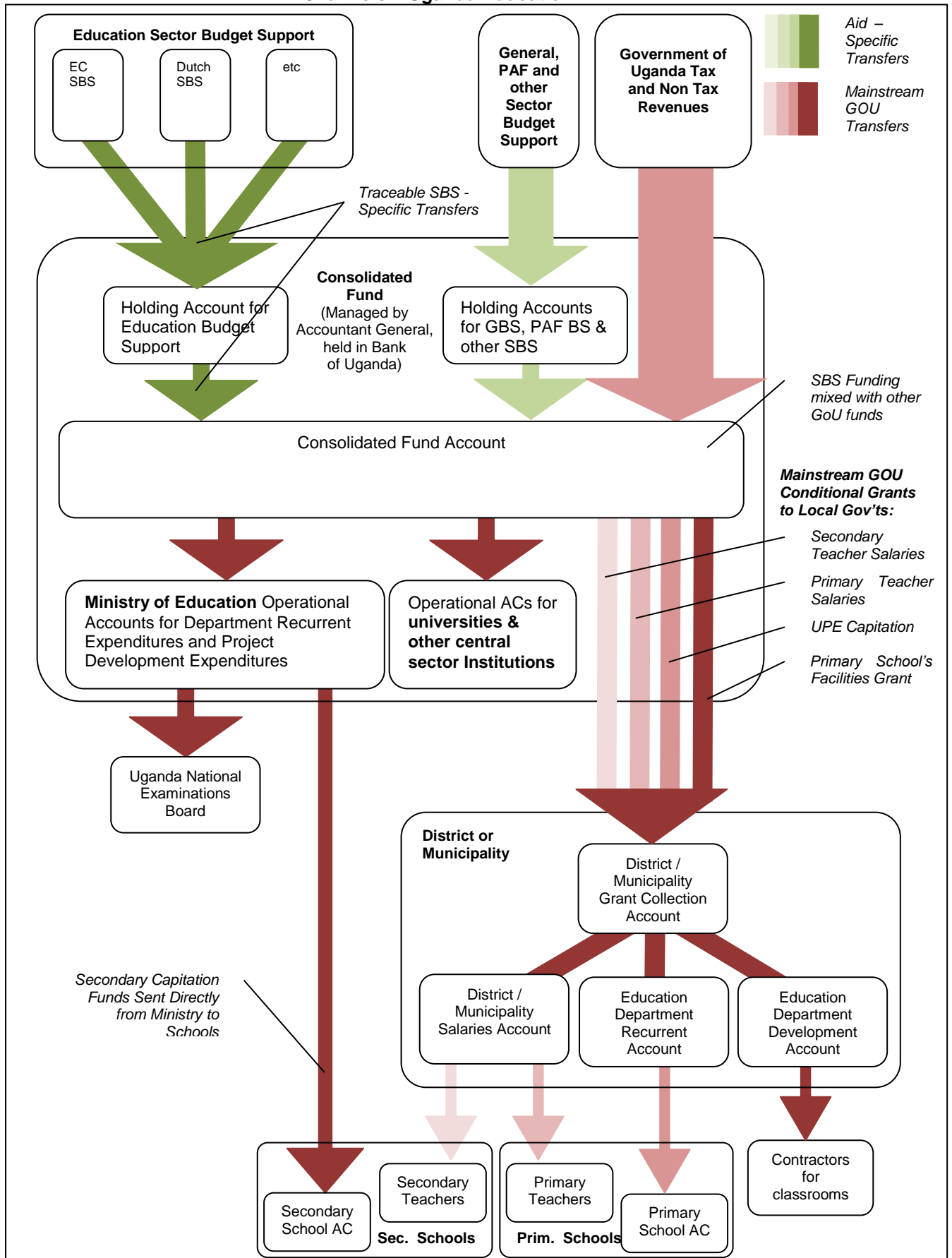
Study authors will prepare a diagram of SBS funding flows through government systems. This will show both SBS and other aid which uses Channel 1 and mainstream budgetary funding.

Channel 1 is the normal channel used for government's own-funded expenditures. Channel 1 aid is disbursed to the government's finance ministry (or "treasury"), from where it goes, via regular government procedures, to the ministries, departments or agencies (MDAs) responsible for budget execution.

Source: Mokoro (2008)

An example of Education SBS in Uganda is shown overleaf.

Figure 6: Example Diagram of SBS Funding Flows in the Context of Mainstream Budgetary Channels – Uganda Education



Annex 2b – Approach to Country Case Studies

Activities and Outputs of Lead Case Study Authors

The table sets out the activities and outputs of the lead case study author. There are 24.5 days total day input for each of them. The suggested time allocations provided in the table below are indicative guidelines only. Different stages may obviously require differing proportions of authors' time. Case study authors will use their discretion in allocating their available time across the different activities.

	Activity	Outputs	Days
1. Inception Workshop (Inception Phase)			
1.1	Attend Inception Workshop	- Solid understanding of the study methodology	1
2. Preparation (Review Process Phase)			
2.1	Make contact with CRG members by email, to (i) establish links; (ii) obtain suggestions for country researchers where necessary; (iii) liaise on how meeting schedule will be managed	- Local Researcher(s) recruited - Background documentation collected and read - Link established with CRG, key dates and meetings agreed - Programme of interviews under development - Inventory compilation underway - First draft Sector Case Study already underway	5
2.2	Identify Local Researchers and confirm availability		
2.3	Read Inception Report, including Final Methodology and Literature Review		
2.4	Background research to collate available information on the country and sector under review from internet, personal experience, contacts etc. (see List of Documentation)		
2.5	Request to CRG for additional documentation not available online (see List of Documentation)		
2.6	Background reading to prepare for visit.		
2.7	Begin to compile Inventory, answer study questions and draft sections of report that can be written based on secondary documentation and personal knowledge (NB use Templates provided)		
2.8	Pre field visit discussion with Project Manager on progress made in preparation phase and plans for fieldwork phase		
3. Fieldwork (Review Process Phase)			
3.1	Start up meeting with CRG at beginning of fieldwork	- Debrief with CRG held - Draft inventory, initial answers to main study questions, and answers to HQ relevant sub questions prepared within one week of the end of field visit.	10
3.2	Fieldwork interviews with central government actors and data collection, guided by Study Questions		
3.3	Field visits to service providers and local governments where appropriate		
3.4	Feedback meeting with CRG in country at end of visit		
4. Writing up (Review Process Phase)			
4.1	Post-fieldwork teleconference with project manager	- Complete final Inventory - 1 st draft Sector Case Study, within two weeks of	6
4.2	Compile a complete Inventory (NB use Template)		
4.3	Complete 1 st draft sector case study report (NB use Template provided)		
5. Revising (Review Process Phase)			
5.1	Post-1 st draft teleconference with Project manager to highlight and discuss key findings	- 2 nd draft Sector Case Study, within page limit - Final draft Sector Case Study, within page limit	1.5
5.2	Incorporate comments made on 1 st draft by Synthesis Team		
5.3	Incorporate comments made on 2 nd draft by CRG and DAIC		
6. Synthesis Workshop (Synthesis of Results Phase)			
6.1	Attend Synthesis Workshop	- Findings (particularly 'good practice') from case study fed into Synthesis Report	1

Suggested Information and Documents to be Collected and Reviewed

The boxes below show the types of information that will be collected and reviewed by the study consultants during the preparation of case studies.

Standard Data collected for All Countries Separately

Standard data for the country context will be collected centrally by the project management team and circulated to the team from the following sources:

Poverty Data

- World Development Indicators

Economic Data

- African Economic Outlook

Governance Data

- CPIA
- WB Governance Indicators
- Transparency International

Public Finance Statistics

- Government Financial Statistics

Data on External Assistance

- Paris survey
- OECD DAC online database
- SPA Budget Support Database

Other Country Context Documents

The following documents for the country context will be collected by the study consultants with support from the CRGs:

- PRSP
- PRSP Annual Progress Reports
- Annual Budget Documents
- Budget Reports
- PEFA Assessments
- Other PFM Diagnostics (e.g. CFAA, CPAR, PEFAR, ROSC, HIPC Tracking)
- GBS Documentation (MoU, Aides Memoire, PAF)
- Reports from the Supreme Audit Institution

Sector Specific Documents

The following sector specific information will be collected by the study consultants with support from the CRGs:

Core Documents on SBS Programmes

- SBS programme documents/agreements
- SBS Memoranda of Understanding/Aides Memoire over the duration of the provision of SBS (including any associated performance assessment frameworks and prior actions over the duration of the provision of SBS).
- Any evaluations of SBS programmes.
- Fiduciary Assessments

Official Sector Documents

- Sector policy documents and Sector laws
- Sector Investment Plans/Strategic Plans and Financing Strategies
- Sector budget documents – MTEF, sections of annual budget estimates, annual operational plans

- Sector performance reports or similar
- Sector/Sector Spending Agency Budget reports or similar
- M&E data from management information systems or other routine data collected on service delivery
- Sector Specific Surveys/ data from general surveys on the state of service delivery in the sector.

Sector Service Delivery Documents

- Standards for service delivery
- Guidelines service providers and local governments in service delivery
- Sample reports from local government/service providers

Sector Studies and Diagnostics

- Public expenditure reviews,
- public expenditure tracking studies,
- Value for money studies
- Public financial management assessments
- Special Audits

Suggested List of Interviewees

The following is an indicative list of stakeholders that the study consultants

Sector Line Ministry or Equivalent

- Minister
- Permanent Secretary/Secretary General or Equivalent
- Policy and Planning department
- Finance/Accounts Department
- Human resources department
- Staff from key line departments

Sector Agencies

- Head and relevant staff from sector agencies (e.g. road agency, health service commission, HIV/AIDS commission)

Central Ministries and Agencies

- Staff from the Ministries of Finance and Planning responsible for the sector
- Staff from the Treasury/Accountant General's Office working on the sector
- Staff from the aid management department in the Ministry of Finance of Planning.
- Supreme Audit Institution
- Public Service Ministry
- The chair or members of the parliamentary committee for the sector and the Public Accounts Committee or equivalent
- Technical Assistants/Advisors, included those funded by development partners

Civil society

- Staff from civil society organisations working in the sector

Field Visits to a Local Government (where appropriate)

- Council members, including those on the relevant sector committees
- Head of the local administration
- Staff from the finance and planning department
- Staff from the relevant sector department

Field Visits to Service Providers

- In the Education Sector: Head teachers from at least two primary schools; and the head teacher from one secondary school
- In the health sector: the in-charge of at least two basic health centres; and the in-charge of at least one hospital

- In the roads sector: Two contractors working on a roads contracts; one consulting engineering firm; government staff directly involved managing road works.

Development Partners

- Chair and members of the donor sector group, if existing
- Chair of the donor economist group/GBS dialogue
- From the donors providing SBS: sector adviser; economist/PFM Advisor; and head of mission
- Sector representative of major project donors in a sector.

