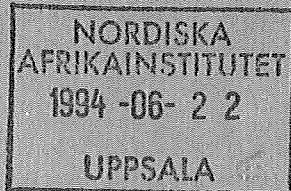


SASDA

Secretariat for Analysis of
Swedish Development Assistance

Working paper No. 4



Improving Monitoring and Evaluation in Swedish development assistance

Colin Bruce and Ugo Finzi
Stockholm, March 1994

SASDA

The Secretariat for Analysis of Swedish Development Assistance

The Swedish government has appointed a committee with the task of analysing the results and effectiveness of Swedish development aid. A special Secretariat, SASDA, was set up on 1 March 1993 to carry out the work.

The Secretariat will work until the end of 1994 and will have as its main task to propose to Government suitable mechanisms for evaluations and policy analyses of Swedish aid. In its work SASDA will give priority to carrying out a set of selected studies world-wide, at country, sector and subject level and to studies of individual organisations to provide a basis for decisions on development co-operation in the future and to gain experience on how policy evaluations should be carried out. A major study concerns Sweden's co-operation with Central and Eastern Europe.

SASDA's point of departure is the aim of a better understanding of the mechanisms of development in order to enhance the results and increase the effectiveness of aid in achieving the five goals set by the Swedish parliament: increased resources, economic and social equality, economic and political independence, the democratic development of society, and the long-term management of natural resources and care of the environment.

The studies and analyses will be managed partly by the Secretariat's own staff and will include studies commissioned from different specialists in the committee's areas of priority.

The staff are :

Ambassador Claes Sandgren	Head of the Secretariat
Dr Olle Edqvist	Senior Policy Analyst
Mr Enrique Ganuza	Senior Policy Analyst
Mr Per Johan Svenningsson	Senior Policy Analyst
Ms Kerstin Sandling	Assistant Secretary

Postal address:

SASDA
P.O. Box 16418
S-103 27 STOCKHOLM

Telephone:

+46-8 791 21 80

Telefax:

+46-8-791 21 88

Visiting address:

Klarabergsgatan 23, Stockholm

IMPROVING MONITORING AND EVALUATION IN SWEDISH DEVELOPMENT ASSISTANCE

CONTENTS

	<u>Page No</u>
EXECUTIVE SUMMARY	i
1. Introduction	1
2. Major Findings	7
3. Recommendations:	
(a) Policy Dialogue and Institution-building	8
(b) Strengthening the Preparation/Appraisal/Approval Process	8
(c) Monitoring of Implementation	10
(d) Evaluation Function	11
(e) Establishment of an Evaluation Secretariat	12
 Annexes	
A. Glossary	
B. Part 1: Terms of Reference of the Committee for Analysis of Swedish Development Assistance	
Part 2: Consultants' Terms of Reference	
C. Bibliography	
D. List of Meetings and Persons met	

ISSN 1104-697X

EXECUTIVE SUMMARY

1 The purpose of this report is to examine the role of evaluation in Swedish development aid and to make suggestions on action that could be taken to improve the contribution of evaluation activities to the achievement of the objectives of Swedish aid: economic growth, economic and social equality, economic and political independence, democracy and conservation of the environment. The Swedish Government's decision to pursue a management by objectives approach and the general trend towards accountability and transparency have determined the basic guidelines for the inquiry and for the preparation of the report.

2. Swedish development aid work is carried out by five different organisations: the Department of International Development Cooperation of the Ministry of Foreign Affairs, SIDA, SAREC, BITS and SwedeCorp. A large number of evaluation reports on a variety of aid activities is issued by the agencies each year. A review of these reports was the starting point of our enquiry, which was later extended to appraisal and monitoring as explained below.

3. The evaluation reports prepared and published by the Swedish aid organisations are the result of a large and well planned research effort. They benefit from a large input of independent professional expertise (both from Sweden and from recipient countries), their coverage is broad, the analysis is sound. But they are not well anchored in the history of the project and in the previous phases of the project cycle, they contain a limited amount of comparisons between results and initial objectives and they contain virtually no cost-benefit analysis. To be valuable in terms of the lessons learned from experience, project evaluation has to be based on the information derived from the monitoring of implementation. In turn, the data about implementation should have a profile of basic data about objectives, costs and benefits, derived from project preparation/appraisal/approval reports, against which to measure implementation progress. Lack of information on the project objectives and lack of usable data deriving from monitoring cannot be compensated by any amount of ex post research.

4. Another weakness in the evaluation reports derives from insufficient sector policy work and institutional analysis during project preparation and appraisal. Sector policy analysis has traditionally played a limited role in Swedish development assistance. Sector policy discussions were basically left to the multilateral organisations. But conditions have changed, and projects that are not well grounded in sector analysis are less likely to have a lasting development impact.

5. The structural weakness of the monitoring system also contributes to the lack of effectiveness of the evaluation function as presently defined. There seems to be no systematic recording of any final institutional judgement on the outcome of each completed project (particularly for projects which have not been subjected to evaluation). In other words there is no consolidated information on the success or failure of projects (for example by sector).

6. The main thrust of this report is to propose to improve evaluation (which is an essential part of the management by objectives and results approach) through a combined effort on the entire process (sector policy work, preparation/ appraisal/ approval, monitoring of implementation, evaluation). Specific recommendations, divided in five broad categories, are summarised below.

(a) Sector Policy and Institution-building.

7. More attention should be paid to sector policy analysis and institution building aspects; the appraisal of each project should address the question whether the project is correctly placed in its sectoral context; monitoring and evaluation procedures should be modified to include judgements on whether the project is on its way towards reaching, among others, its objectives of sectoral and institutional nature.

(b) Preparation/Appraisal/Approval Process.

8. This process needs to be improved and given greater priority. It is suggested that two ways of doing this would be:

- (i) to design and introduce a very practical **Project Planning Handbook** in two parts for use by all agencies and the consultants employed by them. Part 1 would apply to all sectors and all types of projects; essentially it would provide guidance on how to do pre-feasibility/feasibility studies. Part 2 would apply the general guidelines to sectoral and sub-sectoral projects, where special considerations apply;

- (ii) require a not more than two page **Project Information Brief (PIB)** to be prepared for all projects on completion of the project preparation/appraisal phases, which would be attached to the project approval document submitted to each agency's management for approval. This Proposed PIB would summarise the project's place in the sector strategy and policies, and state the objectives, description, costs and benefits.

(c) Monitoring of Implementation.

9. The monitoring systems of all agencies should be modified to include:

- (i) the annual preparation of an **Implementation Summary Form** of about two pages for each project under implementation;
- (ii) the carrying out of an annual **Implementation Review** by each agency; and, most importantly
- (iii) the preparation of a **Project Completion Report** for each completed project.

(d) Redefinition of the Evaluation Function.

10. The role of the evaluation function should be broadened to include the following tasks:

- (i) to develop evaluation procedures having adequate links with the appraisal and monitoring functions;
- (ii) to control the adequacy of monitoring work carried out by the agencies;
- (iii) to review and validate the conclusions of all project completion reports; and
- (iv) to carry out, on a selective basis, special evaluation studies and impact evaluations of fully developed projects.

(e) Establishment of an Evaluation Secretariat

11. An **Evaluation Secretariat** should be established centrally with the following functions to:

- (i) ensure that the evaluation function is adequately carried out by all agencies;
- (ii) guide and coordinate the evaluation work;

- (iii) undertake cross-agency analyses of monitoring and evaluation results (for example by country);
- (iv) carry out special evaluations, policy and strategic studies, and other activities necessary to integrate and complement the evaluation work of the agencies.

As an integral part of its functions, the Evaluation Secretariat should establish systematic contacts with the Swedish National Audit Bureau to ensure that the new requirements emerging from the shift of auditing work towards performance auditing are fully taken into account.

12. These recommendations (particularly the first one) imply substantial changes, well beyond the mere introduction of new documents and new forms. Their implementation would require modifications in organization and staffing. These aspects will have to be addressed separately as they are outside the scope of this report.

IMPROVING MONITORING AND EVALUATION IN SWEDISH DEVELOPMENT ASSISTANCE

Chapter 1: INTRODUCTION

(a) Prologue

1.01 SASDA was formed to undertake a study of the effectiveness of Swedish development assistance, and report to the government on how it can develop management by objectives and results¹ in the area of development assistance. It is managed by a Committee of experts and its work is carried out by a small Secretariat. The detailed terms of reference for SASDA are given in Part 1 of Annex B.

1.02 To assist the Secretariat to undertake its study, some Nordic consultants were appointed to examine and evaluate a number of evaluation reports prepared by the four official agencies involved in providing Swedish development assistance. These agencies are: BITS (Swedish Board for Investment and Technical Support); SAREC (Swedish Agency for Research Co-operation); SIDA (Swedish International Development Authority); and SWEDECORP.

1.03 In addition Swedish multilateral assistance is managed by the Department for International Cooperation in the Ministry of Foreign Affairs, to whom the organisation listed above report to.

1.04 In addition to the Nordic consultants, SASDA recruited two short-term international consultants, experienced in the development assistance field -- Mr. Colin Bruce and Mr. Ugo Finzi -- to help SASDA review the existing structures, procedures and methodologies used in the monitoring and evaluation of Swedish development assistance. The terms of reference are given in Part 2 of Annex B.

¹ The Swedish word used to convey this concept is "resultatstyrning".

(b) Acknowledgements

1.05 We very much appreciated the cordial reception and considerable support we received from the staff of SASDA:

Ambassador Claes Sandgren	Head of Secretariat
Dr. Olle Edqvist	Senior Policy Analyst
Mr. Enrique Ganuza	Senior Policy Analyst
Mr. Per Johan Svenningsson	Senior Policy Analyst
Ms. Anna Nilsson	Principal Administrator (Part of time)
Ms. Kerstin Sandling	Principal Administrator (Part of time)

1.06 We are particularly grateful to Dr. Edqvist for organising our meetings with the Nordic consultants and the staff of the agencies so efficiently and for briefing us about and guiding us through the complexities of Swedish development assistance. We also appreciate the part played by the Nordic consultants and thank them for their assistance.

1.07 Finally, we wish to say that, while we have some reservations and suggestions to make for improving the work of the agencies, we have approached our task with some humility and a great deal of respect for the quality of work of the agencies. Meetings with their staff were very informative and helpful.

(c) the Policy Framework

1.08 As our overall guide, we have taken account of the expressed need for greater accountability and greater transparency with regard to the effects of Swedish development assistance. Certainly, a measured and effective response to this demand by Parliament will result in some increase in centralisation of the systematic reporting of the results. At the same time, the data requirements to support this function should meet the data requirements for the new system of performance auditing by the National Audit Bureau. In this connection, we think it important to point out that it would be counter-productive if the development assistance agencies were required, for example, to produce two sets of information, one for monitoring and evaluation and one for auditing. Fortunately, in our judgement, the data requirements for good project monitoring and evaluation are virtually the same as those for good performance auditing. But some central co-ordination is required to avoid duplication.

(d) The Functions of the Agencies, with particular reference to Monitoring and Evaluation

1.09 The following is a brief description of the agencies responsible for official Swedish development assistance.²

The Ministry of Foreign Affairs

1.10 The Department for International Development Cooperation at the Ministry of Foreign Affairs was established in 1970. Its main responsibilities are:

- the coordination of actions related to development assistance at the central government level;
- the management and control of the development assistance agencies, and acting as an agency itself in multilateral fields.

BITS

1.11 BITS was established in 1979 as an agency with the purpose of promoting economic and social development. In addition to operating in Africa, Asia and Latin America, BITS operates in Central and Eastern Europe. BITS does not enter into any long-term agreements with the countries it assists. Nor is there any pre-determined allocation for countries or sectors. It is a relatively small aid agency, with a staff of 35, which works in four aid activities:

(i) International Training: 46 courses were held in Sweden in 1992/93, covering 40 different subjects, where Sweden is deemed to possess experience and competence of strategic importance for development.

(ii) Technical Co-operation: includes the transfer of knowledge and know-how from competent partners in Sweden to partners in low and middle income countries. Last year BITS financed activities in 28 countries in 11 different sectors to a total value of SEK 215 million. The budget for 1993/94 is SEK 350 million.

² These descriptions are based partly on *Management and Coordination in Swedish Development Assistance*, Excerpt from a Report submitted by a Governmental Commission (SOU 1993:1), published by the Ministry of Foreign Affairs, and our own meetings with the staff of the organisations concerned.

(iii) Concessionary Credits: are given for high priority investment projects, where Swedish suppliers have proved competitive in international bidding, and where the recipients have strong management systems and can provide counterpart funds. These very selective credits are demand driven, do not form part of any sectoral development strategy or policy. In 1992/93 BITS granted credits in the total amount of SEK 3,102 million, with a grant element of SEK 1,046 million.

(iv) Co-operation with Central and Eastern Europe: comprises transfers of knowledge and know-how in support of the administrative and economic reform processes, as well as environmental protection. In 1992/93 BITS financed projects and activities in Poland, the Baltic States, Russia, Czech Republic, Slovakia and Hungary.

SAREC

1.12 Originally, research cooperation was administered by the Ministry of Foreign Affairs and by SIDA. In 1975 SAREC was founded, and assigned the task of developing Swedish research cooperation with Third World countries. Sarec's policy is to concentrate its resources on a limited number of countries, with which it maintains long-term cooperation in four broad fields: public health; natural science and technology; agriculture, natural resources and environment; and political science. Sarec's research supports amongst other things:

- helping developing countries to build up their own research capacity:
- supporting research which can help to solve important problems in developing countries;
- promoting scientific cooperation between Sweden and the developing countries.

1.13 SAREC is also small, having a staff of 45, but it has a regional office in Harare, Zimbabwe, which monitors research in progress, and strengthens contacts with research in southern Africa.

1.14 SAREC had a budget in 1992/93 of SEK 405 million, divided amongst five categories. The two biggest programmes are (i) for International Research programmes, in which there is a large component of support for the CGIAR; and (ii) its bilateral cooperation programme. But it also has smaller programmes for

Development Research in Sweden, Regional Research and some special programmes.

1.15 SAREC does some evaluation of its activities, but needs to develop its methodologies for doing this; to use some broad evaluators who are not necessarily scientists; and to develop a system of progress monitoring.

SIDA

1.16 SIDA is the oldest (started in 1965) and largest of the development assistance agencies. It has a Board of Directors, consisting of 12 members which are appointed by the Government. Its Executive consists of the Director-General and the Heads of the Departments. There are six departments -- three Regional Departments for Southern Africa, Eastern and Western Africa; the Middle East, Asia and Latin America, each having a staff of about 10; a large Sector Department, with a staff of 150; and an Administrative Department. Each Regional Department has a Regional Secretariat, with Development Cooperation Offices in the field, operating out of a Swedish Embassy. In all there are 17 such offices.

1.17 SIDA is also responsible for grants to Non- Governmental Organisations (NGOs) and with disaster relief.

1.18 Project Preparation and Appraisal is undertaken by the divisions of the Sector Department, while ongoing Monitoring is carried out by the Regional Secretariats of the four Regional Departments. Evaluation is the responsibility of the Evaluation Unit in the Planning Secretariat, which reports directly to the Director General of SIDA.

1.19 The Evaluation Unit has produced two manuals to guide SIDA's own staff and the consultants it employs:

- *Handbook for Sida - Method Handbook 90*. The English version of this is called: *SIDA's Guidelines for Project Support , from Idea to Evaluation*, 1991
- *Evaluation Manual for SIDA*, Lewin, Elisabeth, 1991

1.20 It is not clear to us the extent to which these two manuals are actively used, and, while the Handbook, which is very user-friendly, is excellent in many ways, it is weak on the financial and economic analysis of projects.

SwedeCorp/SwedFund

1.21 In 1991 SwedFund, Impod and SIDA's industrial division were merged into SwedeCorp, with the aim of bringing together the major elements of Sweden's development assistance to the commercial and industrial sectors in developing countries and Eastern Europe into one organisation. Recently Swedfund International AB was formed as a limited company hold the investment portfolio of SwedeCorp.

1.22 SwedeCorp provides services within four areas:

- industrial and commercial investment in joint venture companies through Swedfund;
- promotion of the business environment;
- promotion of imports into Sweden from developing countries; and
- promotion of industrial environmental protection

1.21 The Swedish Parliament has decided that development towards a market economy and democracy should be taken into special consideration when selecting host countries. SwedeCorp therefore cooperates with developing countries which conduct policies aimed at democratic reforms of government, respect for human rights, and a functioning market economy. SwedeCorp is active in developing countries with a per capita GNP amounting to a maximum of US\$ 2,500. Currently, SwedeCorp is operating in Bolivia, Botswana, Costa Rica, India (the states of Kerala and Karnaka), Mozambique, Namibia, Sri Lanka, Tanzania, Vietnam and Zimbabwe.

1.22 SwedeCorp has undertaken a number of Evaluation studies, and is currently developing its monitoring response to the requirements of the new 3-year budgeting by objectives and results system. Part of this takes the interesting form of preparing "Project Profiles", using a Logical Framework matrix.

Chapter 2: MAJOR FINDINGS

2.01 The evaluation reports prepared and published by the Swedish aid organisations are the result of a large and well planned research effort. They benefit from a large input of independent professional expertise, both from Sweden and developing countries. Their coverage is broad and the analysis is sound. But they are not well anchored in the structure of the earlier phases of the project cycle; they contain a limited amount of comparisons between results and initial objectives and they contain virtually no reformulation of the financial and economic cost-benefit analysis (CBA), if indeed there was an original, formal CBA in the preparation and appraisal phases.

2.02 To be valuable in terms of the lessons learned from experience, project evaluation has to be based on the information derived from monitoring of implementation. In turn, the data about implementation has to have a profile of baseline data about objectives, costs and benefits against which to measure implementation progress. Such baseline data has to be based on that provided in project preparation/ appraisal/decision reports. Thus, the monitoring and evaluation phases have to be linked to the earlier phases of project preparation, appraisal and approval. Lack of information on the project objectives and lack of usable data deriving from monitoring cannot be compensated by any amount of ex post research.

2.03 Another weakness in the evaluation reports derives from insufficient sector policy work during project preparation and appraisal. Sector policy analysis has traditionally played a limited role in Swedish development assistance because of the importance of centralised planning in many recipient countries and because of a preference of Swedish aid organisations for project work over sector policy analysis. Sector policy discussions were basically left to the multilateral organisations.

But conditions have changed, and projects that are not well grounded in sector analysis are becoming more risky. For example, it is certainly unwise to do energy projects, say, in the Baltics if energy sector policies (including institutional problems and price issues) are not simultaneously addressed.

2.04 These apparent deficiencies in project preparation and appraisal are reflected in the fact that there is no common manual, nor a set of co-ordinated guidelines, to direct the project preparation and appraisal work of staff and consultants employed by the agencies.

2.05 Finally, there seems to be no systematic recording of any final institutional judgement on the outcome of each completed project (particularly for projects which have not been subjected to evaluation). In other words there is no consolidated information on the success or failure of projects (for example by sector).

2.06 The main thrust of this report is to propose to improve evaluation (which is an essential part of the management by objectives and results approach) through a combined effort on the entire process (sector policy work, preparation/appraisal/approval, monitoring of implementation, evaluation). Specific recommendations are in the following chapter.

Chapter 3: RECOMMENDATIONS

(a) Policy Dialogue and Institution-building

3.01 More attention should be given to sector policy analysis through an expanded participation in sector work carried out by multilateral organisations, through a limited number of priority sector studies to be carried out by Swedish aid and through dissemination of information on sectoral objectives among officers of aid organisations and consultants involved in aid.

3.02 The appraisal of each project should address the question of whether the project is correctly placed in its sectoral context and whether sector policies and institutional issues have been examined.

3.03 Monitoring and evaluation (see below) should be expanded to include judgements on whether the project is on its way towards reaching its objectives of sectoral and institutional nature.

(b) Strengthening the Preparation/Appraisal/Approval Process

3.04 In Chapter 2 we drew attention to the importance of viewing monitoring and evaluation in the context of the other phases of the project cycle. In particular, we suggested (i) that good evaluation was difficult and even impossible without an effective process of progress monitoring; and (ii) that progress monitoring needed a foundation in project preparation and appraisal/approval, where the objectives and benefits and costs of any project are clearly specified, thus providing the baseline data necessary for monitoring the implementation of the project.

3.05 All the agencies and those departments of the Ministry of Foreign Affairs involved in providing Swedish development assistance would improve their monitoring and evaluation performances if they strengthened their capacity to do good project preparation and appraisal, culminating in a project Approval Report/ Project Support Memorandum, to which would be attached a Project Information Brief, summarising the implementation performance indicators that need to be monitored during implementation.

3.06 Two ways of helping to improve performance would be as follows:

(i) prepare a **Project Planning Handbook (PPH)** to provide very practical guidance to agency staff and their consultants in the preparation and appraisal of projects. The Manual should be loose leaved to permit revisions and updating, based on experiences with its use, and be in two parts: Part I, which would provide general guidance on how to do financial and economic cost-benefit analysis (feasibility analysis)³; and Part II which would consist of sectoral sections, where the general methodology of cost benefit analysis would be adapted to suit the different needs of the different sectors and sub-sectors. This Project Planning Manual would be prepared by, for example, the future Monitoring and Evaluation Agency proposed below. The agencies responsible for development assistance should be asked to review and comment on this Handbook.

Swedish consultants might be employed to draft this proposed handbook. Since Sida already has a project planning manual, this could provide a starting point: it should be reviewed. We suggest also that the consultants should also take account of the very good ODA Manual and the EU manual, shortly to be published.

(ii) Prepare a **Project Information Brief (PIB)** for all projects on completion of project appraisal and attach it to the Project Approval Document, or whatever the document is called that is submitted by agency staff to their managements/boards when seeking approval and the allocation of funds for implementation.

3.07 All project preparation , appraisal reports and the proposed PIB should go into a project file that should be available to all those involved in implementation and subsequent monitoring and evaluation of the implementation.

³ Cost-benefit Analysis (CBA) includes cost-effectiveness analysis where the benefits of projects cannot be quantified and valued in money terms.

(c) **Monitoring of Implementation**

3.08 The monitoring system of BITS, SAREC, SIDA and SWEDECORP should be modified to include the preparation of the forms and reports described below:

(i) An **Implementation Summary Form** should be prepared once a year for each project. The form should consist of not more than two pages and should include:

- a summary of the objectives of the project list of project components and basic project cost data;
- ratings on the overall status of the project, on the likelihood that the project will meet its objectives (including, of sectoral and institutional nature, if any) and on the performance of project management;
- summary statement of current project status and major problems;
- statement of action recommended.

(ii) An **Annual Review of the Implementation Summaries** should be prepared by BITS, SAREC, SIDA and SWEDECORP. A report summarising the results of the annual review should be prepared by each agency. The format of the report and the deadline for submission should be the same for each agency to allow consolidation and reclassification of conclusions (for example by country or by group of countries). The future Evaluation Secretariat (see Recommendation below) should comment on the methodology used in carrying out the review and should prepare a consolidated report on the status of implementation.

(iii) A **Project Completion Report** should be prepared at the end of the implementation of each project. The report should endeavour to answer the following questions:

- Development assistance objectives. Were they clearly defined? Were they appropriate in the light of the five goals of Swedish aid (economic growth, economic and social equality, economic and political independence, democracy, conservation of the environment)? Were they realised?

- Sector policies and institution building. Were sector policies appropriate and was the project part of an agreed sector strategy? Was the institution building strategy adopted appropriate and effective? Have intended reforms been carried out? Were project management arrangements satisfactory?
- Economic and financial Cost-Benefit Analysis. Were the assumptions and the calculations correct? What are the results of recalculations when actual cost data and revised benefit forecasts are included?
- Implementation. Were the operation and its main components completed on time and at a cost reasonably close to the cost estimate? What changes were made during implementation and why? Did the institutions, contractors or consultants perform adequately?
- Compliance. Were the agreements reached during project preparation complied with?
- Contribution by the Swedish aid agency. Did the Swedish aid agency give an adequate contribution to the design and implementation of the operation? What lessons can be learned?
- Other considerations. Did the project have unintended social, economic or environmental effects? Does the project remain worthwhile even after delays, cost increases or shortfalls in benefits?

3.09 The length of the Project Completion Report should be between two and ten pages, with annexes if necessary. The report should enclose a final monitoring form containing the same ratings as in the implementation summary form (see above).

(d) Evaluation Function

3.10 The role of evaluation should be broadened. The tasks would be:

- (i) To develop evaluation procedures having adequate links with the appraisal and monitoring functions;

- (ii) To control of the adequacy of monitoring procedures;
- (iii) To review and validate the conclusions of project completion reports, including the rating of all completed projects;
- (iv) To carry out on a selective basis special evaluations of individual projects, evaluation studies of broader development issues and evaluations of the impact of the project when it is fully developed.

(e) Establishment of an Evaluation Secretariat

3.11 An Evaluation Secretariat should be centrally established. Its functions would be to:

- (i) ensure that the evaluation function is adequately carried out by all agencies involved in Swedish aid (Department of International Cooperation of the Ministry of Foreign Affairs, BITS, SAREC, SIDA and SwedeCorp);
- (ii) guide and coordinate the evaluation activities of the agencies;
- (iii) undertake cross-agency analyses of monitoring and evaluation results (for example by country or by groups of countries);
- (iv) carry out special evaluations, policy and strategic studies, and other activities necessary to integrate and complement the evaluation work of the agencies.

3.12 The Secretariat should be staffed with people having adequate knowledge and experience in each specific sector. A review of its usefulness and performance should be carried out after, say, five years.

3.13 In addition to carrying out the tasks described above, the Evaluation Secretariat should establish systematic contacts with the Swedish National Audit Bureau to ensure that the new requirements emerging from the shift of auditing work towards performance auditing are adequately taken into account. The objective is to ensure that monitoring and evaluation reports contain the information necessary to allow the Swedish National Audit Bureau to perform its expanded functions.

Annex: G L O S S A R Y

Appraisal:

Appraisal is a phase in the project cycle that follows the identification and preparation phases. It reviews and assesses the technical, institutional, environmental, financial and economic etc. feasibility as set forth in either a pre-feasibility or full feasibility study, and comes up with a recommendation that a project is acceptable or unacceptable, or that it should be referred back for further analysis and redesign.

The costs of undertaking a full feasibility study for small projects may exceed the benefits so that pre-feasibility or some less intensive study would suffice.

Where the benefits of a project cannot be quantified and valued, or where the costs of attempting to quantify and value the benefits would exceed the benefits of making an attempt, cost-effectiveness analysis is carried out. This involves specifying the benefits in quantum or physical or even qualitative terms, and then considering, for example, different technical options to produce the same benefits and then selecting the least cost alternative.

Decision Reports/Project Support Memoranda

This is term used in Sweden to describe the document submitted to management to obtaining approval and an allocation of funds. Ideally, it should be based on to 'Executive Summary' of the Project Appraisal Report.

Project:

For the purpose of this report, a project is any development activity that is time-bound, such as a plan, a programme, a project proper or the implementation of a change of a policy.

Project Cycle:

The Project Cycle consists of a number of phases or stages through which projects are processed: from identification through preparation, appraisal and approval, budgeting and programming, implementation, progress monitoring and reporting to impact evaluation.

Monitoring:

The monitoring of a project is an ongoing process for following up and reporting periodically on the implementation of projects. It involves the following activities or steps:

1. specification of the parameters to be monitored in terms of objectives, goals, benefits and costs;
2. collection of information about the progress (or lack of it) with the implementation of the project as reflected in the variances between planned/budgeted and actual values of the selected parameters;
3. analysis of the causes of variances;
4. analysis of possible alternative remedies for improving performance to reach objectives and goals; and as a last step in the monitoring process,
5. preparation of "project completion reports (PCRs)" when the implementation activities have been completed. PCRs then provide the basis for impact evaluation.

Evaluation

The evaluation of a project is an ex-post, in depth activity for assessing the impact of a project in terms of reaching development goals and the project's specific objectives and targets. An evaluation should review the PCR, and provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors, and be passed back to those responsible for preparing and appraising projects.

Evaluation exercises may, and increasingly do in practice, also involve the assessment of the impact of several projects in the same sector of an economy, or of a policy or a group of development strategies and policies that may impinge on the effectiveness or sustainability of projects.

Annex B, Part 1: TERMS OF REFERENCE FOR THE COMMITTEE FOR THE ANALYSIS OF SWEDISH DEVELOPMENT ASSISTANCE ¹

The effectiveness of aid is a question of solidarity of crucial importance for Swedish policy towards developing countries. The government's policy is to raise the level of ambition still further in this area. Effective use of resources in the area of aid is particularly significant as it is aimed at vulnerable people in the poorest parts of the world.

The reform of the state budgetary process implies a change to management by objectives and results, which will affect the relations between the government and public authorities. This means a greater degree of independence in the management of their work for those responsible at all levels and a greater requirement to report and evaluate the results and effects of the work itself.

Follow-up and evaluation of aid programmes and projects are well established elements in the work of Swedish aid authorities and international aid organisations. There is a continuous exchange of experience, within the OECD amongst other things, where the development of methodology and results are concerned. Evaluation reports from current and completed aid efforts are a regular part of the internal decision-making processes of the aid authorities.

The parts of the aid which are channelled through international organisations, in particular in the United Nations system, which are not directly within the area of responsibility of the aid authorities, should also be the subject of evaluation.

The responsibilities of the proposed committee should be specified against this background. Attention will focus on the questions that are part of the government's responsibility, and on the effectiveness of aid and the administration of aid.

¹ Extract from Committee Directive (Dir. 1992:59)

ANNEX B, PART 2: CONSULTANTS TERMS OF REFERENCE

Monitoring and evaluation in Swedish development assistance

The purpose of the investigation is to consider, comment, and give advice on the evaluation and project screening systems of Swedish development aid agencies and the multilateral aid through the Ministry against the background of international experiences. The work will be undertaken in close cooperation with the organisations concerned and Swedish consultants.

The task is to assess the capacity of the organisations to learn from their experience, monitor and evaluate it in a self-critical way. A description and analysis of their methods of assessing projects and of their evaluations is included in the investigation.

A selection of relevant evaluations and project appraisals of the Swedish International Development Authority (SIDA), the Swedish Agency for International and Economic Co-operation (BITS), the Swedish International Enterprise Development Corporation (Swedecorp) and the Swedish Agency for Research Cooperation with Developing Countries (SAREC) will be studied.

Background

The starting point for the investigation is a hypothesis about the role of evaluation in the work of an organisation. The basic objective of evaluations is to learn from experience. An organisation's ability to learn from its own evaluations of work done depends on certain conditions. One important condition is that at the start of a new project the organisation makes clear its objectives and criteria for success and how the degree of success or failure can be judged. This, the assessment of projects and the bases for decision should be made clear in the planning process. From this the work can be judged both while it is going on and after completion by evaluations where the original objectives, criteria and values can be set against results (allowing for changes in the objectives as appropriate). Such a way of working can give an organisation systematic feedback in a process that is characterised by learning with substance. Evaluations which are used as more formal, superficial tools for follow-up and checking are on the other hand characterised by a more or less symbolic learning process.

Execution

The consultants for the integrated investigation are Mr Colin Bruce and Mr Ugo Finzi.

The work will be supported by separate reviews undertaken by Dr Jerker Carlsson

(assisted by Jan Jörnmark) for BITS, and Prof Olav Stokke (assisted by Emma Öståker), Oslo, for SAREC. Carlsson and Stokke will carry out independent and more detailed studies of BITS and SAREC respectively. As for Swedecorp the collection of relevant material will be done with the assistance of Jan Jörnmark. Reviews of SIDA evaluations of projects in Guinea-Bissau, Nicaragua, Tanzania and Zambia will be made available.

The impressions and conclusions will be reported and discussed at a seminar with the organisations and the Swedish consultants involved. A short written report will be given to SASDA, as well as final summary discussion before the consultants departure from Sweden.

Time plan

The work is carried out in the period March 12-25. Meetings with the Swedish aid agencies, the Ministry of Foreign Affairs, the other consultants, and other relevant people will be arranged by SASDA.

The report shall be delivered not later than March 25, 1994.

Annex C: BIBLIOGRAPHY ¹

Organisational Learning, SIDA, Stockholm, 1994.

Bhagavan, M. R., *The SAREC Model: Institutional Cooperation and the Strengthening of National Research Capacity in Developing Countries*, SAREC, Stockholm, 1992.

Department for International Development Cooperation - Ministry of Foreign Affairs, *In Support of Asian Development*, Stockholm, 1992.

Department for International Development Cooperation - Ministry of Foreign Affairs, *Management and Coordination in Swedish Development Assistance*, Stockholm, 1993.

Forss, K., "The Evaluation Policy and Performance of Sweden", in O. Stokke (ed), *Evaluating Development Assistance*, Cass, London, 1992.

Sandahl, R., "Connected or Separated? Budgeting, Auditing and Evaluation in Sweden" in A. Gray, B. Jenkins & B. Segsworth (ed), *Budgeting, Auditing and Evaluation*, 1993.

SAREC, *Annual Report 1992-93*, Stockholm, 1993.
Development Assistance, Stockholm, 1993.

SAREC: *Pople's Management of Natural Resources and the Environment - Voices from a Workshop*.

SAREC: *SAREC in Brief*

SIDA, *Guidelines for Project Support*, Stockholm, 1991.

SIDA: *Evaluation Manual for SIDA*, Lewin, Elisabeth, Evaluation Unit, Planning Secretariat, SIDA, 1994

SIDA Evaluation Unit, *Baseline Study Handbook - Focus on the Field*, 2nd Edition, 1993.

Commission of the European Communities, Evaluation Unit, *Manual Project Cycle Management - Integrated Approach and Logic Framework*, February 1993.

¹ This Bibliography does not include the large number of Evaluation Documents reviewed by the consultants

ANNEX D: LIST OF MEETINGS AND PERSONS MET

- March 13 Briefing. Ambassador Claes Sandgren, Olle Edqvist, Enrique Ganuza.
- March 14 Discussion of the reviews of SIDA's evaluations at SASDA with SASDA consultants Lena Lindgren, Karin Metell, Emma Öståker.
- March 15 SAREC. Interview at SAREC with Carl-Gustaf Thornström, Lennart Freij and Afzal Sher.
- March 16 BITS. Meeting with Director of Planning, Leif Hindersson. SASDA consultant Jerker Carlsson present.
- Riksrevisionsverket (National Audit Bureau). Discussion with Bo Hillman and Hans Grohman.
- Ministry of Foreign Affairs. Bo Eriksson (bilateral programs), Anna Brandt (economist, the budget and planning unit) and Sten Johansson (the budget and planning unit).
- March 17 SIDA. Discussion of planning and reporting procedures with Anders Berlin (desk officer for Tanzania) and Christina Gamstorp (desk officer for Zambia).
- Swedecorp. Meeting with Jan Engström (Director, Planning & Control Department), Bo Dan Bergman (Area Manager, Africa) and Marit Waernsnaes. Jan Jörnmark present.
- Report on review of evaluations in BITS and Swedecorp by SASDA consultant Jan Jörnmark
- March 18 Progress review with SASDA
- March 21 SAREC. Meeting with Johan Holmberg (Director of Programme), Mats Kihlberg. Olav Stokke present.
- SIDA. Meeting with Stefan Dahlgren (head of Evaluation Unit) Annika Idemalm, James Donovan, Björn Alm, Lars Nilsson and Bertil Rudström.
- March 22 Meeting with Ministry of Foreign Affairs. Lennart Båge, Bo Jerlström, Hans Lundborg
- March 23 Reporting seminar (list of persons attending attached)
- March 24 Final discussions at SASDA. Claes Sandgren, Olle Edqvist, Enrique Ganuza, Per Johan Svenningsson.

