



Oxford
Policy
Management

Evaluating the Results of Poverty and Social Impact Analysis (PSIA) on National Policy Making

Synthesis Report

February 2010

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United Nations Development Programme
Design: CS820, New York

For more information, please contact:

United Nations Development Programme
Poverty Group
Bureau for Development Policy
304 East 45th Street
New York, NY 10017

Tel: +1-212-906-5000

Fax: +1-212-906-5313

www.undp.org/poverty

September 2010

PSMA

ACKNOWLEDGMENTS

We are very grateful to Diana Alarcon (Senior Advisor and Cluster Leader, Inclusive Development for Poverty Reduction, Bureau for Development Policy) and Ambreen Malik (Policy Specialist) of UNDP for facilitating the evaluation and providing guidance. We are also grateful to the UNDP country offices in the case study countries for their engagement and support. We would like to thank stakeholders within and outside of government in the five case study countries for giving generously of their time during the missions. We are also grateful to Ramlatu Attah for background research conducted for this evaluation and to the national consultants who provided much needed local knowledge and analysis: Nestor Ahoyo Adjovi and Christian Agossou (Benin); Gerard Chiconga, Nelson Gomonda and Milton Kutengule (Malawi); Omar Aloui (Morocco); Michael Kargbo and Michael Johnny (Sierra Leone); and Max Anyuru (Uganda). All interpretations in this report are the responsibility of the authors alone.

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PSIA

ABBREVIATIONS

BMAU	Budget Monitoring and Accountability Unit (Uganda)
CSPEF	Cellule de Suivi des Programmes Economiques et Financiers (Economic and Financial Programmes Monitoring Unit, Benin)
DLO	District Land Office (Uganda)
DPL	Development Policy Loan
ECOWAS	Economic Community of West African States
EPRC	Economic Policy Research Centre (Uganda)
EPRU	Economic Policy and Research Unit (Sierra Leone)
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IEG	Independent Evaluation Group (World Bank)
M&E	Monitoring and Evaluation
MAFFS	Ministry of Agriculture, Forestry and Food Security (Sierra Leone)
MDPC	Ministry of Development Planning and Cooperation (Malawi)
MEPD	Ministry of Economic Planning and Development (Malawi)
MFPED	Ministry of Finance, Planning and Economic Development (Uganda)
MGDS	Malawi Growth and Development Strategy
MIWD	Ministry of Irrigation and Water Development (Malawi)
MIS	Management Information System
MLHUD	Ministry of Land Housing and Urban Development (Uganda)
MoF	Ministry of Finance (Sierra Leone)
NLUP	National Land Use Policy (Uganda)
NWDP	National Water Development Project (Malawi)
OCS	Observatoire du Changement Social (Observatory of Social Change, Benin)
ONDH	Observatoire National du Développement Humain (National Observatory of Human Development, Benin)
OPC	Office of the President and Cabinet (Malawi)
OPM	Oxford Policy Management
PMAU	Poverty Monitoring and Analysis Unit (Uganda)
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Analysis
SWG	Sector Working Group
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services

1. INTRODUCTION

Oxford Policy Management (OPM) was selected to conduct an independent evaluation of the results of country-led Poverty and Social Impact Analysis (PSIA) on national policy making for the United Nations Development Programme (UNDP).

Over the last three years there has been a push for a shift from donor-driven to country-owned PSIA and the Belgian Government has supported this by contributing to a UNDP Trust Fund, which makes resources for PSIA work directly available to governments. Within this shift towards country-led PSIA, many stakeholders have also expressed a concern that getting the PSIA process right is as important as improving the quality of the analysis itself.¹ Through the Trust Fund, partner governments can identify reform areas which would benefit from a PSIA and submit a proposal for funding. The Trust Fund grants on average US\$100,000 per PSIA, while UNDP and the World Bank support the analytical process with technical assistance. However, national governments are meant to take all relevant decisions and are responsible for implementing the work. In total, 13 PSIA studies have been supported by the Trust Fund since 2005 in Africa and the Middle East.

The study understands PSIA as the analysis of intended and unintended consequences of policy reforms on the well-being or welfare of different social groups, with a particular focus on the poor and vulnerable. The approach analyses the distributional impacts of policy reforms with the intention of increasing the extent to which equity and poverty reduction are considered in the policy design and process. Next to analysing potential impacts, PSIA can increase space and opportunity for public policy dialogue among a range of stakeholders, thus contributing to increased transparency, accountability and ownership of policy formulation and allowing decisions to be based on empirical evidence. In this way PSIA can improve the analytical underpinning of policy reform and open up dialogue around alternative policy options, and therefore contribute to the designing and implementing of more pro-poor and inclusive policies.

The Terms of Reference state that the key objectives of the evaluation are to:

- Assess the contribution of PSIA to in-country planning and policy processes;
- Identify determinants of an effective PSIA;
- Draw out implications for the next stage of PSIA; and,
- Compare results with the World Bank's evaluation. Assess if a country led approach versus a donor led approach achieves different policy outcomes.²

¹ See Schnell S, P Poulsen, A Condy, M Tertsunen and J Holland, 2005. Principles for PSIA Process in Policy Cycles and Stakeholder Participation: A document produced jointly by GTZ and DFID for sharing with the PSIA network (London: DFID).

² The objectives of the World Bank IEG evaluation were to assess the influence of PSIA on World Bank operations, their influence on country policies and their contribution to country capacity for policy analysis. It should be noted that the findings from the IEG evaluation were not available to the team until after this study and so an integrated direct comparison at the time was not possible. However, a short summary comparison has been included in Annex B at the end of this report.

A call for a third round of proposals for country-led PSIA is planned and the findings from this evaluation should feed into this process. The results of this evaluation will contribute to informing the conceptual design and the implementation of the next phase of the PSIA Trust Fund at UNDP and may provide valuable information to the PSIA Trust Fund at the World Bank.

The methodology for the study involved designing a theoretical “results chain” for country-led PSIA, with an associated set of hypotheses and questions. These are outlined in Annex C. A systematic review of PSIA related literature was undertaken, which fed into the development of the research questions for analysis of the 13 PSIA funded through the Trust Fund (Benin, Democratic Republic of Congo, Kenya, Lesotho, Liberia, Malawi, Mauritania, Morocco, Niger, Senegal, Sierra Leone, Syria and Uganda) and five in-depth case studies. The five in-depth case studies (Benin, Malawi, Morocco, Sierra Leone and Uganda) involved a systematic review of relevant documents and interviews with a diverse range of key informants and stakeholders in each country to gain a fuller knowledge of the particular PSIA process and context and provide the basis for the analysis, findings and recommendations in this report.

This Synthesis Report presents the key findings from the evaluation based on an analysis of the literature and the case study fieldwork in the five countries listed above. Although a detailed comparison with the World Bank’s Independent Evaluation Group (IEG) report was not possible during this evaluation, we have subsequently compared the findings and provided a brief summary comparison (see [ANNEX B](#)). While the IEG evaluation was much larger in scale than this evaluation, the two evaluations arrive at very similar overall findings and lessons. Both evaluations suggest, for instance, that while some individual PSIA have been influential in policy making processes, overall implementation of the approach has been subject to various limitations and there are often tensions between the different operational objectives assigned to PSIA. The findings discussed in this evaluation report therefore need to be considered within this general context.

The report is organised as follows. Section 2 summarises and illustrates the key findings of the evaluation, highlighting key factors that determine the effectiveness of PSIA. Section 4 provides a set of recommendations for the next phase of funding and beyond. Annex A provides the executive summaries of the five case studies that this synthesis report is based on. Annex B provides a summary comparison of the findings from this study and the evaluation conducted by IEG of

World Bank-funded PSIA. Annex C presents the TOR for the study and Annex D details the evaluation approach and conceptual framework.

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2. EVALUATION KEY FINDINGS

In this section we identify seven key analytical findings from the evaluation. We draw on case study country analysis from five PSIA processes in five countries (Benin, Malawi, Morocco, Sierra Leone and Uganda) representing a range of different institutional and policy contexts. The five PSIA are summarised briefly in **BOX 2.1** below, with the executive summaries of the specific evaluations in **ANNEX A**.

The focus of the evaluation is on the influence of country-led PSIA on the policy making process and policy outcomes. The discussion below is, however, built on the understanding that there are **multiple ownerships** of the PSIA process. PSIA is part of a complex process with contested ownership between and within donor, government and civil society communities. Consequently, donors and government partners should not get sidetracked by a binary distinction between “donor driven” and “country owned”. PSIA continues to fulfil an important function of influencing donor operations and policy advice, while government policy frameworks and programmes emerge through these complex political processes involving government actors, donor partners and civil society.

BOX 2.1

FIVE PSIA COUNTRY PROCESSES

The PSIA in **Benin** elicited quantitative perception data to look at the impact of a pilot programme conducted in preparation for national land reform, with additional institutional, social and legal analysis of the broader land reform context conducted. It concluded that the pilot programme had resulted in a positive impact on local perceptions of land management practices and other land-related questions.

The PSIA in **Malawi** looked at the potential poverty and distributional impacts of proposed private sector participation in urban water sector reform in the cities of Blantyre and Lilongwe. The study came up with important recommendations recommending that the two Water Boards should not be “concessed” to the private sector, while prioritising future diversification of micro level distribution, underpinned by strengthened regulation.

The PSIA in **Morocco** analysed the distributional impacts of a tariff reform in the water sector that had sparked public protests in the country in 2006. It involved quantitative analysis

of existing household survey data and an additional qualitative survey of perceptions of the impact of tariff changes on water accessibility.

The PSIA in **Sierra Leone** combined quantitative and qualitative analysis to examine the distributional impacts of three policy areas: agricultural extension services; construction of feeder roads; and a reduction in the rice import tariff from 15 to 10 percent. The PSIA concluded that provision of extension services and feeder roads were good policies but needed to be complemented by investment in inputs and credit to smallholders and domestic marketing systems.

The PSIA in **Uganda** analysed the likely distributional impacts of the Uganda’s National Land Use Policy. Amongst its findings it recommended that customary land ownership be strengthened to protect the land use rights of vulnerable groups and that systematic demarcation should be rolled to all districts to avoid land disputes.

Source: Authors’ analysis

In the following pages, each of the key findings is highlighted and explained, with related examples from the five in-depth case studies where appropriate.

Attributing cause and effect when looking at individual PSIA is difficult, however it was possible to identify significant PSIA contributions to policy processes and/or outcomes.

The impact of any PSIA is not easy to measure and clear attribution is still more difficult. The policy process, and PSIA's role within it, is inherently fuzzy and non-linear. However, despite these challenges the country case study authors did find evidence that the PSIA had influenced, either directly or indirectly, national policy processes and/or outcomes.

In **Benin**, for instance, the PSIA had an impact on the role of the government's Observatory of Social Change (OSC) and its capacity for and practice of evidence-based policy making. The Observatory is now the government's official focal point for PSIA and has been targeted by the donor community for PSIA capacity building and development. In **Malawi**, despite an apparent lack of visibility and ownership as a policy analysis document, the PSIA as a process of policy analysis reinforced discussions on supporting micro level distribution reform and helped to apply the brakes on Water Board reform through "concessioning". In **Morocco**, the government's involvement in the quantitative component of the PSIA significantly increased its visibility and raised awareness among relevant government stakeholders of its results. With the World Bank's Development Policy Loan series no longer active and with no immediate link to the current policy agenda, there was, however, a weak link to actual policy change. In **Uganda** the PSIA led to an appreciation within government that consultation is an important part of policy making and helped to open doors for civil society organisations to participate more meaningfully in national policy debates.

Across the case studies, however, the review found that the level of direct influence of these five PSIA's on national policy making was mixed. In **Sierra Leone**, for instance, the case study authors found a wide lack of awareness regarding both the conduct of the PSIA and of the PSIA findings. Most stakeholders met from within government, civil society and international organisations had not seen the report or even knew the study had been conducted. So despite agricultural policy development remaining a key issue it was difficult to clearly attribute to the PSIA a significant role within the policy deliberation process.

The mixed level of influence was due to a variety of reasons, including: institutional tensions and lack of wide government ownership, timing and delays, poor specification of the PSIA and limited dissemination. These issues are elaborated on below.

The institutional and policy contexts had a strong influence on the PSIA process and its impact.

The institutional context sets the formal and informal rules for policy making. It also challenges the assumption that countries can move on a "critical path" towards a rational deliberative and evidence-based form of decision making. While the established "rules of the game" often obstruct ideal-type policy making, even where formal rules and procedures are changed, informal rules and practices can continue to operate.

In **institutional contexts** where patronage-based systems operate, the quality of policy making is poor and short-term and the technical capacity of the civil service is weak. Donor attempts to encourage evidence-based and consultative policy making processes through the Poverty Reduction Strategy frameworks in **Malawi** and **Sierra Leone**, for example, have taken place against a historical backdrop of centralised, patrimonial systems of planning, and in the case of Sierra Leone of course, ten recent years of civil war. While there is broad agreement that **Uganda** has made progress in terms of evidence-based decision making, there are instances where evidence is crowded out by political considerations. In these cases, policy decisions usually come from the political leadership and the line ministries are in a position where they have to 'find the information to back up that decision' as one government representative put it.

Donors, wittingly or unwittingly, have sometimes contributed to the weakness of the policy-making realm in such contexts. In some contexts, donors have also taken advantage of the weakened or virtually non-existent technical capacity to coordinate policy formulation in government to the point where oftentimes decisions taken by donors have effectively settled policy. In **Sierra Leone**, for instance, the post-conflict context of very low government and civil service capacity combined with high levels of donor and lender funding, contributed low levels of government ownership over policy initiatives and decisions. In some cases this was attributed to donors having preconceived ideas of the best policies for the country, and the weak capacity on the part of nationals to challenge these views and present alternative ideas of national needs and pri-

orities (M'Cleod and Kebbay, 2007)³. A weak policy making environment has resulted in government agencies being created to deliver services in a more effective manner free from the encumbrances of the mainstream civil service. However, these agencies are largely donor-funded and their creation has been part of a set of conditions put forward by donors for both budgetary and programmatic assistance.

Beyond institutional issues, the PSIA **policy context** (i.e. the context surrounding the policy issue or area which is the subject of the PSIA) determined the nature of demand for PSIA and its impact on policy making and policy outcomes. In the case of the **Uganda** PSIA, for instance, land reform was a highly sensitive topic, with a wide range of interest from various—often powerful and influential—groups. Policy discussions around land reform took place in a climate of distrust and decision-making was politicised with little room for evidence-based learning. In **Morocco**, the claim that the PSIA had been a determining factor in shaping the political process regarding water tariff changes was contested by all government representatives. Most stakeholders agreed that both before and after the PSIA process, it was essentially the politics of the issue rather than new analytical insights that had blocked further change. A more immediate reason for a lack of change in the sector was that the water agenda had been temporarily removed from the agenda of the ministries and taken up by powerful stakeholders outside of the executive. In **Sierra Leone**, whilst the policy sector overall was, and remains, highly relevant, a general lack of government interest in donor research was a significant problem. Despite this, the PSIA was reported to have fed directly into the World Bank rural development programme and a government minister told the PSIA team that, whilst not necessarily presenting anything new, it did provide hard evidence that could be used for approaching donors.

There were clear institutional tensions within government around authority over policy making that constrained the PSIA process and its impact.

The reality of institutional tensions within a “country-led” PSIA process was very evident in the cases studies, both within the executive and between the executive and the legislative.

Within the executive, tensions over ownership were apparent between central planning function and sector ministries. In

Malawi, for example, this tension surfaced between the Ministry of Economic Planning and Development, which fulfils the central policy and planning function, and the sector ministry involved relevant to the PSIA, in this case the Ministry of Irrigation, Water and Development. The Ministry of Economic Planning and Development chaired the steering committee for the PSIA and “invited” sector ministry representation. The result seems to have been that the Ministry of Irrigation, Water and Development did not feel ownership of the PSIA and were not enthusiastic participants. Furthermore, the planning ministry, although technically the right place to coordinate a PSIA, lacked authority and therefore credibility. One key informant in Malawi commented: “If it hadn’t been for the (World) Bank, the Ministry of Irrigation, Water and Development would have ignored the Ministry of Economic Planning and Development... no one listens to the Ministry of Economic Planning and Development... it is caught in a legitimacy crisis”. Another observer put it this way: “While the Ministry of Economic Planning and Development has the mandate for this type of policy deliberation, of course (sector ministry) people don’t like it when outsiders (i.e. central ministries) come in”.

The second major area of tension in Malawi was in the relationship between the sector ministers, as champions of policy issues that affect their ministries, and the head of the Executive Branch of government – i.e. the Cabinet and its secretariat the Office of the President and Cabinet. There is a tendency for sector ministries to pursue policy reform through implementation of programmes and projects rather than through a higher level of policy debate and approval within cabinet. This tendency was partly a function of the fact that ministry technicians are out of their “comfort zone”. In the politically charged atmosphere of the policy making process, it also reflects a practical concern with getting things done without getting bogged down in a lengthy process of policy deliberation and approval.

In **Uganda**, the Poverty Monitoring and Analysis Unit within the Ministry of Finance, Planning and Economic Development (MFPED) was not only chairing the PSIA’s Technical Committee but took on a key leadership role during the process. While it was clearly the leadership from within MFPED that made the broad stakeholder participation in the capacity development and qualitative research possible (see **BOX 2.2**) it also led to institutional tensions with the line ministry. The fact that the PSIA was driven by MFPED rather than Minis-

³ M'Cleod, H. P & Kebbay, F. S. (2007) Sierra Leone: Case Study on Policy Processes in Africa, Freetown.

try of Land Housing and Urban Development (MLHUD) as line ministry had consequences on the extent to which PSIA findings could feed back into policy making processes. MFPEP's role typically ends with report dissemination, leaving it up to the line ministry if and how the information is used. In the case of the PSIA of the National Land Use Policy, MLHUD had little or no involvement in the process after the training and qualitative research process and felt little ownership over the PSIA outputs, which MLHUD representatives saw as an MFPEP product.

In **Sierra Leone**, the Economic Policy and Research Unit (EPRU) within the Ministry of Finance was cited in the proposal as having the institutional mandate to conduct PSIA. However, during the evaluation this did not appear so clear cut and other government stakeholders perceived it was wrongly located. Whilst EPRU made some efforts to ensure collaboration across government, particularly with the Ministry of Agriculture, Forestry and Food Security (MAFFS), overall there was limited involvement of other ministries. This limited wider involvement in PSIA selection, design, analysis and report writing was a contributory factor behind the lack of interest and knowledge within MAFFS and other ministries, and limited government ownership overall.

Donor behaviour around the PSIA process remained highly influential, but varied in its effectiveness in supporting national institutions and processes.

While the purpose of country-led PSIA is to relocate policy deliberations from donor and lending institutions to national institutions, this does not mean of course that donor involvement in PSIA processes is an intrinsically “bad” thing; after all, donors are significant stakeholders in policy processes. However, once donors recognise their agency in this process, there is an accompanying obligation to use that agency as effectively as possible. The case study analysis revealed that donors can miss an opportunity to strengthen a process if they are insufficiently self aware of their potential role in helping to provide technical and institutional support. As a result, national ownership was more effectively built in some contexts than in others.

In **Malawi**, with strong national institutions and buy in to the PSIA, donors stood back (supportively) from the day-to-day coordination of the PSIA enabling government partners to take control. Institutional arrangements and ownership ensured that the government led the PSIA process effectively,

although with weak sector buy-in, as discussed above, with donors as invited stakeholders in the PSIA process. In parallel to this national process, however, much of the telling policy deliberation remained in Washington in the shape of an in-house debate over the distributional impact of the proposed water sector reforms. Within the World Bank, the water sector technical group had been working closely with the sector ministry in the development of the National Water Development Programme. The World Bank team was convinced of the efficiency of increased private sector participation, as evidenced by the Programme Appraisal Document which specified the concessions option for urban water board. Meanwhile within the Social Development Department of the World Bank, a concern with distributional equity motivated support for a PSIA to consider potential winners and losers under concession arrangements.

In the case of **Sierra Leone**, where national ownership of and capacity around the PSIA was weaker, the donors may have been too uncritical in removing themselves from the notion of “country-led” process, stepping back in an institutional context where in fact stronger support might have improved the PSIA process and impact. The PSIA process was led by EPRU of the Ministry of Finance. The UNDP office approached EPRU directly regarding the funding opportunity and the call for proposals, but did not appear to have discussed this more widely or approached other government stakeholders. More generally, in a country where over 70 percent of the national budget coming from donors, the widely shared perception is that policy is driven by external forces in Sierra Leone to a much larger degree than might be expected from donor public statements.

In **Uganda**, donor involvement in the PSIA specification process was self evidently influential. The decision to undertake the PSIA on the National Land Use Policy was the result of long discussions and consultation within donor agencies (mainly UNDP and World Bank) and with government stakeholders. The process started in spring 2005 with a proposal to undertake PSIA on education sector reform, looking at both, primary and secondary education. The proposal was criticised and subsequently rejected by the World Bank in Washington for lacking focus, not really using a ‘PSIA approach’ and potentially duplicating ongoing World Bank work on education. Moreover, given that the proposal was submitted by the Economic Policy Research Centre (EPRC), the World Bank encouraged greater government involvement in the PSIA process. During PSIA implementation the UNDP (in collaboration of UNOPS) played a hands-on management role

which took up much time from UNDP staff. Leaving more of the detailed day-to-day management (e.g. booking rooms and paying per diems) to either government or a subcontractor could have possibly freed up UNDP to engage more strategically with government stakeholders during the PSIA process.

In **Morocco**, the PSIA remained narrowly linked to the World Bank's water sector Development Policy Loan series and lacked wider involvement from other donors, resulting in a lack of policy traction once the World Bank withdrew from the dialogue. Furthermore, as the study was primarily viewed as an instrument in the Development Policy Loan process, no other mechanism was put in place to incorporate the PSIA recommendations into government policies.

In **Benin**, the Observatory of Social Change had lacked consistent donor support. Although it received support from a basket fund financed by a group of bilateral donors, support from its multi-lateral partners appeared to have been less reliable. This was evidenced by the World Bank initiating a new PSIA with the Ministry of Energy without involving the Observatory of Social Change. Given the fact that the Observatory had the official government mandate to conduct and promote PSIA, this may have further weakened its position as PSIA focal point and thus the process of institutionalising PSIA within the government. More consistency in the donor community's approach to PSIA would have been strategically helpful.

The timing and specification of the study in the policy process influenced PSIA ownership and impact

The evaluation also revealed issues with the **timing** of the PSIA. The case studies confirmed that as a general rule, the earlier the PSIA came in the policy process, the greater its likely impact on the shape and direction of policy discussions. PSIA's conducted in the late stages of policy design were at best only able to help check the progress of regressive policies. Additionally, although an important function of PSIA can be to inform the design of compensatory programmes, there was no evidence of compensatory programming arising from the case study PSIA findings.

In **Uganda**, for instance, the proposal to undertake the PSIA on the proposed National Land Use Policy was signed at the end of 2006, by which time the policy was finalised and awaiting Cabinet approval. The poverty and social impacts of the proposal National Land Use Policy on vulnerable groups were not well understood—a gap that according to the project

proposal was to be addressed through the PSIA. The PSIA findings were discussed at a Policy Forum in October 2007, some five months after the Policy had been approved by Cabinet. The PSIA report was finalised in November 2008 and distributed to key stakeholders in January 2009. In terms of directly influencing the policy messages in the National Land Use Policy, the PSIA came late.

In **Malawi**, the PSIA was conducted at a time when discussions on private sector participation in water sector reform were already quite advanced, with issues of micro-level diversification and strengthened regulation already on the table. As a result of this, the PSIA was widely perceived to have come late in the day. The impact of the PSIA was still useful, however, confirming the positive distributional impacts of this policy direction while providing a strong health warning on the likely negative distributional impacts of concessioning. Were the PSIA to have been conducted earlier, its analysis would likely have had a more formative impact on policy debates.

The timing of the PSIA in **Sierra Leone** was appropriate in terms of the policy sector but its potential influence was affected by wider issues. Agriculture policies were of high relevance at the time and agriculture was a key element in the first PRSP. The PSIA timing coincided with significant amounts of donor and government resources flowing into activities designed to rejuvenate agricultural production. From this perspective, the timing seemed very pertinent and there was potential to influence various agricultural policies and interventions. However, other timing factors reduced the degree to which the findings were likely to influence policy. Conducting the PSIA towards the end of the previous government's term meant it was unlikely to have an influence under a new government and, in the period preceding an election, the only discussion is about the election campaign.

In addition to timing issues, the **specification** of the PSIA in some of the cases studies was seen by some to have been too broadly defined to be directly useful. The PSIA on land use reform in **Uganda** was broadly specified in examining a policy which was already considered somewhat vague. In **Sierra Leone**, the original PSIA proposal was written within the Economic Policy and Research Unit and suggested five very broad areas, which with a requested budget of just \$100,000 was clearly overly ambitious. Although the PSIA eventually looked at three areas, it still appears unclear why these areas were chosen against other possible options. Indeed one of the key members of the fieldwork team was also unsure why these particular three areas were selected. It was also clear that there

were institutional tensions regarding the choice of policy areas: MAFFS felt there was a missed opportunity to look at other more useful policy areas (e.g. land tenure or agricultural mechanisation). Overall, each of the three areas selected could each have been the focus of the PSIA on their own, and selecting just one (rather than three) might have enabled the PSIA to concentrate on the policy in more detail and broaden the analysis by including more in depth qualitative research and/or more on social impacts.

In **Malawi**, it was not clear to one key stakeholder whether the study was about the impact of concessions on Low Income Areas or about options for private sector participation in management and distribution. Indeed, it appears that there was a divergence of thinking on the specification of the study. Within the steering committee, the direction followed was to encourage discussion of the likely impacts of a broader range of policy options and mixes rather than being limited to a “yes” or “no” approach to considering the poverty impacts of concessioning. According to one observer of the process, there was a strong negative reaction from World Bank stakeholders in Washington on being presented with the study findings over a broadening of the scope of the study beyond its perceived remit.

Creating greater government responsibility for PSIA selection and process management did not automatically translate into a more inclusive process

The case studies revealed a starting point on “ownership” that emerged from the technocratic demands of a contractual relationship, with process requirements limited to the formation of a steering committee and a transparent process of prioritisation of PSIA topics leading to a proposal for funding. From this point on, however, the PSIA processes, like other policy consultations, had widely varying degrees of inclusion of government and civil society stakeholders. Policy makers went to varying lengths to involve or talk to people that they previously would have ignored.

In **Malawi**, the PSIA process was relatively limited in its level of transparency and inclusion. Within government there was a lack of sensitisation amongst Members of Parliament (MPs), who as a stakeholder group see “privatisation” as a high risk direction to take with their constituents. For many politicians water is still seen as a social commodity rather than a commercial commodity and this mindset was not effectively challenged through sensitisation to the policy debates and trade-

offs. Similarly, while civil society was represented in the PSIA steering process, there was little evidence of a wider debate sensitising citizens and consumers on the broad spectrum of options regarding private sector participation and inviting dialogue. Some observers interpret this as reluctance amongst technocrats to risk exposure to wider debate. While the study elicited users’ perspectives and validated the potential of Water Users Associations and small scale providers to extend the service in low income areas, a more ambitious feedback and dissemination process could have empowered citizens and fostered greater consensus on the access and sustainability gains of small scale liberalisation of distribution. An opportunity was seen as a risk.

Promoting meaningful public debate on important policy matters remains a major challenge in **Benin**. Most civil society organisations are closely linked to government officials and have more of a technical than an advocacy role. As a result, in policy debates these civil society organisations are more likely to represent their interests as service providers than those of a broader public. Nonetheless, many NGO representatives have important hands-on experience that can enrich the policy debate. The case study authors concluded that involving the appropriate civil society organisations in PSIA activities, therefore, remained an important priority and an area where the Observatory of Social Change required further support. Compared to government and academia, the involvement of civil society in the PSIA on land reform was particularly weak.

In **Uganda** the most positive result from the PSIA seemed to have been the appreciation among all involved, but in particular from Government, that consultation is an important part of policy making. While it was the hands-on consultation at district level that featured most prominently in the PSIA discussions, the PSIA had also contributed to opening doors for civil society organisations to participate more actively in national policy debates.

The participation of civil society in policy making in **Morocco** remains limited, a fact also reflected in the PSIA exercise. Civil society organisations were not represented in the steering committee and only few were present at the dissemination workshop. While it might have been overly ambitious to expect a single PSIA exercise to fundamentally change this status quo, offering civil society organisations the opportunity to provide official comments on the final report might have been one way to increase their involvement beyond their token presence at a dissemination workshop. Where PSIA capacity building and development took place, this might have been an opportunity to bring government and civil society repre-

representatives together. Training objectives might have included discussions on approaches for facilitating participation of civil society in policy making processes.

There was also a lack of wide stakeholder inclusion in the PSIA process in **Sierra Leone**, which ultimately contributed to its limited influence on policy debates. Civil society and private sector stakeholders were not involved in topic selection, implementation or analysis (other than as respondents) yet are recognised as key to improving agricultural sector outcomes. There was not a process through which they could express views on the PSIA or a way (e.g. a steering committee) which could have institutionalised wider stakeholder engagement and ownership. The most inclusive part of the process was the series of regional validation workshops, but these were at the end of the PSIA. A more inclusive process at the start could have increased awareness of the PSIA and public debate on the three policy areas.

Capacity building and development as part of the PSIA process added value and was more effective when targeted at a clear organisational focal point for PSIA

The case studies confirmed that where capacity building and development were emphasised it was widely perceived to be a valuable element of the PSIA process. The impact of capacity building and development was maximised in contexts where it was supporting a PSIA organisational focal point.

In **Uganda**, capacity development was an integral part of the PSIA through the one week training course and hands-on experience with qualitative research. Feedback from participants was positive and reportedly most took away knowledge around methods to assess social impact and an appreciation of the importance of combining qualitative and quantitative methods (see **BOX 2.2**). While a number of positive experiences with PSIA capacity development were reported in **Morocco**, the lack of a national PSIA focal point made it difficult to build a more solid foundation for strengthening capacity for government-led PSIA or PSIA-type activities. The creation of the National Observatory of Human Development by the King in the context of the country's efforts to promote human development and reduce poverty was seen as a promising entry-point for establishing such an institutional anchor in the future.

The PSIA on land reform in **Benin** was carried out in 2005/2006 by the government's Observatory of Social Change. This Observatory is the government's official focal point for PSIA and had been targeted by the donor community for PSIA capacity development. The PSIA made an important contribution to strengthening the Observatory and succeeded in building ownership of the PSIA approach within this governmental institution. The prospect of an institutional focal point for capacity development in **Malawi** has been strengthened by the government's decision to establish an organisational home for PSIA analysis within the Planning Ministry as a precursor to

BOX 2.2

UGANDA PSIA: A PROCESS OF CAPACITY DEVELOPMENT AND BROAD STAKEHOLDER PARTICIPATION

In Uganda the PSIA methodology combined quantitative and qualitative methods. It also included capacity development measures and broad stakeholder participation in the research process. More than 20 government and civil society stakeholders were trained on the PSIA methodology in a week-long workshop and contributed to the design of the qualitative PSIA instruments which were subsequently piloted in one district. Subsequently, a wide consultation mainly using focus group discussions was undertaken in eight districts by the same stakeholders. The qualitative study examined the potential institutional risks that might hinder the effective implementation of the new policy and elicited community views on land use.

Both the capacity development and broad participation in the qualitative research process had positive impacts on the use of evidence in policy making, although not directly on the policy itself. There was agreement among the participants that train-

ing had successfully transferred knowledge around methods to assess social impact and contributed to an increased appreciation of the importance of combining qualitative and quantitative methods. However, it was the experience in undertaking the qualitative research itself that was perceived as the most successful demonstration of what evidence-based policy making involves in practice, in contrast to the often rather theoretical paradigm.

The focus on the PSIA's process has contributed to a widely acknowledged appreciation by those stakeholders involved that consultation with communities, local government and civil society is an important part of the policy making process. In some cases this led to government representatives challenging the notion of top-down decision-making. Moreover, the PSIA contributed to the ability of civil society to get involved in decision-making processes around land policy beyond this PSIA.

a future Malawi Public Policy Research Centre.

In contrast, in **Sierra Leone** capacity building was an important missing element. Stakeholders within the Economic Policy and Research Unit, which led the PSIA, explained it would have been good to have more capacity building in the process, but none was done: the international consultant arrived, designed the study and left. However, a significant reason why there was no capacity building undertaken was that the proposal process did not insist on it. Without this insistence for a budget allocation earmarked for capacity building and/or a formal module, it slipped down the priority list of the proposal writers and was eventually left out. The impact of the lack of capacity building on EPRU itself was perhaps not significant due to the fact that the small team from within EPRU were very capable and did not necessarily need capacity building for the econometric analysis done. However, if an objective is to increase national ownership over PSIA and policy making, then wider capacity building would seem an important part of this process. Whatever the reason, and despite the challenges of building capacity from such a low starting point, this was a missed opportunity that could have significantly increased the impacts of the PSIA process.

3

3. RECOMMENDATIONS

The evaluation draws on these findings from the five country case studies to reach a number of important recommendations for donors about ways of strengthening the impact of PSIA processes on national policy making. In all cases the emphasis is on supporting strengthened national institutions and processes. But there is also an emphasis on being more critically reflective of donor behaviour and its impacts on the national policy process.

Support national policy makers to consider the timing of PSIA studies in the policy process and to ensure that policy analysis is not sidestepped by donor programming.

Donors should encourage government partners to consider carefully the timing of PSIA. Early PSIA creates a greater opportunity for influencing deliberations on policy options. In this way, PSIA recommendations on the distributional implications of proposed policy reform can inform progressive policy making rather than simply being a check on bad policy decisions.

Similarly, analysis of policy options should take place **before these options become *de facto*** elements of programmes or projects⁴. De facto programming pre-empts public/policy maker sensitisation and buy in, undermining policy coherence and risking “kick back” in cabinet or in the public arena.

The **sidestepping of deliberative policy process by donor programming** has been a significant part of the pre-empting process. There is an obligation under Paris Declaration principles for donors to invest in nationally-led policy processes rather than shortcutting to the executive. It is not sufficient for a PSIA to be country-led if the broader process continues to be characterised by donors using financial leverage and short cut routes to pursue their policy and programme agendas

Move from ad hoc towards basket fund budget support for national institutions that fund and manage PSIA.

The ad hoc nature of much PSIA backed by **donor-centred management procedures** can derail even the best timed PSIA studies. The case studies suggest that PSIA implementation can be hampered by budget management, procurement, contracting and coordination challenges.

Given the focus on supporting government-led implementation of PSIA, a **more decentralised administrative arrangement** seems justified and options for this should be examined for the next round. In cases where PSIA timing is delayed and possibly the policy debate has moved on, PSIA managers need to have enough flexibility and authority to re-negotiate the focus, e.g. from providing

⁴ While encouraging early analysis for better policy deliberation, we are not implying here that policy makers should refrain from doing ex post PSIA. This remains valuable for improving policy implementation, designing mitigating policies or programmes and rethinking future policy directions.

empirical evidence for policy decisions to the identification of political economy and implementation risks.

Donors should be further encouraged to take the next step towards institutionalised ownership of PSIA of **supporting centrally organised PSIA management** through basket fund budget support. The first step in this process is to identify with government partners and consistently support a national focal point for PSIA. In **Morocco** for instance, the King has created the National Observatory of Human Development with a broad mandate to assess public policies related to human development and propose measures for improving the country's human development policies. This provides an opportunity for all PSIA activities to be consistently anchored in one credible organisational home, from which strengthened institutional coordination with line ministries and consultation with broader civil society can be developed and sustained.

In **Benin** the case study author calls for a more consistent level of donor involvement of the Observatory of Social Change in PSIA activities combined with greater consistency in promoting PSIA through budget support, in particular in relation to the PRSP. In this way the Observatory of Social Change could also play a role in building much needed analytical capacity within line ministries' M&E units. This would confirm the role of the Observatory of Social Change as PSIA champion, strengthen its links to the line ministries and could

help it fulfil its mandate as coordinator of an inter-ministerial M&E system.

In **Malawi** the government has gone a step further, backed by the President and supported by donors, to institutionalise PSIA within the government policy making process. The re-named Ministry of Development Planning and Cooperation has been identified as the home for this institutionalisation of policy analysis with funds committed by both government and donors (see **BOX 3.3**)

In Uganda, the institutionalisation of PSIA has been challenged by recent ministry reorganisations. The PMAU within the MFPED provided an institutional home for PSIA. However, the unit has since then been renamed the 'Budget Monitoring and Accountability Unit' (BMAU), reducing its focus on poverty issues and may not be best placed to lead on PSIA in the future. It was suggested that the M&E Directorate within the Office of the Prime Minister (OPM) would now be best positioned to play a gate-keeping role for new PSIA. Line ministry involvement, if not leadership, was suggested as a prerequisite to ensure that PSIA findings link to other sector evidence (e.g. through M&E systems) and then feed back into policy making processes. Additionally, in order to ensure alignment with wider government strategies, links need to be made to the National Planning Commission which leads on National Development Plan design and implementation.

BOX 3.1

PSIA INSTITUTIONALISATION IN MALAWI WITH DONOR SUPPORT

The Government of Malawi has now moved to a point where it does not want PSIA to be one-off studies. A decision was taken at the highest level in July 2009 that PSIA would be institutionalised, with all policies subjected to PSIA depending on resources. PSIA will be at the heart of policy reform. The Ministry of Development Planning and Cooperation will be the secretariat for this institutionalisation and will liaise closely with the Office of the President and Cabinet. The Ministry was due to launch the PSIA process at the end of the October (with GTZ funding) and will develop a basket fund for donor support (including UNDP, World Bank and GTZ). As demand for PSIA grows within government, and as the government starts to see it as value for money, the Ministry will look towards establishing in the next two to three years a Malawi Public Policy Research Centre, which will focus on PSIA and other analysis, including macroeconomic studies. The Africa Capacity Building Fund has approved \$1.5 million to support this Centre and other donors have expressed support. The GoM itself will provide \$1m for the Centre.

Source: Interview with Dr. Kabambe, Ministry of Development Planning and Cooperation

The PSIA governance structure will utilise the MDGS Budget Framework Sector Working Groups (SWGs). The Government has adopted 16 sector working groups. These SWGs will be the frontline for identifying areas for PSIA. When identified, the Ministry will form a PSIA steering committee with Permanent Secretaries of all relevant sectors and SWGs. Once the steering committee makes a decision to fund, this will go to the annual meeting of Permanent Secretaries which looks at the key issues arising in the year. This meeting will scrutinise and decide which PSIA to run with. The PSIA will be implemented, with TORs drafted by SWGs who will be the first to review the report. This will then be reviewed by the steering committee and from there to the PS committee and to the Cabinet Committee on Public Sector Reform.

The Ministry has just commissioned a study of the capacity building and development needs around the new PSIA process. This document is presently in draft so cannot be shared.

Support national policy makers to build ownership of the PSIA process and findings. Include government ownership and partnerships within PSIA evaluation criteria. Support capacity building and development for political and institutional analysis.

Donors should seek to support **greater ownership across government** as part of a strategy of guiding policy reforms through the policy making process. One important component of strengthening ownership is to support sector ministries to move outside the “comfort zone” of technical policy implementation and engage with higher level policy making processes.

Suitable government partnerships which involve the centre of government (e.g. Office of the Prime minister or President), line ministries and national planning authorities have the potential to more successfully institutionalise PSIA in government processes and link them to monitoring and evaluation systems. The assessment of future PSIA proposals should include government ownership and partnerships within the evaluation criteria.

Within government, PSIA coordinators, often technocratically minded and politically cautious, will need to ensure that **political risks** do not derail policy debate. The political risks in the case of the water sector PSIA in **Malawi**, for example, were too great, with an opposition looking for opportunities to undermine the an already-weak government’s authority still further. Future support to PSIA institutionalisation should consider capacity building and development for PSIA coordinators to conduct political and institutional analysis of the risks and opportunities for reform analysis and to identify risk management strategies.

Encourage greater transparency and inclusion in government around policy analysis.

In support of greater ownership, PSIA coordinators should encourage a culture shift within government towards greater **transparency in policy analysis**. Although not appropriate in all instances of sensitive or “risky” policy analysis, future support to PSIA institutionalisation should focus, where appropriate, on more widespread communication and sensitisation of politicians within government and citizens outside of government. The benefit of greater transparency is both intrinsic (supporting a deeper democracy) and instrumental (increasing the likelihood of successful progressive policy reform).

The promotion of transparency should not be guided solely

by a concern with sensitising “from one to many”, but should encourage a genuine two way discussion with broader civil society. The assessing of future PSIA proposals should consider the extent to which this is addressed.

A more broadly owned and understood public debate in many instances can and should involve greater **inclusion**. Speaking to more people encourages a wider debate and can prevent capture by powerful stakeholders (including government patrons, donors and international NGOs) motivated by ideological or political economic interests.

A sound dissemination strategy needs to be an integral part of the PSIA process, backed up by sufficient funding and provide room for longer-term engagement. Increasing dialogue and communication makes policy making more democratic, more widely owned and more sustainable.

The **specification** issue becomes important when encouraging wider participation and debate. There is no right or wrong answer to the specification question. Indeed, a good case can be made for a narrowly specified study (with a “yes” or “no” answer) or for a broader ranging discussion with a less direct policy impact. The important point is that the specification of the study needs to be **clearly communicated and justified**.

Support to centre-of-government actors, for example the Office of the President, will be important, reinforcing their oversight position in encouraging greater inclusion as part of the normative policy process while ensuring that outcomes of PSIA and resultant policy decisions are communicated clearly to concerned citizens.

Support integration of PSIA into strengthened information management systems that make sound use of data and appropriate analytical methods.

Finally, donors – through their support to PSIA – should grasp the opportunity to help build more cutting edge approaches to **information management** in the policy process. A fully institutionalised PSIA process can be integrated into a longitudinal information management system that more effectively feeds policy debates.

Underpinning this challenge is the need to develop capacities within a broad range of stakeholders, including: (i) analytical capacities among technical experts in charge of the PSIA; (ii) minimum technical capacities among government officials directly involved in analysing results and assessing their policy implications; and (iii) better understanding of results among a larger range of stakeholders that allows them to comprehend

their implications and participate in the debate of options. While a one shot PSIA cannot respond to these challenges, donor engagement with governments on the institutionalisation of the PSIA can be backed by a longer term engagement to build these capacities.

Hence support for national government partners could include both institutional and methodological capacity building and development. Institutional support would be geared to strengthening roles and responsibilities in M&E reporting, with partners including the Planning Ministries, National Statistical Offices and non-governmental research outfits. In **Benin** and **Morocco**, and now in **Malawi**, there are officially designated organisational focal points for PSIA coordination which can play a much needed role in building methodological and analytical capacity within line ministries' M&E units. Methodological support should focus on building and developing capacity in a range of methods, including but not limited to "long cycle" household/beneficiary survey modules. Additional "just in time" instruments for rapid (quantitative and qualitative) data collection and synthesis would include group-based panels of citizens/consumers and greater use of

independent key informants. Greater use can also be made of recent technical developments, for example, mobile phone software that allows citizens/consumers, service providers or other stakeholders to text satisfaction scores to a central server for immediate synthesis. These types of methodological innovations and lighter M&E instruments generate rapid information feedback on changes in outcomes on the ground.

An important factor in the success of this type of integrated methodological approach to PSIA is to ensure acceptance among key stakeholders of the credibility and rigour of the methods used and to make the most of integrating the methods. The **Sierra Leone** case study authors concluded, for example, that the potential to disaggregate and understand impacts amongst different social groups was lost by an economic bias in data analysis. A key recommendation emerging from the **Morocco** case study is that there need to be early inputs on design and accompanying stamp of approval from government stakeholders so that findings and analysis are not challenged on methodological grounds.

BOX 3.2

ENSURING METHODOLOGICAL INTEGRATION AND METHODOLOGICAL ACCEPTANCE IN PSIA: LESSONS FROM THE PSIA OF WATER SECTOR REFORM IN MOROCCO

One of the key challenges to the PSIA impact relates to the use of data both in the quantitative and the qualitative studies. Firstly, this calls attention to the need to include government stakeholders during PSIA design to ensure that findings are not challenged based on technical issues later on in the process. Secondly, it highlights how the appropriate integration of qualitative and quantitative data can help enhance the credibility of the PSIA's findings. While in this case, the qualitative and quantitative studies were essentially carried out as separate exercises, a more integrated approach could have helped strengthen the final recommendations. Though implementing a fully integrated process may not always be feasible, the production of

a final integrated report or policy brief could have served as an important input to a discussion of analytical findings and policy recommendations.

Additionally, the failure to incorporate the findings of the qualitative study appears to indicate a more fundamental need to further sensitise government officials and build capacity among consultants in the use of qualitative research methods and opinion-based research. Addressing the challenge of undertaking qualitative research and integrating quantitative and qualitative methods could represent an important focus for future PSIA capacity building and development.

Source: Quitzow (2010)

4

4. CONCLUSIONS

This evaluation has confirmed the value of policy analysis in progressive policy making. It has identified a number of areas for future UNDP support to government partners that can strengthen PSIA and its impact while encouraging deeper institutionalisation of PSIA in the policy making process.

The PSIA reviewed for this evaluation played variable but often significant parts in influencing an ongoing policy processes. In some instances, the PSIA analysis influenced the direction of policy debates within a complex set of relations across government, civil society and donor communities. In other cases the PSIA process itself was important in bringing new voices into the policy debate and in strengthening government appreciation for the role of evidence in designing “pro-poor” policy. A third area where an impact was noted was in the role of capacity building and development of institutions and actors within the PSIA process, strengthening the potential for PSIA to become a more effective and embedded policy analysis tool.

The evaluation noted the significance of the institutional and policy context for PSIA processes, the vital role of the timing of the PSIA study, and the importance of donor flexibility and sensitivity in supporting PSIA and the policy process which it was intended to influence.

There was never an assumption that this first tranche of PSIA studies was going to magically transform national ownership. By evaluating the experience with a sample of these PSIA, however, the evaluation has identified important areas of institutional support that will help to promote nationally-owned, evidence-based policy making. While stepping back from nationally-led PSIA, donor partners still have an important role to play in supporting improved management of these institutional risks and opportunities in the emerging context of governments increasingly committed to institutionalising PSIA in a more disciplined, transparent and inclusive policy process. Underpinning this institutional support is the political challenge of how to support government institutions and processes to internalise evidence-based policy making, in contexts where political tensions and “multiple ownership” can militate against this type of policy making.

In addition to institutional support there are a number of important areas where donor partners can provide methodological support for nationally-led PSIA. This includes capacity building and development for improving the mix of methods and data sources used for PSIA, improving information flows and strengthening the interpretation of PSIA evidence for policy analysis. The case studies have shown that this type of methodological support works best when PSIA is effectively integrated with policy monitoring and evaluation instruments and management information systems.

TABLE 4.1 summarises key questions and prompts for donor staff to consider when supporting nationally-led PSIA processes. The first part of the matrix focuses on institutional arrangements and the PSIA process. Questions cover the roles of government and donor partners in identifying insti-

tutional and funding mechanisms and managing stakeholder interests for an effective PSIA process. The second part of the matrix looks at areas of technical support for the PSIA methodology, with questions and prompts on the identification and design of the PSIA, choices of data collection methods and

the integration of capacity building and development support to PSIA with existing policy management information systems.

TABLE 4.1 SUPPORTING NATIONALLY-LED PSIA: A CHECKLIST TOOL FOR DONOR STAFF

Questions	Prompts
1. INSTITUTIONAL ARRANGEMENTS AND THE PSIA PROCESS	
1.1. Has the government identified clear institutional arrangements for the PSIA?	<ul style="list-style-type: none"> ❖ Is there a clearly identified coordinating agency for coordinating the PSIA? ❖ Does this coordinating agency have a clear institutional role within the policy making process as well as credibility and leverage with the sector ministries? ❖ Does the coordinating agency have relevant and sufficient inputs (financial and human resources) to manage the impact evaluation process successfully? ❖ Do the institutional arrangements support integration of PSIA into national policy monitoring information systems (see 2.5 below)?
1.2. Have donor partners considered moving from ad hoc to basket fund budget support for national institutions that fund and manage PSIA?	<ul style="list-style-type: none"> ❖ Have donor partners assessed the institutional opportunities and risks for supporting institutionalising PSIA in government policy processes? ❖ Have donor and government partners considered funding arrangements for institutionalising PSIA? ❖ Will these funding arrangements support and sustain the institutional arrangements being considered by government partners?
1.3. Have donor partners identified how the PSIA process will inform ongoing donor support for nationally-led policy processes?	<ul style="list-style-type: none"> ❖ Will the timing of the PSIA respond to government policy priorities and discussions rather than to donor programming needs? ❖ Have donor partners engaged with government partners sufficiently on the legislation, policies and programmes that will be influenced by the PSIA? ❖ Have the donor partners articulated how the PSIA findings will inform “harmonised” donor engagement with government?
1.4. Has the coordinating agency made arrangements to build ownership of the PSIA process and its findings?	<ul style="list-style-type: none"> ❖ Does the coordinating agency have a strategy for making the PSIA process more transparent and inclusive? ❖ Has the coordinating agency identified a two-way communication strategy within government and with citizens? ❖ Has the coordinating agency point made clear arrangements for including civil society representatives effectively in the PSIA process?
1.5. Have donor partners considered supporting the coordination agency to manage the political risks and opportunities to PSIA?	<ul style="list-style-type: none"> ❖ Does the coordinating agency have a strategic entry point for the PSIA, e.g. finding supporters of the PSIA among national policy makers? ❖ How does the coordinating agency deal with policy stakeholders whose interests are threatened by attempts to introduce evidence-based research? ❖ How does the coordinating agency deal with policy stakeholders that create a PSIA selection bias through favoured policies, programmes or projects?

TABLE 4.1

SUPPORTING NATIONALLY-LED PSIA: A CHECKLIST TOOL FOR DONOR STAFF

Questions	Prompts
2. PSIA METHODOLOGY	
2.1. Has the coordinating agency identified with the PSIA research team what the PSIA is trying to analyse?	<ul style="list-style-type: none"> ❖ Do the PSIA TORs have a clear statement of its aims and objectives? ❖ Do the PSIA TORs articulate the main hypotheses and effect assumptions that will be tested? ❖ Is the PSIA appropriately specified in order to meet policy demand and inform debate?
2.2. Has the coordinating agency identified with the PSIA research team a clear research strategy?	<ul style="list-style-type: none"> ❖ Does the research strategy meet the aims of the PSIA? ❖ Has a convincing argument for the different features of the PSIA research strategy (components, stages, methods, data sources, time frames etc)? ❖ Have the ethics of conducting research with local communities (including the extraction of information, risks of information sharing and use of people's time) been considered and addressed?
2.3. Has the coordinating agency identified with the PSIA research team a robust sampling and/or case selection methodology?	<ul style="list-style-type: none"> ❖ Is there a clear understanding of what can be generalised to a wider population from which the sample is drawn or case selection made? ❖ Is there a clear articulation of the limitations of the design for drawing wider inference? ❖ Can site/respondent selection be integrated with existing (or form a baseline for) longitudinal or panel data sets?
2.4. Has the coordinating agency identified with the PSIA research team how the PSIA might effectively combine methods and data?	<ul style="list-style-type: none"> ❖ Is there a clear identification and justification of the types of methods to be used and data generated? ❖ Will qualitative and quantitative methods be sequenced and integrated in order to describe and explain effectively the distributive impacts of policy change?
2.5. Has the coordinating agency identified how PSIA information collection will be integrated into broader policy management information systems?	<ul style="list-style-type: none"> ❖ Can the data collection be integrated with existing policy MIS? ❖ Can policy MIS be resourced and upgraded as part of donor support to PSIA? ❖ Will donor support to PSIA help build and develop government agency staff capacity in research methods and analysis?
2.6. Can the coordinating agency demonstrate that the impact evaluation is cost effective and manageable with existing capacity and resource constraints?	<ul style="list-style-type: none"> ❖ Has the coordinating agency established that the PSIA is fit for purpose and hasn't been over designed and over resourced? ❖ Has the coordinating agency considered which research instruments will generate the PSIA data and analysis most efficiently (time and resources)? ❖ Can further survey modules be justified in contexts where there may be capacity and resource challenges in national agencies?

Source: Authors' analysis

A

ANNEX A PSIA CASE STUDY EXECUTIVE SUMMARIES

A.1 BENIN

This evaluation considers the impact of the recent Poverty and Social Impact Analysis (PSIA) on land reform in Bénin (*Étude d'impacts des réformes foncières sur la pauvreté et la situation sociale au Bénin*) on policy making debates and outcomes in Benin. The evaluation took place in September – October 2009 and involved interviews with key stakeholders in the sector, both inside and outside of government. The PSIA of land reform in Bénin was supported by a trust fund financed by the Belgian government and administered by UNDP. The objective of the evaluation is to assess the influence of these country-led PSIA on national policy processes and draw out implications for a next stage of PSIA.

Capacity building and policy impact

The PSIA on land reform was carried out in 2005/2006 by the government's Observatory of Social Change (*Observatoire du Changement Social, OCS*) and included a quantitative impact assessment of a pilot land reform programme as well as analysis of the legal, social and institutional context of land policy in Bénin. The OCS is the government's official focal point for PSIA and has been targeted by the donor community for PSIA capacity building. In addition to the PSIA on land reform, it has collaborated in delivering a national training on PSIA and is currently involved in PSIA financed by GTZ on the introduction of a local development tax. Part of the Ministry of Development, the OCS has the official role of coordinating the system of monitoring and evaluation of the PRSP as well as developing a national PSIA network. Despite this official mandate and despite donor support for PSIA, however, the position of the OCS within the government remains relatively weak and its analytical work appears to have had little practical impact on policy making. Also, the OCS has not been involved in PSIA activities initiated by the World Bank, including a PSIA on reforms in the cotton sector, on reforms to the external tariff regime and an ongoing PSIA in the energy sector.

While acknowledging this continued weakness the PSIA on land reform has made an important contribution to strengthening the OCS and it has succeeded in building ownership of the PSIA approach within this governmental institution. According to the OCS itself, the emphasis on participation and stakeholder engagement in the PSIA approach has helped raise its profile amongst government stakeholders and increase demand for its analysis. This assessment is confirmed by the fact that the Ministry of Development has recently approved funding for two fully government-funded PSIAs. Moreover, on a technical level, the PSIA on land reform has become an important reference

document for the further elaboration of the land reform.

Strengthening the demand for PSIA results within government

As stated above, despite improvements, the influence of the OCS remains limited, which constitutes a key obstacle for influencing policy. The PSIA on land reform was not considered by high-level decision-makers in defining the reform agenda, and it was not successful in involving a broader set of stakeholders in policy debates. In other words, despite its contributions to building capacity at the OCS, the government-led approach to PSIA has not significantly altered the way land policy or policy more generally is being developed in Bénin.

The PSIA on land reform in Benin has, therefore, shown that a focus on developing the capacity for the supply of PSIA is not sufficient on its own to increase influence on policy making. As a unit without decision-making responsibilities, the OCS is not in a position to guarantee the uptake of its analytical work by decision-makers. In this context, the emphasis placed on participation during the PSIA process is a step in the right direction. However, participation only began after the reform choice had been made, representing a missed opportunity to build ownership and demand among decision-makers for PSIA findings. If the goal is to institutionalise PSIA in national policy processes, both the supply and the demand for PSIA within government need to be considered. For this, it is essential that decision-makers are not only involved in the PSIA analytical process but also in discussions on the choice of the reforms to be analysed.

More consistent institutional support

An important challenge to institutionalising PSIA in Bénin pertains to the relationship of the OCS to the donor community. The OCS remains largely dependent on donor resources, an indicator that its position is still fairly insecure within the government structure. On the other hand, donor attention can also be a decisive factor in raising the profile of an organisational unit. For example, the Unit for the Monitoring of Economic and Fiscal Programmes (*Cellule de Suivi des Programmes Economiques et Financiers, CSPEF*) appears to have expanded its role in the PRSP monitoring and evaluation framework, mainly due to its close working relationship with the donor community and at the expense of the OCS.

The OCS, on the other hand, has lacked consistent donor support. Although it receives support from a basket fund financed by a group of bilateral donors, support from its multi-lateral

partners appears to have been less reliable. Most recently, the World Bank initiated a new PSIA with the Ministry of Energy without involving the OCS. Given the fact that the OCS has the official government mandate to conduct and promote PSIA, this may further weaken its position as PSIA focal point and thus the process of institutionalising PSIA within the government. More consistency in the donor community's approach to PSIA is, therefore, needed. This could be done by consistently promoting PSIA in the context of its budget support, in particular in relation to the PRSP, and by involving the OCS in all donor-funded or initiated PSIA activities, including those carried out for sectoral programmes. This way the OCS could also play a role in building much needed analytical capacity within line ministries' M&E units. This would confirm the role of the OCS as PSIA champion, strengthen its links to the line ministries and could help the OCS fulfil its mandate as coordinator of an inter-ministerial M&E system.

Public debate and evidence-based policy making

Promoting meaningful public debate on important policy matters remains a major challenge in Bénin. The majority of civil society organisations is closely linked to government officials and has more of a technical than an advocacy role. As a result, in policy debates these civil society organisations are more likely to represent their interests as service providers than those of a broader public. Nonetheless, many NGO representatives have important hands-on experience that can enrich the policy debate. Involving the appropriate civil society organisations in PSIA activities, therefore, remains an important priority and an area where the OCS requires further support. Compared to government and academia, the involvement of civil society in the PSIA on land reform was relatively weak.

However, in the absence of an ambitious, long-term and comprehensive national capacity building programme, including separate components targeting the media and civil society, it appears unlikely that a stronger focus on including civil society in PSIA can make a meaningful contribution to fostering public debate on policy matters. A more realistic goal remains the development of a more evidence-based approach to policy making within the government. Furthermore, extending this effort to the National Assembly could help lawmakers make more informed decisions on key legislative matters. Providing support for a formal cooperation between the OCS and the parliamentary research unit, CAPAN, could provide the basis for this.

Analysis and policy recommendations

In terms of content, the PSIA provides important background information for understanding the land reform process and sheds light on the particular challenges faced by poor and vulnerable groups, including women, in the current land management system. Based on perception data collected for the PSIA, it also provides insights on how the pilot rural land reform program has affected perceptions related to a number of socio-economic variables. However, this impact analysis does not provide any data disaggregated by social group and, therefore, does not address the distributional dimensions of the program. Moreover, the extensive qualitative survey data that was collected for the PSIA is not referenced in the document. Finally, despite the fact that the recommendations were developed by a technical committee, including operational staff, the operational relevance of the policy recommendations is limited. These analytical and operational weaknesses imply the continued need for building technical capacity. A particular focus might be placed on the use of qualitative data, the appropriate use of analytical findings for justifying policy recommendations and developing research designs in response to clearly defined policy issues.

Budget management

Finally, an important obstacle during the implementation of the PSIA appears to have been the management of the budget by UNOPS from New York. Both the geographic distance and cumbersome administrative procedures seem to have hampered the timely completion of the PSIA. Given the focus on supporting government-led implementation of the PSIA, a more decentralised administrative arrangement seems justified.

A.2 MALAWI

This evaluation considers the impact of the recent PSIA on private sector participation in the urban water sector on policy making debates and outcomes in Malawi between 2007 and 2009. The evaluation took place in September – October 2009 and involved interviews with key stakeholders in the water sector, both inside and outside of government.

In Malawi, a Belgian Trust Fund administered by the UNDP financed a PSIA to consider the distributional impacts of proposed private sector participation in urban water sector delivery. Based on a review of water sector experience in the region and on primary research conducted with stakeholders

in Malawi, the PSIA recommended that “concessioning” of the urban water boards should not be considered on equity grounds (based on changes in pricing or network extension) and recommended that liberalised micro-level delivery of water should be supported, backed by more effective regulation.

The evaluation found that the PSIA had a significant impact on policy reform outcomes, but that this impact was achieved less through a “country-led” process of policy deliberation and more through continuing external debates within the World Bank and amongst donors. The result of this debate – echoing the findings of the PSIA -- was that the proposed “concessioning” of the urban water boards has been put on hold while micro-level diversification of water supply through Water Users Associations and small scale private operators, combined with strengthened regulation, is being actively pursued.

There are a number of important institutional and process issues that explain the relatively limited impact of the PSIA on country-led policy deliberations.

- The PSIA was led by the central Ministry of Economic Planning and Development (MEPD) with invited participation by the main sector ministry, the Ministry of Irrigation and Water Development (MIWD). This institutional arrangement was ostensibly collaborative but actually revealed the political constraints of a parallel planning system. In this case, stakeholders in the MIWD, who were already involved in wide ranging discussions on water sector reform under the National water Development Programme (NWDP), felt that the PSIA was being imposed from outside and so did not take ownership of the process and its findings. For its part, the MEPD as lead agency acted in a rather technocratic fashion, ensuring that the PSIA steps had been accomplished rather than pushing hard for PSIA recommendations to be integrated at the sector level and subsequently guided through the policy making process.
- The PSIA was conducted at a time when discussions on private sector participation in water sector reform were already quite advanced, with issues of micro-level diversification and strengthened regulation already on the table. As a result of this, the PSIA was widely perceived to have come somewhat late in the day. The impact of the PSIA was still useful, however, confirming the positive distributional impacts of this policy direction while providing a strong health warning on the likely distributional impacts of concessioning. Were the PSIA to have been conducted earlier, its analysis would likely have had a more formative impact on policy debates.
- The PSIA process was relatively limited in its level of inclu-

sion and transparency. Within government there was a lack of sensitisation amongst MPs, who as a stakeholder group see “privatisation” as a high risk direction to take with their constituents. Similarly, while civil society was represented in the PSIA steering process, there was little evidence of a wider debate sensitising citizens and consumers on the broad spectrum of options regarding private sector participation and inviting dialogue.

Looking to the future, there is a very positive move within the Government, backed by the President and supported by donors, to institutionalise PSIA within the government policy making process. The renamed Ministry of Development Planning and Cooperation (MDPC: previously the MEDP) has been identified as the home for this institutionalisation of policy analysis. This evaluation of the water sector PSIA raises a number of important operational lessons for future support to GoM relating to timing, ownership, transparency, inclusion and information management which might be considered as part of this institutionalisation process:

- PSIA coordinators should consider carefully the **timing** of PSIA. Early PSIA creates a greater opportunity for influencing deliberations on policy options. In this way, PSIA recommendations on the distributional implications of proposed policy reform can inform progressive policy making rather than simply being a check on bad policy decisions.
- PSIA coordinators should seek to ensure **ownership** across government as part of a strategy of guiding policy reforms through the policy making process. There will be an important role for the Office of the President and Cabinet (OPC) as gatekeeper of policy submissions. By enforcing the requirement that sector ministries conduct wide consultations and consider distributional equity when preparing cabinet papers, the OPC will create demand amongst sector ministries for the expertise and policy analysis provided by the MDPC and generate ownership of the PSIA process and findings. Sector ministries for their part should be supported to move outside the “comfort zone” of technical policy implementation and engage with the policy making process through the OPC. This support should be backed by the understanding that without this higher level engagement, policy reform is more likely to be “kicked back” when it finally reaches the Cabinet for approval.
- PSIA coordinators should encourage a culture shift within government towards greater **transparency** in policy analysis. Future support to PSIA institutionalisation should focus on more widespread communication and sensitisation of poli-

ticians within government and citizens outside of government. The benefit of greater transparency is both intrinsic (supporting a deeper democracy) and instrumental (increasing the likelihood of successful progressive policy reform).

- A more broadly owned and understood public debate in many instances can and should involve greater **inclusion**. Speaking to more people encourages a wider debate and can prevent capture by powerful stakeholders -- including government patrons, donors and international NGOs – motivated by ideological or political economic interests.
- Finally, a fully institutionalised PSIA process will need to consider more carefully the opportunities for integrating the data generated into a longitudinal **information management** system. In many cases PSIA qualitative and quantitative data create a baseline for panel-based longitudinal policy monitoring. This allows for rapid information feedback on changes in outcomes on the ground and allows for “course correction” in policy design and implementation.

In summary, this evaluation has confirmed the value of policy analysis in progressive policy making while identifying a number of areas for future UNDP support to the Government of Malawi that can strengthen PSIA and its impact as the Government moves ahead on institutionalising PSIA in the policy making process.

A.3 MOROCCO

This evaluation considers the impact of a recent Poverty and Social Impact Analysis (PSIA) on water sector reforms in Morocco. The evaluation took place in December 2009 and involved interviews with key stakeholders in the sector, both inside and outside of government. The PSIA of water sector reforms in Morocco was supported by a Trust Fund (TF) financed by the Belgian government and administered by UNDP. The objective of the evaluation was to assess the influence of these country-led PSIA on national policy processes and draw out implications for a next stage of PSIA.

The PSIA process

The PSIA financed by the UNDP-administered TF constituted the final phase of a longer PSIA process initiated by the World Bank team preparing a Water Sector Development Policy Loan (DPL). The DPL covered the reform agenda in the entire sector, including integrated water resources management, the irrigation sector and water and sanitation. In the process of DPL preparation, the World Bank conducted two

'internal' PSIA studies based on existing information. These studies were viewed as a first phase of a PSIA process to be continued throughout the preparation of the next DPL in a programmatic series for the water sector. They presented a number of preliminary findings, which fed into the first Water Sector DPL, and identified information gaps and analytical questions to be pursued in a second phase of the PSIA process. The completion of this second phase of PSIA work also became one of the triggers in the DPL action matrix and thus a government obligation for the continuation of the planned programmatic series of DPLs.

To finance the second phase of PSIA, the World Bank had identified the UNDP-administered Trust Fund, and it facilitated the government's application for the funds. It was agreed that the government would carry out the PSIA based on the research questions and terms of reference defined by the World Bank in the first PSIA study. Since the first phase of the PSIA had already included an analysis of stakeholders and institutions in the sector, the second phase of the work was designed to answer a number of focused questions on the poverty and social impacts of a tariff reform that had sparked public protests in Morocco in 2006. Based on household survey data, the PSIA analysed the distributional impacts of the tariff changes and assessed the ability of poor households not yet connected to the water system to pay for their own connections given the new tariff structure. In addition to this quantitative impact analysis, a qualitative survey based on focus groups was later added upon the request of the local UNDP representative. This part of the PSIA described perceptions of local populations in relation to the challenges of accessing drinking water in general as well the implications of the recent tariff changes more specifically.

Government-led vs. donor-driven PSIA

Despite the World Bank's involvement in defining the quantitative study, its implementation was managed by a government steering committee. While in the eyes of the government, the PSIA remains a World Bank/UNDP-driven study, the government's heavy involvement in the implementation of the quantitative study has significantly increased its visibility and has raised awareness among relevant government stakeholders of its results. Compared both to the preliminary study and the qualitative study, where steering committee members were much less actively involved, government representatives are well-informed about the study and its findings, and the PSIA is an important reference for government stakeholders. Despite government involvement in the PSIA process, how-

ever, this has not ensured that the PSIA's policy recommendations have informed actual policy or have been further developed by relevant operational staff. With the World Bank's DPL series no longer active, no significant follow-up process was taken forward. Moreover, having chosen the evaluation of a past tariff reform rather than an outstanding issue, no immediate link to the current policy agenda existed. Finally, reservations regarding the data used for the PSIA's simulations of the impacts of the 2006 tariff reform may have posed an additional obstacle to further work with the PSIA's findings.

What these results appear to indicate is that, on the one hand, increased government involvement in the analytical process has greatly increased the visibility and the impact of the quantitative PSIA on a technical level. On the other hand, it seems to show that the lack of government involvement in the choice of the study's focus and design may have limited its ability more directly to shape policy. Had government staff been involved in the design phase, the PSIA might have reflected questions of more immediate concern to government policy makers, and questions related to the methodology and data may have been resolved early on in the process. Ensuring government stakeholders are involved when the analytical focus is chosen and the research design is defined is, therefore, essential.

Given the fact that the PSIA was embedded in the World Bank's DPL series, it is difficult to assess whether involving the government even before the choice of the analytical focus (during the choice of the reform itself) would have enhanced the PSIA's policy impact. Had the DPL series continued, this may have provided the appropriate framework for follow-up on the recommendations. Moreover, as an instrument developed to inform World Bank DPL operations, DPL negotiations remain an important framework for initiating a PSIA. While the ultimate objective remains the reflection of PSIA findings in the government's policy decisions, an important function of PSIA is also to enhance the World Bank's policy advice. From the point of view of the World Bank, carrying out the PSIA with a government steering committee has enabled the World Bank to initiate a needed discussion on tariff reform, has facilitated a transparent analytical process and has built credibility for the PSIA findings. Such a shared approach to analytical work may, therefore, represent a useful instrument for facilitating policy dialogue between the government on poverty and social impacts.

Donor involvement

While the PSIA steering committee ensured the involvement of relevant government institutions, it did not systematically

involve other relevant donor agencies in the process. Given the fact that the PSIA was initiated by the World Bank, it could have offered an important opportunity for sharing analysis with donor partners as well. This would have been particularly important given the fact that the World Bank's DPL series was discontinued. It might have allowed another donor active in the sector to incorporate the PSIA findings in its policy dialogue with the government.

The fact that this was not done, may reflect the fact that UNDP, a donor not involved in the water sector, had the administrative responsibility for the PSIA. While the World Bank initiated the activity, its engagement throughout the PSIA process appears to have been less significant. For a future Trust Fund to finance PSIA activities, it might be appropriate to ensure that at least one donor actively involved in the relevant sector plays a role throughout the PSIA process and takes responsibility for informing other donors active in the sector.

Civil society participation

The participation of civil society in policy making in Morocco remains limited, a fact also reflected in the PSIA exercise. Civil society organisations were not represented in the steering committee and only few were present at the dissemination workshop. While it may be overly ambitious to expect a single PSIA exercise to fundamentally change this status quo, offering civil society organisations the opportunity to provide official comments on the final report may be a one way to increase their involvement beyond their token presence at a dissemination workshop. Where PSIA capacity building takes place, this may be an opportunity to bring government and civil society representatives together. Training objectives might include discussions on approaches for facilitating participation of civil society in policy making processes.

Building institutional capacity

While a number of positive experiences with PSIA have been made in Morocco, the lack of a national PSIA focal point has made it difficult to build a more solid foundation for strengthening capacity for government-led PSIA or PSIA-type activities. The creation of the National Observatory of Human Development (*Observatoire National du Développement Humain – ONDH*) by the King in the context of the country's efforts to promote human development and reduce poverty is a promising entry-point for establishing such an institutional anchor in the future. With its broad mandate to assess public policies related to human development and propose measures

for improving the country's human development policies, the ONDH is well placed to fulfil this function. Moreover, as a relatively new institution, its approach to pursuing its mission remains a work-in-progress. Developing a centre of expertise on PSIA within the ONDH could be an opportunity to create an appropriate institutional home for PSIA, while helping define the ONDH mandate. Ideally, over time, the ONDH could both provide the needed expertise for conducting high quality PSIA and act as a champion for the approach within the government. Finally, as the institution tasked with the evaluation of the ONDH, its activities are closely integrated with the ongoing transformation of social policies in Morocco. This will allow PSIA recommendations to take better account of the existing social policy agenda. Conversely, it will also enable PSIA activities to inform the debate on social policy taking place in Morocco.

To achieve these objectives, donor-funded PSIA activities would have to be consistently anchored in the ONDH. Moreover, to ensure policy relevance, an important emphasis would have to be placed on conducting PSIA in close cooperation with steering committees led by the appropriate line ministries. This not only represents an essential step for ensuring that PSIA remains relevant to the concerns of policy makers. It could also help build stronger links between the ONDH and line ministries and strengthen the credibility and policy relevance of its broader work program. Finally, with civil society organisations represented on the board of the ONDH, it may also be an appropriate institution for including the voices of non-governmental actors in PSIA processes.

Data and methods

As this report shows, one of the key challenges to the PSIA findings have been questions related to the use of data both in the quantitative and the qualitative studies. Firstly, this calls attention to the need to include government stakeholders during PSIA design to ensure that findings are not challenged based on technical issues later on in the process. Secondly, it highlights how the appropriate integration of qualitative and quantitative data can help enhance the credibility of the PSIA's findings. While in this case, the qualitative and quantitative studies were essentially carried out as separate exercises, a more integrated approach could have helped strengthen the final recommendations. Though implementing a fully integrated process may not always be feasible, the production of a final integrated report or policy brief could have served as an important input to a discussion of analytical findings and policy recommendations.

Additionally, the failure to incorporate the findings of the qualitative study appears to indicate a more fundamental need to further sensitise government officials and build capacity among consultants in the use of qualitative research methods and opinion-based research. Addressing the challenge of undertaking qualitative research and integrating quantitative and qualitative methods could represent an important focus for future PSIA capacity building.

Formulating policy recommendations

While past evaluations of PSIA have highlighted the need to incorporate a dissemination strategy in the PSIA process, this case study underlines the fact that dissemination of results alone is not sufficient for ensuring that a PSIA influences policy. In addition to the analysis and dissemination of PSIA findings, it is necessary to ensure that a concrete follow-up process takes place, so that policy recommendations can be translated into specific policy measures. An additional PSIA currently being conducted in Morocco on reforms in the solid waste sector may present such a model. In a separate process, PSIA findings are being translated into local-level accompanying measures.

On the other hand, a narrow focus on sector-level interventions may undermine Morocco's ongoing transition to a more integrated approach to social policy and poverty reduction efforts. Developing mitigating measures at the sector-level should, therefore, help ensure that potential links to more integrated approaches to human development and poverty reduction are considered when designing interventions. Moreover, PSIA studies themselves should reflect relevant linkages with the national social policy agenda.

A.4 SIERRA LEONE

This evaluation considers the impact of the recent PSIA on three policy areas related to the agriculture sector on policy making debates and outcomes in Sierra Leone between 2007 and 2009. The evaluation took place in December 2009 and involved interviews with key stakeholders in the agriculture sector, both inside and outside of government.

A Belgian Trust Fund administered by the UNDP financed a PSIA to consider the distributional impacts on the poor and vulnerable of three policy areas: agricultural extension services; construction of feeder roads; and a reduction in the rice import tariff from 15 to 10 percent. Based on quantitative analysis of primary and secondary data combined with qualitative information gathered through fieldwork in seven districts,

the PSIA concluded that: 1) revitalising **extension services** could have significant impacts on agricultural productivity, with average rice yield increases of 15 percent nationally lifting 80,000 people out of food poverty and 50,000 people out of poverty; the farmer field school model shows promise; and input supply is a key bottleneck to agricultural productivity; 2) most communities have access to some type of **roads**, but quality and passability seriously constrain rural productivity; if the feeder road programme increased farm output by 15 percent, it would break even compared to construction costs, but complementary efforts are needed to ensure improved roads produce benefits; 3) if **rice tariff reductions** were passed on, modest welfare benefits would be felt by net buyers of rice, mainly the urban poor; major impacts on food security commitments were not expected; needs of urban consumers need to be balanced against both projected fiscal losses and obligations under the ECOWAS tariff harmonisation process.

The evaluation found that overall the PSIA had a limited direct impact on policy reform outcomes, although the analysis did provide a useful general endorsement of the importance of both feeder road improvement and extension service provision to agricultural sector development, and this was used to inform some policy discourse. There are, however, a number of important institutional and process issues that explain the relatively limited impact of the PSIA on country-led policy deliberations.

- The PSIA was led from within the Economic Policy and Research Unit (EPRU) within the Ministry of Finance (MoF), despite being focussed on policies related to the agricultural sector. Although EPRU was said to be mandated to conduct PSIA, other government stakeholders perceived it was wrongly located. Whilst efforts were made to ensure collaboration across government, especially with the Ministry of Agriculture, Forestry and Food Security (MAFFS), overall there was limited involvement of other ministries. MAFFS was not involved in the proposal design, although it was sent to them for review. Limited involvement of MAFFS, or indeed any other government ministry and department, in PSIA selection, design, analysis and report writing was a contributory factor behind the lack of interest and knowledge within MAFFS and limited government ownership.
- There was a lack of wider stakeholder inclusion in the process, which ultimately limited the PSIA's influence on policy debates. Civil society and private sector stakeholders were not involved in topic selection, implementation or analysis (other than as respondents) yet are recognised as key to improving agricultural sector outcomes. There was not a pro-

cess through which they could express views on the PSIA or a way (e.g. a steering committee) which could have institutionalised wider stakeholder engagement and ownership. The most inclusive part of the process was the series of regional validation workshops, but these were at the end of the PSIA. A more inclusive process at the start could have increased awareness of the PSIA and public debate on the three policy areas. It might also have had implications on the selection of policy areas for PSIA.

- Agriculture policies were of high relevance at the time (and still are) and agriculture was a key element in the first PRSP. The PSIA timing coincided with significant amounts of donor and government resources flowing into activities designed to rejuvenate agricultural production. From this perspective, the timing seemed very pertinent and there was potential to influence various agricultural policies and interventions. However, other timing factors reduced the degree to which the findings were likely to be able to influence policy. The timing towards the end of the previous government's term meant it was not likely to have an influence under a new government, as the tendency is to ignore all studies and work under previous governments and 'start again'. Also, in the period preceding an election, the only discussion is about the election campaign. The government was also less open compared to the start of its term and there was little consultation with civil society.
- It was unclear why the three particular policy areas were chosen against other possible options. MAFFS felt there was a missed opportunity to look at other more useful policy areas (e.g. land tenure or agricultural mechanisation). Each of the three areas selected could each have been the focus of the PSIA on their own, and selecting just one might have enabled the PSIA to concentrate on the policy in more detail and broaden the analysis by including more in depth qualitative research and/or more on social impacts.
- The PSIA was designed primarily by an international consultant with inputs from EPRU, a national consultant from CORD-SL and MAFFS. There was no involvement of civil society and private sector stakeholders. The PSIA did not assume a homogenous group of poor people but assessed impact on different categories of poor households, representing good PSIA practice. However, whilst the proposal stated a combination of quantitative and qualitative methods would be used, qualitative methods were mainly only used to extract further information to feed into quantitative analysis and modelling (e.g. on costs of transport, and data for crop value chains). The methodology did little to provide information

on possible social impacts, which were analysed 'indirectly through the welfare effects expected through changes in incomes and expenditures' (EPRU, 2007). Aside from household clustering, there is no other disaggregation of social or economic groups that would add to analysis of distributional impacts. Gender, for instance, is an important issue in Sierra Leone agriculture but was not addressed sufficiently in the research design. Without this it was difficult for the PSIA to contribute to designing, or adjusting, policies to address women's practical and strategic needs.

- Lack of government interest in donor research is a significant problem in Sierra Leone, and a good dissemination strategy was key to ensuring findings were widely known and could be used in policy discussions. A series of well-attended one-day validation workshops were held after the report had been written up, which were an integral part of the PSIA process. Whilst the report was reported to have been disseminated, it received little publicity and there was little debate about the findings. This may be because the report was said to present 'things people knew but had no hard evidence for', such as transport costs and value chain data. Despite this, the PSIA was reported to have fed directly into the World Bank rural development programme and a minister was reported to have mentioned that, whilst not presenting anything new, it did give hard evidence that could be used for approaching donors.
- There were mixed views over the capacity building aims of the PSIA. Whilst some thought this was the primary objective, the proposal in fact makes no mention of capacity building and little, if any, was done. However, a key reason for this was that the proposal process did not insist on it. Without insistence for a budget allocation earmarked for capacity building and/or a formal module, it slipped down the priority list of the proposal writers and was eventually left out.

Looking to the future, there are a number of important operational lessons identified which could help PSIA coordinators and donors improve PSIA processes to have more impact in the future. These relate to ownership, transparency and inclusion, specification, methodology, dissemination, timing and capacity building, and include:

- In a context which lacks a long (or indeed any) history of evidence-based policy making, more effort is needed to build an inclusive and more consultative process across government. Future PSIA funders should support PSIA coordinators to encourage **wide ownership** through an early emphasis on

process rather than outputs. Coordinators should ensure adequate institutional relationships are either in place at the time of the proposal or approaches for building them are explicitly outlined in the proposal.

- PSIA funders should encourage PSIAs which include efforts to create shifts within government towards greater **inclusion and transparency** in policy analysis in order to increase national ownership and national policy debate. PSIA coordinators should encourage processes that include wide communication and sensitisation of both politicians within government and citizens outside of government. Increased transparency increases the likelihood of successful progressive policy reform. It is important to see PSIA as more than just a policy analysis report product but as a process of dialogue.
- PSIA **specification** should be focussed and well-defined. Where it is not sufficiently well defined, funders should advise coordinators where proposals are overly ambitious. This will help ensure that the methodology can be clearly designed to address the topic.
- **Methodological approaches** are heavily influenced by the background of the designers and implementers. A clear lesson here is that multi-disciplinary teams are needed to understand the policy areas and stakeholders and then identify a combination of methods that together can provide a clear understanding of distributional impacts. Funders need to assess proposals on this basis in more depth, to ensure that suggested PSIA methods are clearly articulated and appropriate (even if details change at a later date).
- A sound **dissemination strategy** should be integral to the PSIA process from its start. While validation and dissemination workshops and the publication of the PSIA report are important aspects, longer term actions should also be considered in terms of either continuing to support opportunities for multi-stakeholder dialogues around policy options and the PSIA or creating these opportunities if they have not been part of the process.
- The **timing** of various stages in the PSIA process has significant impacts on implementation, dissemination and dialogue strategies and ultimately influence on policy making. PSIA coordinators need to include these practical political realities as well as timing in relation to specific policy cycles or stages. This also indicates a need for flexibility by funders. National timing considerations may need to override funders' administrative deadlines if the PSIA process and influence are to be considered more important than just having outputs.
- Funders should assess PSIA proposal much more rigorously

along clearly defined criteria, including **capacity building**. The Sierra Leone PSIA involved no capacity building but a clear budget line requirement would have helped avoid this. A robust capacity building programme through future PSIAs might improve institutional capacity and in turn promote much wider acceptance and ownership of the PSIA process.

A.5 UGANDA

This evaluation analyses the impact the Poverty and Social Impact Assessment (PSIA) of Uganda's National Land Use Policy (NLUP) on national policy making. Taking place within the wider framework of evaluating about a dozen PSIAs financed under a Belgian Trust Fund administered by the UNDP the study looks in particular at the influence the PSIAs had on in-country planning and policy processes.

PSIA process and recommendations: The decision to undertake the Uganda PSIA on the NLUP was the result of long discussions and consultation within donor agencies and with government stakeholders. The process started in spring 2005 with a proposal to undertake a PSIA on education sector reform, looking at both primary and secondary education. The proposal was criticised and subsequently rejected by the World Bank in Washington. Similarly, there was resistance from the Ministry of Education to undertake a PSIA on Universal Secondary Education. Subsequently, the Technical Committee settled on a shift of topic to land reform. After two years of delay, the Poverty Monitoring and Analysis Unit (PMAU) of the Ministry of Finance, Planning and Economic Development (MFPED) in 2007 received funds under the Trust Fund to carry out the PSIA. The NLUP was selected as a policy for PSIA mainly due to the fact that land in Uganda is a very controversial policy issue, with major implications for poverty reduction. At the time the agreement of the PSIA policy focus was reached the NLUP was already before cabinet for approval. Despite this advanced stage in the policy making process there was a felt need to understand the possible impacts of the policy on vulnerable groups.

The NLUP itself outlines a number of policy statements and strategies to deal with the challenges faced in land use in Uganda. These include:

1. To make available a land resource inventory and any other necessary information on which appropriate decisions can be made on land use for agriculture.
2. To reduce population pressure in heavily settled rural areas through creating employment opportunities and other in-

centives in urban areas that will encourage people to move away from the fragmented rural areas; promotion of appropriate vocational skills in rural areas to stimulate development of alternative forms of livelihood; and discouraging cultural practices that promote land fragmentation.

3. To promote farming practices that reduce soil degradation and enhance soil productivity through: promoting appropriate land use and land management practices such as the use of both chemical and organic manure; promote adoption of recommended optimum livestock stocking rates to farmers in order to avoid overgrazing; ensuring the participation and involvement of land users in soil conservation practices, including afforestation and agro-forestry; and finally, by developing and implementing local legal instruments (bylaws and ordinances) to guard against practices that degrade soils.

The PSIA methodology combined quantitative and qualitative methods and included capacity building measures and a broad stakeholder participation in the research process. More than 20 Government and civil society stakeholders were trained on the PSIA methodology and piloted the qualitative instruments. Shortly after, in July 2007, a wide consultation—mainly using focus group discussions—in eight districts was undertaken by the same stakeholders. The qualitative study examined the potential institutional risks that might hinder the effective implementation of the new policy and elicited community views on land use. In addition, a policy forum was held in October 2007 to disseminate the findings and provide a platform for discussion of the implications of the findings. A quantitative assessment was subsequently undertaken by the Economic Policy Research Centre (EPRC) which fed into a final report consolidating all parts of the PSIA. This report was published and distributed to the main stakeholders in government by the MFPED in early 2009. The PSIA makes the following recommendations:

4. strengthen customary land ownership to protect the land use rights of vulnerable groups;
5. roll out systematic demarcation to all districts to avoid land disputes, a majority of which are due to the lack of proper documented rights;
6. define what common property resources are and how communities can collectively use those resources;
7. GoU needs to harmonise the sequencing of land regulations and policies to reduce negative community perceptions and avoid multiplicity of institutions dealing with land administration; and

8. ensure appropriate funding for District Land Offices (DLO) by increasing central government transfers and allowing DLOs to retain all fees charged in executing land transactions.

Diagnostic findings: The relationship between evidence and policy making and practice is complex. It is rarely a linear process and evidence is but one element that influences policy decisions; other factors include multifaceted institutional relationships and political motivations. This means that establishing what role one specific piece of evidence played in influencing policy outcomes is complex. On the other hand there are various ways in which PSIA can influence in-country policy making and planning. This evaluation argues that while the direct impact of the PSIA on the NLUP was limited for various reasons, indirect benefits have been significant. This evaluation has identified a number of obstacles to the ability of the PSIA to directly influence policy on land use, including:

- Land reform is a highly sensitive topic in Uganda with a wide range of interest from various—often powerful and influential—groups. Policy discussions around land (use) reform take place in a climate of distrust and decision-making is first and foremost political, often leaving a limited role for evidence.
- While policy formation ideally starts with an overall policy framework (e.g. land policy) followed by more specific policies (e.g. land use) and regulations, this sequence has been reversed in the case of land policy in Uganda. The NLUP was approved in a vacuum with little discussion and without an overarching land policy in place; this made it difficult to find an entry point for evidence from the PSIA.
- This PSIA process suffered numerous delays due to the change of topic at the beginning, the time needed to bring a range of stakeholders on board for the research process itself and additional delays to the quantitative analysis and final report writing. At the time the PSIA implementation started (June 2007) the NLUP had already been approved by cabinet. While the policy was only officially launched in spring 2008, the final report was not finalised until November 2008.
- The NLUP moreover seems a vague document with little relevance to implementation or the actual policy discourse. It is unsurprising that the PSIA design itself was loosely specified—particularly the scope and research questions—and that it lacked clear recommendations, further limiting its ability to influence decision-making.
- Dissemination of the PSIA findings was limited. The policy

forum that was envisaged to disseminate overall findings was held when only the qualitative research was available. While the final report was published and distributed by the MF-PED there was little involvement and thus ownership from the line ministry throughout the process.

While the PSIA had limited direct influence on the NLUP a range of positive indirect impacts on evidence-based policy making in Uganda have emerged from the capacity building and broad participation in the qualitative research process.

- Capacity building was an integral part of the PSIA through the one week training course and hands-on experience with undertaking the PSIA qualitative research. Feedback from participants was positive and reportedly most took away knowledge around methods to assess social impact and an appreciation of the importance of combining qualitative and quantitative methods.
- Participatory policy making: the most positive result from the PSIA seems to be the appreciation among all involved—in particular from government—that consultation is an important part of policy making. While it is the hands-on consultation at district level that featured most prominently in the discussions during the evaluation, the PSIA has also contributed to opening doors for civil society organisations to participate more meaningfully in national policy debates.

Looking to the future the report presents a number of very concrete **operational recommendations** to strengthen ownership, process and impact in Uganda.

- If a PSIA aims to influence policy decision-making the timing is crucial. Otherwise there is a danger for PSIA to appear to ‘rubberstamp’ policies that have been decided already. If the policy debate has moved on, PSIA managers need to have enough flexibility and authority to re-negotiate the focus, e.g. from providing empirical evidence for policy decisions to the identification of political economy and implementation risks.
- There are many ways a PSIA can influence policy design or implementation. PSIA managers should consider carefully which PSIA approach and design fits the country and reform context best and choose the appropriate methodology accordingly, including careful consideration of trade-offs and effective management of potential negative side-effects. A clear specification of the PSIA research question is a prerequisite for clear and policy-relevant recommendations.
- There is more than one notion of ownership. Institutional support through senior government management, willingness and ability to locate work within government structures

and mainstreaming it with other work were all identified as important prerequisites of a government-led process. Suitable government partnerships involving the centre of government as a power-house (e.g. the Office of the Prime Minister), the line ministry as key policy maker and the National Planning Authority as leader on the National Development Plan have the potential to more successfully institutionalise PSIA in government processes and link it to monitoring and evaluation systems.

- A sound dissemination strategy needs to be an integral part of the PSIA process, backed up by sufficient funding, and provide room for longer-term engagement. Increasing dialogue and communication makes policy making more democratic, more widely owned and more sustainable.



ANNEX B COMPARISON WITH THE WORLD BANK INDEPENDENT EVALUATION GROUP'S EVALUATION OF PSIA⁵

Introduction, approach and overall findings of the IEG evaluation

The Independent Evaluation Group (IEG) recently published its findings of the first independent evaluation of the World Bank's support to PSIA. This section briefly outlines the questions addressed and approach taken by the IEG evaluation and then compares the findings and lessons learnt from this evaluation with those of the IEG evaluation.

The World Bank envisages several roles for PSIA: the design and implementation of poverty reduction strategies; supporting in-country capacity building; and, informing World Bank operations. The IEG has taken these roles as the basis for the research questions addressed in the IEG evaluation:

1. What effect have PSIA had on country policies (including policy debate)?
2. What contribution have PSIA made to the development of country capacity for policy analysis?
3. What effect have PSIA had on Bank operations (including strategy and analytical work)?

While the first two questions are very similar to research questions included in this evaluation, and look at effects at country level, the third is more specifically focussed towards World Bank operations.

The World Bank supported 156 PSIA between 2002 and 2007. The IEG evaluation draws its findings from a portfolio review of a statistically representative sample of 58 out of the 156 PSIA; in-depth country case reviews of 12 PSIA in 8 countries; and interviews with key informants drawn from country stakeholders and World Bank staff associated with an additional 11 PSIA in 10 countries and senior World Bank staff and managers. This evaluation included a literature review covering all country-led PSIA (although PSIA documentation was limited for some countries) and in-depth case studies of five PSIA (or around 40 percent of the total funded through the Trust Fund). While the IEG evaluation is much larger in scale than this evaluation, the two evaluations arrive at very similar overall findings and lessons, with little or no disagreement between the two evaluations.

⁵. Independent Evaluation Group (IEG), 2010. Analysing the effects of policy reforms on the poor. An evaluation of the effectiveness of World Bank support to Poverty and Social Impact Analysis. The World Bank. Washington, D.C.

Overall, the IEG evaluation concludes (p xi) that, “although there have been some highly effective individual PSIA, overall implementation of the approach has had considerable limitations, and there are tensions between the various operational objectives assigned to PSIA. The tensions concern inconsistencies between informing country and Bank policy decisions in a timely way and building country analytic capacity. [...] PSIA have had limited ownership by Bank staff and managers and have often not been effectively integrated into country assistance programs. Quality assurance, monitoring, and evaluation of the overall effectiveness of PSIA have been weak.”

Comparing the findings

This evaluation finds that despite the problematic nature of attributing cause and effect when looking at PSIA, it was nevertheless possible to identify significant PSIA contributions to the policy process and/or outcomes. The IEG evaluation acknowledges similar issues in terms of problems of attribution, particularly in terms of national policy making. While acknowledging that this issue applies to both the PSIA's contribution to in-country policy debates and decision-making within the World Bank (p. 7) the IEG evaluation identifies the effect of PSIA on country policies focusing on the near-term (p. xiii).

This evaluation argues that both the institutional contexts (i.e. the formal and informal “rules of the game”) and the policy contexts had a strong influence on the PSIA process and its potential and actual impact. The IEG evaluation very much echoes this finding and sees PSIA as embedded in a country's political economy. Taking into account the political motivations that inform a government's policy choices and incorporating political economy considerations were found to be characteristics of more successful PSIA (p. 23). The IEG evaluation moreover stresses the importance matching the PSIA topic to national priorities and policy discussions (p. 20).

Institutional tensions within government around authority over policy making were found by this evaluation to be a constraint on the PSIA process and its impact. While the IEG evaluation talks about the importance of political motivations (see above) and stresses the importance of engaging with those parts of government that have policy and implementation jurisdiction (p. 21), it does not go into details regarding the tensions both within the executive and between the executive and the legislative. Tensions that are highlighted

within the IEG evaluation evolve mainly around the multiple operational objectives of PSIA, for example PSIA seeking to inform government policy decisions must adjust to the timing of the decision process. However, often this is inconsistent with the approach required to build country analytical capacity (p. xiii).

This review also found that donor behaviour around the PSIA process remained highly influential, but varied in its effectiveness in supporting national institutions and processes. The IEG report by definition focuses on World Bank operations and while it dedicates an entire section (pp 27-34) to the effect PSIA had on World Bank operations it does not explicitly look at the leverage the World Bank as donor or lender had on the PSIA process.

The timing and specification of the PSIA in the policy process were identified as crucial elements by this evaluation influencing PSIA ownership and impact. The IEG evaluation similarly stresses the importance of timing and states that a PSIA that is timed to coincide with the decision-making process in a country is likely to be influential (p. 22), while poor timing was identified as key explanatory factor for a PSIA having moderate or negligible effect on country policies (p. 18). This evaluation also found that in some cases the specification of the PSIA was too broadly defined to be directly useful. The IEG evaluation elaborates on the design of PSIA in terms of operational objectives and found that while around one-fifth of PSIA had not explicitly identified which operational objectives they intended to pursue, most PSIA planned to meet several objectives: informing country policies, informing Bank operations and increasing country capacity for policy analysis (p. xiii). The IEG assessment concludes that the lack of clearly stated objectives reduces the chance that there will be a well-conceived strategy to achieve this effect while the pursuit of the multiple operational objectives of PSIA can create tension and raise unrealistic expectations of what a PSIA can achieve (p. xiii).

The IEG assessment found that overall the World Bank PSIA reviewed had made negligible contributions to increasing national analytical capacity, although there were a few examples of substantial contribution. Two factors were identified that affected the level of contribution an individual PSIA made to building country analytical capacity:

1. Having an explicit capacity building objective and a strategy to achieve it. The first feature of good practice capacity building is recognising capacity building as a goal in its own right (p. 26); and,

2. Allowing sufficient time for capacity to be built. Capacity building of any lasting sort cannot be hurried and usually needs to be on a slower track than a typical PSIA (p. 26). This sometimes translated into tensions between capacity building and other PSIA objectives, such as informing country policies.

This evaluation found that including capacity building as part of the PSIA process added value, but was more effective when targeted at a clear organisational focal point for PSIA. In the one case study where capacity building was not a key element within the PSIA (Sierra Leone), a recommendation included having a requirement within the proposal format for a clear budget line and/module for capacity building. This would help address the first point above.

Recommendations

The findings from the two evaluations are broadly similar, however the recommendations for moving forward reflect the different focus of the two evaluations. Whilst this evaluation has found that donors and national governments should not get sidetracked by a binary distinction between “country-led” and donor-led PSIA, and that it is important to recognise multiple ownerships of PSIA and policy processes, the recommendations are particularly relevant for increasing levels of national inclusion and ownership and emphasise supporting strengthened national institutions and processes. The IEG recommendations (p. 39), on the other hand, are focussed on strengthening the World Bank’s work that includes the PSIA approach and not necessarily on strengthening national institutions, precesses or ownership. The IEG recommendations are:

- Ensure that staff understand what the PSIA approach is and when to use it. Bank management can do this by providing clear guidance (perhaps through updating of the 2008 PSIA Good Practice Note) and actively disseminating this guidance;
- Clarify the operational objectives of each PSIA with regard to its intended effect and tailor the approach to those objectives (concept note);
- Improve integration of the PSIA into the Bank’s country assistance program by shifting significant decision-making and funding authority to the Regional Vice Presidencies to ensure that the PSIA topics, scope, and approach are consistent with the country assistance program and requiring that all earmarked funding for PSIA be matched by a substantial contribution from the country unit budget; and,

- Strengthen PSIA effectiveness through enhanced quality assurance, including subjecting PSIA to systematic review by Regional management at concept and completion stages and ensuring that the Bank establishes a monitoring and self-evaluation system designed to assess whether PSIA are being undertaken where appropriate and are achieving their stated operational objectives.

Although the focus of the main recommendations may be different, this evaluation also provides a simple checklist tool for donor staff to consider. Whilst an important finding from this evaluation was that creating greater government responsibility for PSIA selection and process management did not automatically translate into a more inclusive process, this checklist highlights some of the more practical and operational issues that need considering when supporting nationally-led PSIA processes which could increase inclusiveness.



ANNEX C TERMS OF REFERENCE

Background

Structural, sectoral and macroeconomic reforms are core elements of Poverty Reduction Strategies. In the past, a systematic ex-ante assessment of poverty and social impacts to inform the design and implementation of reforms was often neglected. In 2001 the World Bank developed a conceptual framework for Poverty and Social Impact Analysis (PSIA) to promote a more systematic assessment of poverty impacts of policy reforms on poor and vulnerable groups.

PSIA is the analysis of intended and unintended consequences of policy reforms on the well-being or welfare of different social groups, with a particular focus on the poor and vulnerable. The approach analyzes the distributional impacts of policy reforms with the intention of increasing the extent to which equity and poverty reduction is considered in the policy design and process. Next to analyzing potential impacts, PSIA opens space for public policy dialogue among a range of stakeholders, thus contributing to increased transparency and accountability in policy formulation and allowing decisions to be based on empirical evidence.

The main objectives of the PSIA approach are:

- Understanding the impact of policy reforms on poverty and social outcomes
- Analyzing intended and unintended consequences of policy interventions (ex-ante, during implementation, ex-post)
- Considering trade-offs between social costs and benefits of reform by assessing opportunities, constraints and social risks
- Enhancing the positive impacts of reforms and minimising their adverse impacts
- Designing appropriate mitigating measures and risk management strategies for the reform program, when adverse impacts and risks are unavoidable and
- Building country ownership and capacity for analysis and implementation of policy reforms

In sum, PSIA aims at improving the analytical underpinning of policy reform and opening up dialogue around alternative policy options. It thus contributes to designing policy more pro-poor, inclusive, transparent and evidence-based

Roughly 160 PSIAs have been conducted since 2002, most of which received funding from the World Bank and were lead by World Bank Teams. While this very swift uptake of the approach

by the World Bank received international recognition and support, concerns were raised that the analyses were often conducted with minimal engagement of national stakeholders. Their involvement was seen as crucial to the effectiveness of the approach in informing national policy making and allowing partner governments to build capacity over time. The World Bank experiences are presently being evaluated in two separate evaluation processes. The internal evaluation results are available by October 2009.

The Belgian Government addressed these concerns by contributing to a UNDP Trust Fund, which makes resources for PSIA work directly available to governments: Based on a 'call for proposal', partner governments can identify reform areas which would benefit from a poverty and social impact analysis and submit a proposals for funding. The Trust Fund grants on an average \$ 100,000 per case, while UNDP and the World Bank support the analytical process with technical assistance. However, the governments are taking all relevant decisions and are responsible for implementing the work. 13 PSIA studies have been supported by the Trust Fund (TF) since 2005 in Africa and the Middle East. A third round of 'call for proposals' is planned for 2009. The results of this evaluation will inform the conceptual design and the implementation of the next 7 PSIA projects under the TF.

Objectives of the Evaluation

The key objectives of the evaluation are to

- Assess the contribution of PSIA to in-country planning and policy processes
- Identify determinants of an effective PSIA
- Draw out implications for the next stage of PSIA
- Compare results with the World Bank's evaluation.
- Assess if a country led approach versus a donor led approach achieves different policy outcomes.

The results of this evaluation will directly influence the design of the third round of country work supported by the Trust Fund. Strengths and weaknesses identified by the evaluation will lead to adjustment in the country case selection process and in the kind of Technical Assistance provided to the partners.

Research Approach

The evaluation will be conducted in three separate analytical steps:

- a. Brief literature evaluation of lessons learned and experiences with PSIA conducted by other organisations – building on al-*

ready available material from the WB evaluation

The WB evaluation presently underway will produce a literature review, which will be made available to the consultants. However, work with NGO and country-led approaches have not been taken into consideration and will need to be added. A review of these lessons and experiences will help to refine the analytical framework for conducting the evaluation of the 13 country studies funded by the Trust Fund. The conceptual design used and the literature review produced for the World Bank internal evaluation, which reviewed 8 country cases will be made available to the consultants.

b. Desk research on PSIA results for each of the 13 country cases

For each of the 13 PSIAs, relevant material will be compiled and analyzed regarding the research questions outlined in detail below. Additionally, (telephone) interviews with the units in government, responsible for implementing the PSIA, will be conducted as appropriate, for which UNDP will provide the contact information.

c. Country visits to 5 countries to conduct in-depth analysis the results of the PSIA on policy

Based on the results of the work conducted under point a. and b., 5 countries will be selected in which more in-depth analysis of the country context and the determinants of success or failure will be analyzed. The criteria for selecting these countries will be developed after the desk research, guided by the principle to maximise learning.

Consultations with key stakeholders (different ministries in government, national NGOs, Media, intended beneficiaries of reform, donors, and research institutes) and additional documentation will provide the basis for this second level of analysis.

Research Questions

A PSIA comprises two key elements: a. the analysis of the distributional effects of an intended reform and b. a process in which recommendations are developed in order to provide an input to the in-country policy dialogue. Ideally the analysis is conducted via a mixed methods approach and based on social and economic analysis. The three core research questions to be analyzed are:

How effective have PSIAs been in influencing planning and policy processes? Has the process led to more policy choices for national stakeholders and more transparent and inclusive policy making? The PSIA User's Guide identifies ten key elements in an effective PSIA which includes fostering policy

debate and feeding back into policy choice. But how is this done and what results have been achieved? Are perceptions of effectiveness the same for different stakeholder groups?

How have PSIA sought to influence in-country policy making? How relevant was the choice of the program to be evaluated through PSIA in relation to the development challenges of the country? How was the process of conducting a PSIA in the specific manner determined? How have stakeholders been involved in the process?

What factors determine whether or not a PSIA is effective in influencing in-country policy processes? How much do country specific factors (initial conditions, ownership, political commitment by government, data availability/research capacity) determine the contribution of a PSIA to in-country planning and policymaking? Did results from the PSIA influence the design/implementation of policies? Did PSIA activities have results that were not specifically targeted? (Collateral benefits). Were there any obstacles in the implementation of the PSIA? Are there other factors, such as institutional anchoring, timing, funding, staffing and leadership that could be improved to enhance the effectiveness of PSIA? How were these obstacles resolved? What are some of the implications for the next stage of PSIA?

Core Activities

Implementing the work will include the following core activities:

- Review of existing literature on PSIA,
- Developing a Research Design, including hypotheses,
- Review and analysis of documents, including country policy documents and relevant sector work conducted by development partners for 13 PSIA cases,
- Field research for 5 PSIA cases,
- Interviews with government decision makers, staff and relevant stakeholders in the PSIA process.
- A draft and final report

ANNEX D EVALUATION APPROACH AND CONCEPTUAL FRAMEWORK

A core activity of the inception phase was the development of a research design, including hypotheses and strategy. A simple but robust research design and strategy was key to generating comparable results across the 13 countries and to the subsequent preparation of the synthesis report.

A theory based approach (see **BOX D.1**) was taken in which several appropriate hypotheses regarding the cause-and-effect relationships between country-led PSIA and policy processes and outcomes were developed, together with a set of key questions to guide the research.

This section does not repeat any of the technical proposal unless necessary, but builds on certain areas that could not be outlined in detail before the literature review. The literature review of the lessons and experiences was used to refine the analytical framework for conducting the evaluation of the 13 country-led PSIA funded by the Trust Fund.

BOX D.1

THEORY BASED APPROACH

In order to evaluate the level of influence of country-led PSIA (both findings and process) on policy design, decisions and implementation it is necessary to establish what changes occurred as a direct result of the PSIA being conducted. Establishing this can be difficult as it also involves understanding what would have happened if the PSIA had not been implemented – i.e. understanding the counterfactual.

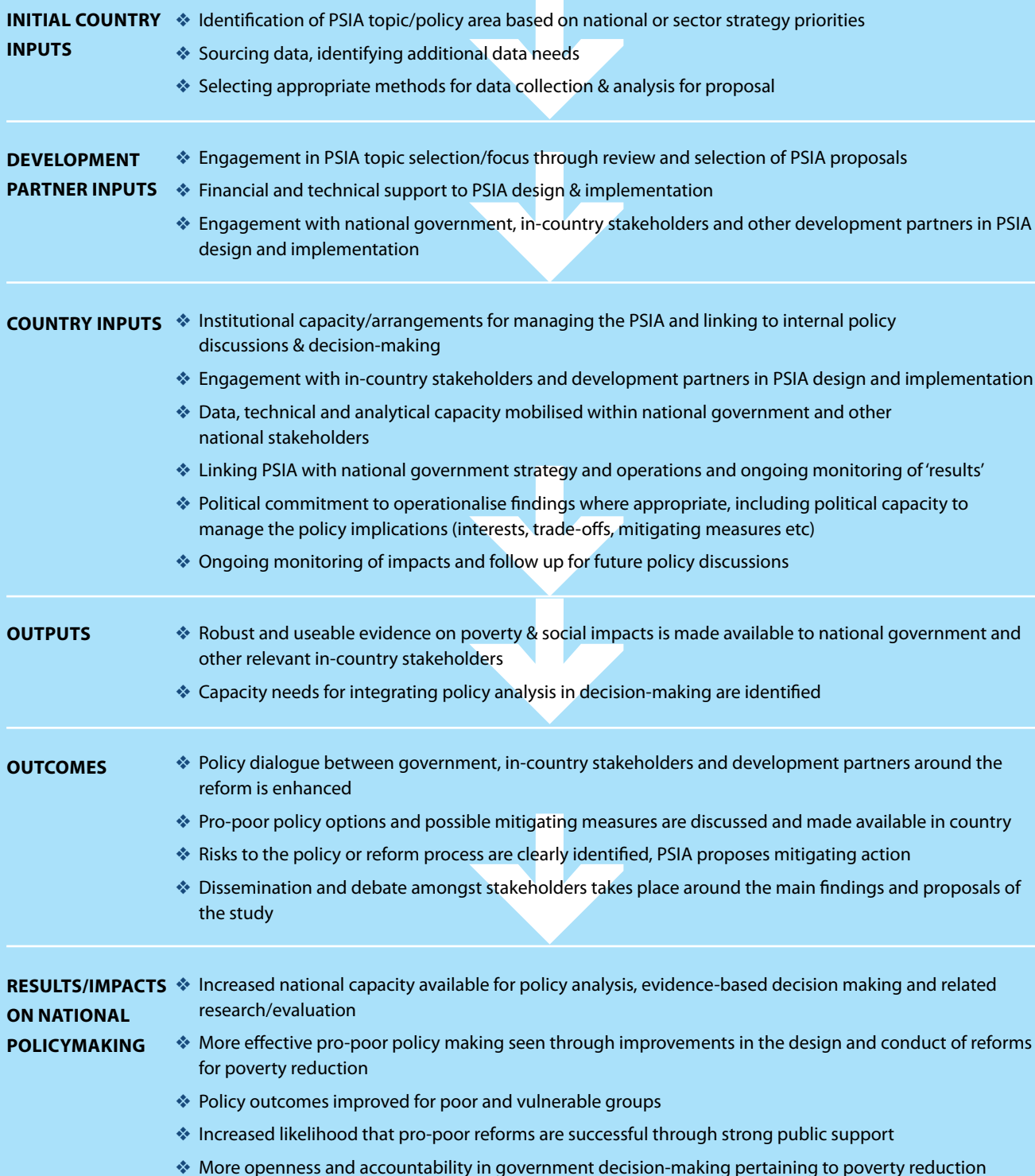
Where obvious cause and effect relationships are difficult to establish, as might be the case in policy decision making processes, a theory-based approach can be adopted which clearly sets out the cause-and-effect, or causal chain, assumptions that an intervention (in this case a country-led PSIA) is based upon and collects data to assess how each cause-and-affect relationship occurs in reality. This enables an analysis of whether and where the causal chain breaks down or is disrupted and the factors determining the level of PSIA influence. The World Bank IEG evaluation adopts this approach and we propose this approach for this evaluation too. This will increase the synergies between the evaluations and increase opportunities for comparing findings.

In order to ensure comparability with other evaluations and reviews of PSIA influence on policy processes, other conceptual frameworks and research questions have been reviewed and adapted as needed to the context of country led PSIA. This means there is a high degree of overlap in the questions and approach. Whilst the ODI review did not examine NGO/CSO- or country led PSIA, it is important to ensure that there is an appropriate level of repetition of the research questions, design and hypotheses if the objective of comparing results across the evaluations in order to assess whether country-led approaches versus donor-led approaches achieve different policy outcomes is to be met.

The “results chain” used in the ODI evaluation of the links between PSIA and in-country policy and planning processes has been adapted below (**FIGURE D.2**) to the context of country-led PSIA, in which national governments select the reforms requiring PSIA and are responsible for all relevant

decision-taking and implementation of the work. This means that the national government is assumed to be responsible for much more within the results chain and that development partners and donors/funders are expected to play a different, and in theory less significant, role within the selection, design and implementation process.

FIGURE D.1 A COUNTRY-LED PSIA 'RESULTS CHAIN'



Key hypotheses and research questions for country led PSIA

Key hypotheses

The research hypotheses can be aligned as far as appropriate with the hypotheses used in the World Bank evaluations in order to facilitate future comparisons across PSIA. Some of the possible assumptions, or hypotheses, that the World Bank IEG evaluation suggested included:

- In-country stakeholders (e.g. policy makers, civil society) and donors debate policy reform options.
- In-country stakeholders (e.g. policy makers, civil society) and donors participate in the choice of reforms for which a PSIA is to be conducted.
- In-country stakeholders (e.g. policy makers, civil society) and donors are involved in the selection of topics, methods and instruments to be used in the PSIA.
- The PSIA team conducts sound analysis based on relevant data.
- In-country stakeholders feel ownership of the analysis and recommendations.
- Policymakers in the country adopt the recommendations.
- Ownership of PSIA recommendations by in-country stakeholders facilitates implementation of the recommendations.

Following on from the results chain for country-led PSIA developed in the inception phase, a number of key hypotheses have been identified below which this evaluation of country-led PSIA will address⁶. These are:

- National governments are the drivers of country-led PSIA.
- Country-led PSIA focus on national policy priorities of in-country stakeholders.
- Country-led PSIA ensures development partners focus on funding and support (in design and implementation) but do not drive the selection, design and implementation process.
- Country-led PSIA ensures engagement between in-country stakeholders and development partners in PSIA design and implementation.
- In-country capacity for country-led PSIA is reflected in the design of the methodology and produces high quality and robust analysis.

- Country-led PSIA ensure strong ownership of findings by national stakeholders.
- Country-led PSIA generate increased national dialogue on policy options.
- Country-led PSIA lead to more effective pro-poor policy making.

Key research questions and analytical framework

In order to meet the objectives outlined in section, a set of core research questions were proposed in the Terms of Reference:

- How effective have PSIA been in influencing planning and policy processes?
- How have PSIA sought to influence in-country policy making?
- What factors determine whether or not a PSIA is effective in influencing in-country policy processes?

These each have a number of suggested question areas in the Terms of Reference, and these have been reviewed during the inception phase and adapted below to ensure they enable the evaluation to assess the hypotheses outlined above and are focussed on country-led PSIA.

We also suggest aligning these questions with the key areas of lessons learned coming out of the brief literature review under four broad areas (i.e. PSIA selection; PSIA design; PSIA implementation; and use of PSIA findings) in order to ensure a framework for analysis is used consistently across all case study countries and that the hypotheses and three core research questions can be addressed. This will also help assess particular stages in the results chain for country-led PSIA that have increased or decreased the influence country-led PSIA have on national policy processes. **TABLE D.2** shows the key detailed research questions under each of the four broad areas. These questions build on those in the terms of reference, the World Bank evaluations and the findings of the literature review.

⁶ These are not in addition to the IEG hypothesis but there may be some overlap.

TABLE D.1 KEY DETAILED RESEARCH QUESTIONS

SELECTION OF POLICY OR FOCUS FOR PSIA

- How was the policy area selected? Who were the main drivers of the PSIA? What role did the government play in identifying the need for and focus of PSIA?
- What factors influenced the choice of PSIA topic area?
- How specific and well-defined was the policy area?
- How integrated was the choice of the program to be evaluated through PSIA in relation to the development challenges of the country?
- Did the PSIA process coincide with key moments in national policy decisions such as the implementation of a SWAp or PRS?
- Who are the national stakeholders in the policy option selected for PSIA? What are their interests in the policy option? What was the initial level of national debate surrounding the policy area?
- How were different national stakeholders (within government, civil society and private sector) involved in the selection process? What were the significant differences in interest and power/influence amongst different stakeholders?
- What is the perception amongst national stakeholders about the extent and appropriateness of external stakeholder engagement in the initiating and identifying PSIA areas?

PSIA DESIGN

- What was the timing of the PSIA in the policy cycle?
- How was the process of conducting a PSIA in the specific manner determined?
- How were different national stakeholders (e.g. government, civil society, private sector) involved in the design process?
- How were the methods to be used in the PSIA decided? Did the choice of methods reflect a prevailing dominant ideology or policy perspective?
- Were national procurement systems utilised and supported?

PSIA IMPLEMENTATION

- What role did the national government play in conducting the PSIA? What role did other national stakeholders play?
- How effective were any peer review and quality control mechanisms for preparing PSIA's?
- What was the timing of the launch and completion of individual PSIA's relative to both national policy processes and development partner operations?
- To what extent have the ten key elements of the Bank's PSIA⁷ approach been followed?
- Were there any obstacles in the implementation of the PSIA? How were these obstacles resolved?
- Were the time and budget allocated to PSIA's sufficient for the purposes they were undertaken?
- Did the analysis go beyond distributional impact to incorporate assessment of the obstacles, risks, tradeoffs etc?

USE OF PSIA AND INFLUENCE IN POLICY PROCESSES

- Who was involved in the validation of results and in the formulation of recommendations?
- When, in what form, and to whom were the PSIA findings disseminated?
- To what extent did the PSIA process foster debate on policy options? Who participated in this debate?
- What are the perceptions of different stakeholders about the evidence provided by the PSIA?
- How have the PSIA process and results influenced policy making (e.g. policy design and/or implementation)?
- To what extent did the PSIA dissemination process and timing affect national debate (e.g. with civil society) on policy options?
- Has the country-led PSIA process led to more policy choices for national stakeholders?
- Which stakeholders have been involved in policy processes and choices since the PSIA?
- Have national actors involved in both policy analysis and policy design been involved in the PSIA process?
- How has involvement of national policy makers affected influence of PSIA analysis on policy design?
- What are the perceptions of different stakeholders regarding the effectiveness of the PSIA in informing policy processes?
- To what extent did the PSIA influence development partner operations? What were the causal factors explaining this level of influence?
- How much do country specific factors (initial conditions, ownership, political commitment by government, data availability/research capacity) determine the contribution of a PSIA to in-country planning and policymaking?
- Did the PSIA process have results that were not specifically intended?
- To what extent was the PSIA used to mitigate the impacts of a pre-determined policy rather than assess distributional impacts and potential alternatives?
- To what extent did the PSIA process contribute to increased country capacity on assessing distributive impacts?
- To what extent was monitoring data used to make mid-course policy changes? To what extent were the poverty and social impacts of PSIA-supported policy reforms monitored during implementation?
- Did the PSIA exercise remain a one-off exercise, or did the process and experience have any knock-on effects for evidence based policy making in the public administration?

⁷The ten elements of good PSIA as defined by the World Bank are: asking the right questions; identifying stakeholders; understanding transmission channels; assessing institutions; gathering data and information; analysing impacts; contemplating enhancement and compensation measures; assessing risks; monitoring and evaluating impacts; and, fostering policy debate and feeding back into policy choice (World Bank, 2003).



United Nations Development Programme
Poverty Group
Bureau for Development Policy
304 East 45th Street
New York, NY10017

Tel: +1212-906-5000
Fax: +1-212-906-5313

www.undp.org/poverty

September 2010