

# ANNEX 4: Technical Annexes

## Annex 4.1. Conducting an enterprise survey

Significant planning is required to design, manage and undertake an enterprise survey. The following provides some guidance on the four key steps of undertaking an enterprise survey.

<p><b>Plan</b></p>	<ul style="list-style-type: none"> <li>▪ There must be a clear objective on how to use the results of the survey before start of the exercise.</li> <li>▪ At the outset, convincing partners that a quality survey is required can be an issue given that quality is expensive. Therefore the budget and scale of the survey should be carefully considered (See Section 5.2).</li> <li>▪ A survey manager will typically design, coordinate the process and compile the results. This might be an internal project team member, someone from the donor organization with specific experience in survey management, or an external consultant who has skills and experience in survey management.</li> </ul>
<p><b>Design</b></p>	<p><u>Questionnaire:</u></p> <ul style="list-style-type: none"> <li>▪ Private sector representatives of the district/ region should be involved in the development of the questionnaire and sensitization of private sector associations.</li> <li>▪ Consider the length of your survey and the style of the questions you are asking.             <ul style="list-style-type: none"> <li>▪ Business may be reluctant or unable to provide you with exact detail on costs, revenue and income – provide appropriate bands from which to select.</li> <li>▪ Perceptions can be reported on a quantitative scale noting whether 1 is high or low. (How satisfied are you on a scale of 1 to 5).</li> <li>▪ Businesses may be unwilling to reveal details of informal payments, bribes or ‘facilitation fees’ which are important aspects of compliance costs. Rather than asking for their personal experiences, ask them about the experiences of ‘businesses like theirs’</li> </ul> </li> <li>▪ Ensure that you pilot (test) your questionnaire before rolling it out. Test to ensure that the questions are not ambiguous, and</li> </ul>

that the translations are accurate.

#### Sampling<sup>61</sup>:

- The sampling used must be carefully designed to reach the target businesses.
- Note characteristics such as firm size, sectors, regions and company size. You will need these aspects when you come to disaggregate data and in order to pick up trends. Consider if you wish to reach the informal sector – a separate survey and questionnaire is likely to be required.
- Ideally, you will need to use a data set which captures your target population from which to take a representative and random sample of businesses. Ideally, all units in the target population should have an equal and known chance of being selected. This requires both a list or mapping of the complete target population from which random selection can be done and minimizing of refusals or non contacts. However, in many countries these types of data sets are simply unavailable or inaccurate or outdated.
- If you have access to an accurate business register (i.e., from a central statistics unit or from a government department), apply a stratified random sampling methodology (either proportional or quota-based<sup>62</sup>).
- In the absence of a dataset, it will not be possible to define a representative sample. Without a sample frame, these may be located directly in chosen locations using chain sampling or snowballing – a first contact is selected and interviewed then asked to suggest other interviewees and so on. Non-random quota sampling can also be applied to ensure that suitable numbers of respondents in different industries/sectors/firm size groups are interviewed.
- You may wish to choose a non-random purpose technique to select respondents deliberately in order to probe particular issues which specifically will apply to those respondents. This method is useful for targeting micro firms and informal sector businesses.
- Consider repeat sampling methods for updating and repeating the survey. A full repeat survey entailed repeating the entire survey processes, including taking a fresh (random) sample from the population dataset. This is appropriate where a reliable business register is available. Alternatively, panel or cohort surveys use the same sample of people or organizations contacted several times over a relatively long

<sup>61</sup> For further information on sampling, see: <http://www.enterprise-impact.org.uk/informationresources/toolbox/sampling.shtml>

<sup>62</sup> Dividing the population into homogenous subgroups and then taking a random sample in each group

period. This is beneficial for accurate 'Before-After' assessments (see Section 5)

- One of the most important decisions in designing a survey is choosing the sample size. Choose too large a sample, and you will spend more money than necessary on data collection and processing; choose too small a sample, and you may end up with inclusive findings and poor credibility. In the end, cost and efficiency determine most sample sizes, and these considerations tend to result in smaller samples, which are less robust when complex statistics are applied to them. There is no 'magic ideal number' which gives sample size of all assessments. However, for an enterprise survey, something in the region of 300-500 respondents is generally considered sufficient.
- In practice, a number of elements may introduce biases in the sample, despite careful planning and application of techniques. This is especially relevant for small and micro enterprises who may choose to remain informal and are unlikely to be listed on business registers.

In addition:

- Don't underestimate the time needed to design a questionnaire and implement the survey.
- Remember baselines should be designed to be repeated. The aim is to maintain, as much as possible, the questionnaire and the sample in order to:
  - Track changes in business and investment performance of sampled enterprises
  - Track the influence of regulatory reforms and the impact of the reform process
  - Draw conclusions for effective promotional or regulatory reform efforts

## **Administer**

- Local enumerators (surveyors) will be required and will need significant training, a coordinator to manage logistical coordination for sampling, data recording, data entry, travel and expenses. It is common practice to use a local firm familiar with surveys, or hire enumerators from local university social studies, statistics or economics department. Personnel must be (perceived as) impartial!
- Compile a 'field guide' for the enumeration team and training sessions.
- Your field team may need to talk to the town council, local business association or other officials before conducting survey interviews in order to explain the purposes of the survey.

	<ul style="list-style-type: none"> <li>▪ Use standardized personal interviews.</li> </ul>
<b>Interpret</b>	<ul style="list-style-type: none"> <li>▪ Local/regional expertise is required for the analysis and interpretation of the results.</li> <li>▪ Invest in proper database management. The survey will be longitudinal if repeated.</li> <li>▪ Consider analysis techniques for structural equations which allow you to test for causal relationships in your data</li> <li>▪ There may be inconsistencies between factual evidence and perceptions of interviewees on changes in business performance and constraints. If so, this requires further data interpretation and explanation.</li> <li>▪ For the formal sector, there are pitfalls associated with aggregation of compliance costs and attempts to extrapolate the overall burden to the economy. Be wary that some administrative burden may not be captured by the compliance cost survey, namely opportunity costs (i.e., severe delays), the real direct costs of regulation (license fees and taxes paid) and also other indirect costs.</li> <li>▪ Measuring the administrative burden is particularly challenging for micro and small-scale businesses. They may have minimal compliance costs but are subject to non-compliance costs (i.e., bribes or informal payments to stay hidden) and indirect costs (i.e., unreasonable VAT on inputs). Dynamics of non-compliance and its opportunity cost should be taken into account.</li> <li>▪ There may be long gestation periods and complex impact relationships between program activities, outputs, use of outputs and eventually their impact on enterprises. Taking this into account, there may be seemingly inconsistent changes in the parameters in the short run.</li> </ul>
<b>Disseminate</b>	<ul style="list-style-type: none"> <li>▪ Organize an official presentation. The business enterprise survey is an important driver for reform – effective dissemination turns attention into action.</li> <li>▪ Presentation of the survey results to a wide audience via channels such as the media, associations of entrepreneurs, donor organizations, and direct mailing to government helps to raise awareness, stimulate debate and widen the client base for reforms. The pressure for reform once built up, can be leveraged to lobby for change.</li> <li>▪ Form alliances – local partners may be interested in participating in the repeat surveys thereby ensuring sustainability or enlarging the scope.</li> </ul>

## Annex 4.2. Tools for data collection

### Formal Sample surveys

#### Overview

Formal surveys can be used to collect standardized information from a carefully selected sample of people, businesses or households. Surveys often collect comparable information for a relatively large number of people in particular target groups.

#### What can we use surveys for?

- Providing baseline data against which the performance of the strategy, program, or project can be compared.
- Comparing different groups at a given point in time.
- Comparing changes over time in the same group.
- Comparing actual conditions with the targets established in a program or project design.
- Describing conditions in a particular community or group.
- Providing a key input to a formal evaluation of the impact of a program or project.

#### Typical uses of surveys in the M&E of BEE reforms include:

Survey's can be used for baseline enterprise surveys, business satisfaction surveys, tracer studies. For example, Business Satisfaction surveys are used to assess the performance of government services based on client experience. Such surveys can shed light on the constraints clients face in accessing public services, their views about the quality and adequacy of services, and the responsiveness of government officials. These surveys are usually conducted by a government ministry or agency or an independent consultancy.

#### Advantages:

- ✓ Findings from the sample of people interviewed can be applied to the wider target group or the population as a whole.
- ✓ Quantitative estimates can be made for the size and distribution of impacts
- ✓ Collecting quantitative and qualitative data
- ✓ Providing a picture of conditions for a targeted group

#### Disadvantages

- ✗ The processing and analysis of data can be a slow process and a major bottleneck for the larger surveys even where computers are available.
- ✗ Surveys can be expensive and time-consuming.
- ✗ Sound technical and analytical skills are needed for sample and questionnaire design, data analysis, and processing.
- ✗ Many kinds of information are difficult to obtain through formal interviews.

#### Checklist for implementation

- Step 1 – Be clear about what is the purpose of your research
- Step 2 – Establish who is your target audience and how they can be reached
- Step 3 – Decide on the size and nature of your sample
- Step 4 – Devise your questionnaire - using both open and closed questions
- Step 5 – Pilot test the questionnaire to check understanding and logistics
- Step 6 – Undertake survey
- Step 7 – Analyze the findings
- Step 8 – Review and report findings

## Group interviews/Focus Group Discussions

### Overview

A facilitated discussion among 8–12 carefully selected participants with similar backgrounds. Participants might be beneficiaries or program staff, for example. The facilitator uses a discussion guide. Note-takers record comments and observations.

### What can we use focus groups for?

- Generating qualitative information although specific facilitation can obtain objective information.
- Collecting data on attitudes experiences and views from small group of pre selected participants
- Involving participants in sharing ideas and information with each other as well as the facilitator of the group.
- Comparing changes over time in the same group.
- Giving an insight into conditions of a particular community or group.
- Providing a key input to a formal evaluation of the impact of a program or project

### Typical uses of surveys in the M&E of BEE reforms include:

Can be used with 'Key Informants' to help build a baseline but more so for obtaining views and experiences of key stakeholders about critical issues at different points in time during the project. Can be used with groups such as government officials and businesses.

### Advantages

- ✓ Easy and affordable to conduct.
- ✓ Good for collecting more in depth information about a particular topic or group of people.
- ✓ Complements larger quantitative surveys of customer groups. If run before a survey they can help to shape the questions asked in the survey. If they are used after a survey they can be used to explore in more depth the issues that have emerged from a survey.
- ✓ Useful for finding out a wide range of information about different aspects of the FG both from the user and provider perspective.

### Disadvantages

- ✗ Many kinds of information are difficult to obtain through formal interviews.
- ✗ A lot of quantitative information that requires precise specific responses from each individual asked.
- ✗ Information that needs to be representative of any group.
- ✗ Difficult to extract sensitive personal information about individuals. The timeframe of a FG may not be sufficient for participants, who are usually strangers, to get know each other well enough to share such information.
- ✗ Difficult for those without good facilitation and communication skills

### Checklist for implementation

- Step 1 - Be clear about what is the purpose of your research?
- Step 2 - Establish who is your target audience?
- Step 3 - Decide where and when to hold your Focus Group?
- Step 4 - Agree your Focus Group structure - what questions task & how to ask them?
- Step 5 - Facilitating and record your Focus Group discussion
- Step 6 - Analyzing and lesson learning from your Focus Group
- Step 7 - Follow up after your Focus Group

The IFC's *Reforming Business Registration Regulatory Procedures at the National Level* Toolkit includes detailed instructions for how to undertake focus groups in Annex D.

## Individual interviews/ key informant interviews

### Overview

A one to one meeting and questioning session where the interviewer guides the a series of open-ended and closed questions posed to the interviewee. Interviews involve in-depth, structured and semi-structured questioning. They rely on interview guides that list topics or questions.

### What can we use individual interviews for?

- Providing an in depth insight perspective of one person about a wide range of topics.
- Collecting qualitative and quantitative data on attitudes experiences and views of one person.
- Can compare changes in their conditions and experiences if you use follow up interviews.
- Can provide a key input to a formal evaluation of the impact of a program.
- Key informants interviews are with individuals selected for their knowledge and experience in a topic of interest.

Often record keeping can be used along side a series of interviews, people can be asked to keep diaries and log their experiences and views between interviews

### Typical uses of surveys in the M&E of BEE reforms include:

Usually will be used to gather key informant perspectives from stakeholders. For example key officials or businesses as part of a BEE diagnostic exercise. Can be used to supply larger scale surveys and focus groups.

#### Advantages

- ✓ Low cost.
- ✓ Can be conducted quickly.
- ✓ Provides flexibility to explore new ideas
- ✓ Can get in depth insight especially if interviewee is a key informant.
- ✓ Discussing sensitive issues with appropriate choice of interviewer

#### Disadvantages

- ✗ Not possible to generalize findings beyond interviewed groups.
- ✗ Less valid, reliable, and credible than larger surveys focus group.
- ✗ Validity depends on standing of interviewees
- ✗ Need good interviewing, observation, note-taking, and basic communication skills.

### Checklist for implementation

- Step 1 – Be clear about what is the purpose of your research
- Step 2 – Establish who is a suitable interviewee in relation to proposed research
- Step 3 – Devise interview guide sheet with questions any prompt cards
- Step 4 – Contact and set up interview
- Step 5 – Provide pre interview briefing note
- Step 6 – Undertake interview
- Step 7 – Record and review data,
- Step 8 - Send interview report to interviewee for verification and approval if to be published.

## Case Studies

### Overview

Involves putting together an in-depth picture of a particular individual, business or institution or group of businesses. Involves using a number of different data sources and interview techniques to build up a 'history' on the target individual or group.

### What can we use case studies for?

- In depth insight perspective of one person/business about a range of issues
- Collect qualitative and quantitative data on attitudes experiences and views of a single business or small group
- Compare changes over time and build up a history of experience
- Providing a key input to a formal evaluation of the impact of a program or project, especially if pursuing a sector or target group

Often record keeping can be used along side this- people can be asked to keep a diary and log their experiences and views to help create the case study history

### Typical uses of case studies in the M&E of BEE reforms include:

Useful for building up an in-depth understanding of a particular aspect and or stakeholder target group for the reform. For example, mapping of regulations, processes and procedures for a business registration at the relevant government organisation; talking with officials there and asking businesses about their experience of going through registration could build up a case study' insight to business registration in a particular business.

Used to help identify indicators as part of impact assessment.

### Advantages

- ✓ Can be conducted relatively quickly.
- ✓ Provides flexibility to explore new ideas.
- ✓ Gives a rich in-depth insight to the circumstances and context of the case
- ✓ Collecting a range of qualitative and quantitative data over a period of time

### Disadvantages

- ✗ Findings relate to specific communities or localities
- ✗ Cannot generalize from findings.
- ✗ Can be very time consuming
- ✗ Requires skills in non-directive interviewing, group facilitation, field observation, note-taking, and basic statistical skills.

### Checklist on how to:

- Step 1 – Be clear about what is the purpose of your research
- Step 2 – Establish who is a suitable 'case' in relation to this
- Step 3 – Obtain secondary data and design primary data collection.
- Step 4– Contact and set up data collection mechanism – may involve several visits
- Step 5 - Provide pre case briefing note
- Step 6 – Undertake interviews and data collection – inc secondary sources
- Step 7 – Record and review data
- Step 8 , S cases subject case report for verification and approval

## Annex 4.3. Donor approaches to M&E

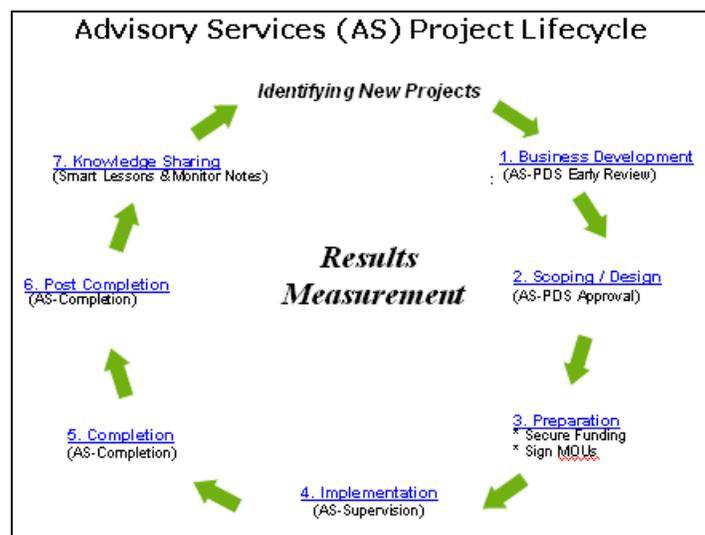
The precise protocols and practices of when, what and who is involved in undertaking evaluation and in particular assessing the impact of interventions, varies between development partners and organisations. Usually evaluation practices are part of the broader project management systems used by each organisation. These systems include designated guidelines for when and how evaluation should take place and who should be involved in undertaking it.

This annex provides a brief outlines of how evaluation fits into the systems of IFC, GTZ and DFID.

### IFC

IFC introduced a new project management system Development Outcome Tracking System (DOTS) in 2005 based on the IFC Advisory Services project lifecycle (see figure 1). This system provides systematic tracking of development results throughout the project cycle, from identification of clear, measurable development objectives up front to ongoing tracking during supervision.

**Fig 1: IFC Advisory Services Project Lifecycle.**



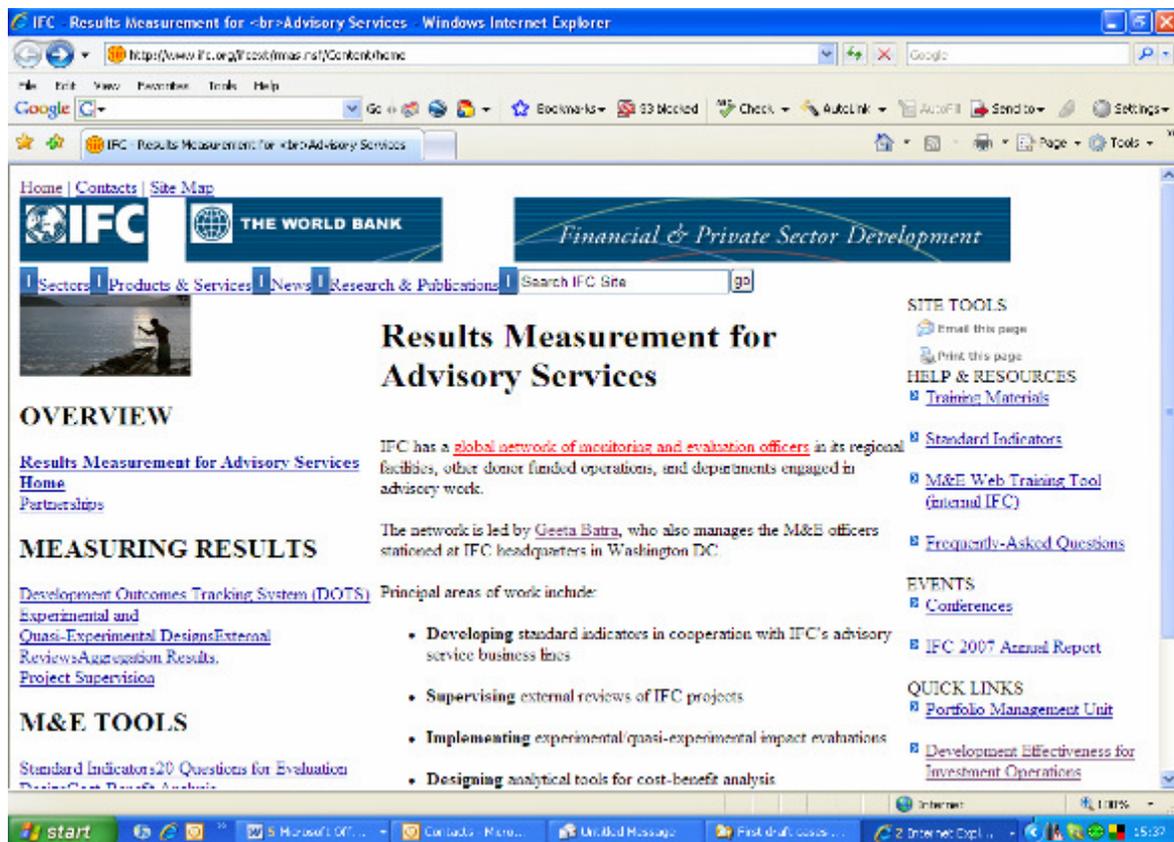
The system facilitates data-aggregation and reporting on key output, outcome and impact indicators. Review evaluation is undertaken and reported through semi-annual supervision reports and an end of project evaluation is undertaken.

DOTS is administered by IFC's Portfolio Management Unit and is analogous to the <http://www.ifc.org/ifcext/devresultsinvestments.nsf/Content/DOTS>

IFC have an M&E specialist team in Washington called the 'Results Measurement Unit' as well as a network of regional M&E specialist teams in their regional Facilities. These specialists advise on M&E matters and can be involved in directly evaluating projects.

<http://www.ifc.org/ifcext/rmas.nsf/Content/home>

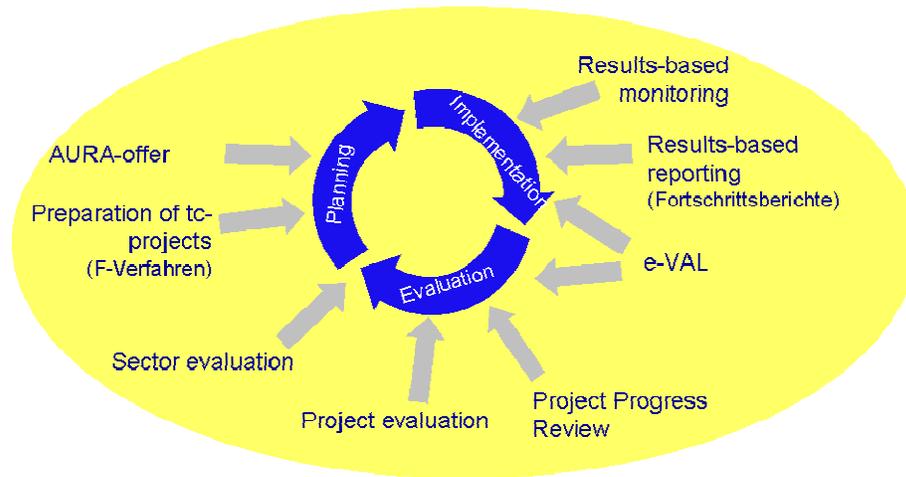
**Fig 2. Results Measurement for Advisory Services website**



## GTZ

M&E at GTZ is undertaken alongside a project management system called AURA. The cycle of key steps in this system is represented in the Figure 3..

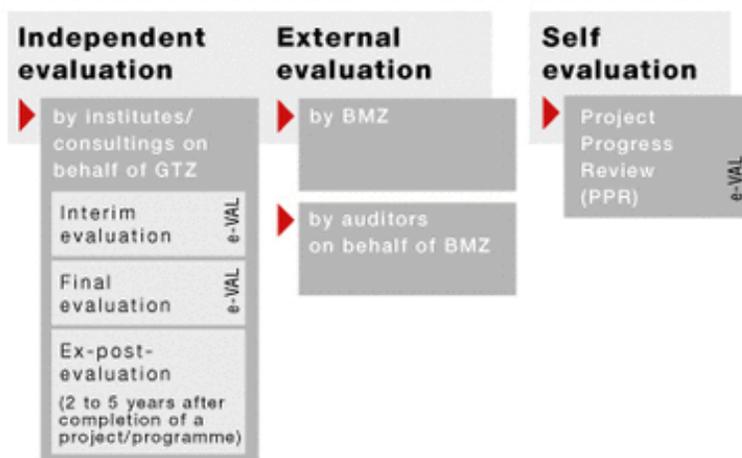
**Fig 3. GTZ AURA**



In terms of expertise GTZ has two specialist evaluation units at its head quarters: one focusing on helping project officers to undertake effective M&E of results, the other focusing explicitly on post-project and impact evaluation.

Figure 4 shows the evaluation system of GTZ which incorporates internal or self and external evaluation elements as well as independent evaluation.

**Fig 4. The GTZ evaluation system**



<http://www.gtz.de/en/leistungsangebote/6332.htm>

In this system substantive 'project progress review' is undertaken about 6 months before a project is about to end. This involves data from ongoing monitoring, a specific self evaluation exercise undertaken by project staff – known as e-VAL and an additional visit by dedicated evaluation staff from GTZ headquarters.

e-VAL is a universal computer based evaluation system employed by GTZ and being rolled out through all of their projects. e-VAL prescribes general 'elements' typical for and common to all TC-projects. These elements are assessed in the course of a computer-assisted interview applying subjectively defined yardsticks and ratings. The e-VAL assessment contributes to the end of project evaluation. This evaluation is looking at outcome results and immediate impact and which is undertaken by the headquarter evaluation team and or external consultants. At a time after the project ends its activities and results may be considered in a more substantive sector evaluation where several projects are evaluated together.

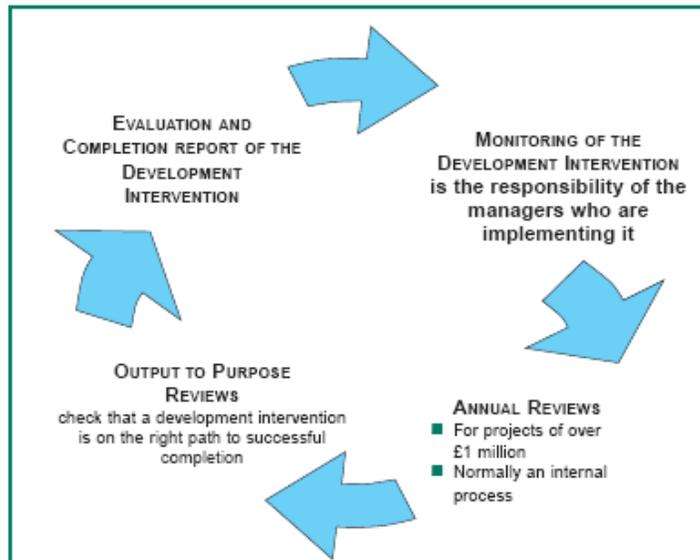
## **DFID**

Ongoing M&E at evaluation activities at DFID take place through their PRISM project management system which follows the similar project cycle as that of IFC. In DFID evaluation is broadly grouped into what are termed formative and summative evaluations.

- Formative evaluation (called 'review' in DFID) is undertaken during implementation to gain a better understanding of what is being achieved and to identify how the programme or project can be improved.
- Summative evaluation is carried out after implementation to assess effectiveness, and to determine results and overall value.

The timing and reporting of both types of evaluation are shown in the Figure 5.

**Fig 5. DFID evaluation cycle**



Unlike IFC, DFID do not have a network of M&E specialists throughout their country offices but rather it is the responsibility of project officers to ensure that projects are evaluated. DFID make widespread use of external consultants and specialists in project and program evaluation.

Guidance is given to officers through a resource guide as well as advice from a small head quarter based evaluation team.

See:

[www.dfid.gov.uk/aboutdfid/performance/files/guidance-evaluation.pdf](http://www.dfid.gov.uk/aboutdfid/performance/files/guidance-evaluation.pdf)

[www.dfid.gov.uk/aboutdfid/evaluation.asp](http://www.dfid.gov.uk/aboutdfid/evaluation.asp)

Key M&E forms can be found at:

[www.dfid.gov.uk/research/mande-forms.asp](http://www.dfid.gov.uk/research/mande-forms.asp)

Fig 6. DFID online resource for M&amp;E



As noted in the main text of the Handbook, DFID has sought to highlight the issue of impact and how best to measure the impact of BEE interventions on poverty alleviation. An outline M&E framework, the Integrated Impact Assessment Approach based on the Log frame In particular, the IIAA examines the links between BEE activities and poverty alleviation. This framework sets the agenda for a shift in approach within M&E but it does not prescribe or include a set of core indicators and practices for implementation

See <http://www.enterprise-impact.org.uk/>

## Annex 4.4: Sample TOR for a mid term review

### TERMS OF REFERENCE

#### EVALUATION OF DOING BUSINESS BETTER – BURKINA FASO

##### INTRODUCTION

This document provides the parameters for an evaluation of the International Finance Corporation's Advisory Services (AS) Program in Burkina Faso, known as "Doing Business Better in Burkina Faso" (DBBBF).

A mid-term evaluation of the DBBBF Program is to be conducted to inform The Private Enterprise Partnership for Africa (PEP Africa) Management on progress made in the Program's implementation and delivery and provide learnings to guide future replication of the Program.

As the oldest of the Business Enabling Environment (BEE) and Investment Climate (IC) programs that PEP Africa is implementing in the continent, a mid-term evaluation should be very useful in terms of lessons learned and improvements in program design for the program itself and for all the other BEE/IC programs that are being replicated or implemented elsewhere in Sub-Saharan Africa.

##### PEP Africa

Introduced in 2005, PEP Africa represents a new business model for delivering Advisory Services (formerly "Technical Assistance") in Sub Saharan Africa.

PEP Africa was built on its predecessor the Africa Project Development Facility (APDF), which was the model for Advisory Services from 1986 to 2005.

At its conclusion, or transformation into PEP Africa, an evaluation of APDF was undertaken and supported the essential elements of a new business model. The new model seeks to "*promote sustainable private sector investment in Sub Saharan Africa, helping to reduce poverty and improve people's lives.*" Essentially, it differs from its predecessor in the scope and focus of AS interventions.

PEP Africa seeks to develop the private sector in Sub Sahara African countries through support for the development of not only firms (SMEs), but also for the underlying financial, legal and other institutional infrastructure, which is essential to sustaining a vibrant marketplace.

##### The DBB Burkina Faso Program

###### Description

PEP Africa is implementing an Advisory Services Program to improve the business climate in Burkina Faso in collaboration with the Foreign Investment Advisory Services (FIAS) and the Swiss Development Agency: SECO.

The Program, which has a lifespan is 30 months (commencing March 16, 2006 and ending September 15 2008), is being implemented by a Program Team comprising a Program Manager and Program Staff based in Burkina Faso.

The Team works with Consultants to deliver a range of services aimed at improving the “Doing Business Ranking” Business Climate in Burkina Faso. Typical activities of the Program are presented in Annex D.

Key results areas of the Program are:

1. Business registration and start-up, streamlining procedures to reduce time and costs;
2. Employment regulation, to encourage formal employment while preserving appropriate worker protections;
3. Contract enforcement, to improve the ability of firms to access the judicial system or alternative dispute resolution mechanisms for commercial matters;
4. Property registration, to simplify and reduce the costs of acquiring and registering property associated with private investment; and
5. Business closing, to improve liquidation and bankruptcy procedures.

#### **OBJECTIVE AND KEY EVALUATION ISSUES**

The purpose of the evaluation is to provide PEP Africa Management with an assessment of the early results towards intended outcomes and impacts and the design and delivery of the DBB Burkina Faso Program, and make recommendations for improvements where necessary.

The goal of this assignment is to evaluate the effect of simplified business start-up processes, such as registration. The expected change from the simplified processes is a reduction of the time and cost needed to obtain an operating license and start a business. The assignment shall perform a procedural evaluation, aimed at understanding the immediate outcome of the Program’s interventions in terms of an effective reduction in the burden of formalizing a firm.

A key evaluation question is: how do the costs of an entrepreneur applying for an operating license change with the simplification of regulation (in terms of financial costs, time costs, and number of steps)? Main variables of interest are (i) official cost of registration, (ii) time requirements of registration, and (iii) personal experiences throughout the registration process (‘extra’ costs, actual time invested, etc.). The evaluation needs to answer this question taking into account the formal procedures as well as any informal procedures needed to obtain the licenses

In addition, the evaluation should address the following issues:

1. The level of program implementation: is the level of program implementation satisfactory based on the achievements of the program and the ongoing activities?
2. Performance measurement: are the tools of performance measurement pertinent to capture the outcomes and results of program implementation?
3. Implementation strategy and approach: is the team employing the most efficient approach and strategy to implement reform proposals?
4. Scope of program: is there ground for broadening the focus of the program to include other major issues such as tax and trade?
5. Duration of program: are there any grounds for extending the duration of the program?

The evaluation should specifically address the following key issues and sub questions:

### **1. Relevance and Rationale**

- i) What is current “best practice” in international development literature and circles with respect to Business Enabling Environment (BEE) and Investment Climate (IC) promotion?
- ii) How has the environmental or contextual landscape for BEE and IC changed in Sub Saharan Africa in the last two years?
- iii) What is the Doing Business Ranking of Burkina Faso and to what extent do the Program’s activities address issues relevant to significantly improving the ranking?
- iv) Is the underlying program theory of DBBBF still valid given current developments in Burkina Faso and the CFA sub-region? What opportunities exist for improvement of the program theory?

### **2. Success / Effectiveness**

- i) What is the Doing Business Ranking of Burkina Faso and to what extent were the Program’s activities relevant to improving the ranking?
- ii) To what extent has DBBBF achieved desired results in:
  - a. planned reach?
  - b. targeted outputs?
  - c. immediate outcomes?
- iii) To what extent are the causal links and circular linkages posited in DBBBF’s logic model being realized?
- iv) How has sustainability been incorporated into the design of DBBBF?
- v) To what extent are gender imperatives relevant to DBBBF interventions and to what extent have they been integrated into the Program’s design and activities?

### **3. Efficiency**

- i) How efficiently are DBBBF projects developed and implemented?
- ii) Has DBBBF built a sound infrastructure to manage costs and monitor business processes?
- iii) To what extent has DBBBF taken advantage of lessons learnt from previous similar projects?

### **4. Alternatives / Improvements**

- i) How does the DBBBF business model compare with similar Programs in other IFC AS geographic areas?
- ii) What improvements or adjustments are suggested in the delivery of DBBBF operations, products or target markets?
- iii) What lessons can be drawn from the experience of DBBBF in its inaugural phase to inform future plans and strategies?

## **APPROACH AND METHODS**

This is a mid term, formative evaluation. It is expected that the evaluation will entail a thorough review of background materials relevant to the start up and implementation of DBBBF and its interventions. This should facilitate deeper understanding of the nature and extent of its achievements to date.

**Sources:** Data and information will need to be collected from internal DBBBF clients (staff and Management), stakeholders in the donor community and in-country project settings, clients or beneficiaries of DBBBF's advisory services. This should include any key partners within IFC.

**Methods:** Data collection methods are expected to include interviews (in person and by telephone), focus sessions, surveys, secondary data analysis, literature review and field visits. Methods must allow for the collection and analysis of information critical to the assessment of all evaluation issues and probe in greater depth, a selected sample of DBBBF interventions or project.

To address these issues, the evaluation might collect the required information or data principally through interviews, surveys and focus sessions. The target groups should be the major stakeholders of the program (public and private sectors), SECO and other development partners involved in BEE issues in Burkina Faso.

#### **DELIVERABLES**

The deliverables of the assignment are as follows:

- (i) A Start-up and detailed Methodology report due within one week of commissioning of the assignment
- (ii) A Progress Report shall be submitted midway through the assignment, but no later than one calendar month after commissioning of the assignment
- (iii) A Draft Evaluation Report shall be submitted no later than 30<sup>th</sup> September 2007 for IFC;s comments and or approval
- (iv) A Final Report incorporating all revisions and input from all Stakeholders shall be submitted no later than 15<sup>th</sup> October 2007

#### **EXPERIENCE & QUALIFICATIONS**

The selected Consulting Team or **at least one key** Team Member or Consultant shall have fully satisfied each of the following requirements:

1. Knowledge of the Local context and a deep understanding of the underlying socio-politico-economic relationships at play in Burkina Faso and the West African Sub-Region as a whole.
2. Ability to communicate fluently in written and spoken French (the services of a full-time Interpreter and Translator shall be considered)
3. The Lead Consultant must currently be a member-in-good-standing of an Evaluation Society or Association of International Repute.
4. Key involvement/Role in a recent (not more than five years ago) evaluation of a donor-funded Technical Assistance (or Advisory Service) Program/Project and a solid track record of successfully conducting at least three similar evaluations.

5. Competent use of Statistical Analysis and sound Evaluation Techniques, including software tools.
6. Availability for the duration of the assignment and full commitment of time to the assignment

## **EVALUATION MANAGEMENT**

**Roles and Responsibilities:** The Project Authority for the evaluation is the M&E Specialist in PEP Africa. Management of the evaluation will also be guided by an Advisory Committee, chaired by the M&E Specialist and comprising among others The Program Manager of DBBBF, the BEE Business Line Manager, a Representative of the PEP Africa M&E Unit, a Representative of the SME Department M&E Unit and a colleague from a sister facility.

This committee will provide input to the design and conduct of the evaluation including:

- Validating evaluation issues and scope
- Providing information sources and contacts for data collection
- Providing access to relevant PEP Africa and DBBBF records, files and data
- Receiving and providing input to evaluation findings, such as information collected, by line of inquiry
- Review and provide input into the draft final report

Final acceptance / approval of the evaluation, its conclusions and recommendations shall rest with the Project Authority (the M&E Specialist) and the General Manager of PEP Africa.

The evaluation will be conducted by an External Consultant who shall, upon engagement:

- Validate the evaluation proposal, issues, timing and costs with the Project Authority
- Engage the Advisory Committee at the outset and throughout the conduct of the evaluation
- Design instruments and collect all data and information (aggregated by line of inquiry) for presentation to the Advisory Committee (in original form)
- Synthesize, integrate and analyze all lines of inquiry by evaluation issue in the draft final evaluation report

The evaluation will require strong evaluation expertise and experience, an understanding of the challenges of development evaluation, notably in an African context.

**Timing:** The evaluation will commence on August 25<sup>th</sup> and be completed on October 15<sup>th</sup> 2007 with the following tentative schedule:

PHASE	TIMING / COMPLETION
Proposal submissions	August 17, 2007
Selection of Consultant	August 20, 2007
Start up and detailed Methodology Report	August 28, 2007
Approval of data collection instruments	August 30, 2007
Data Collection and Progress Reporting / Presentations	Up to September 25, 2007
Draft Evaluation Report	September 28, 2007
Revisions and Final Evaluation report	October 10 - 15, 2007

## Annex 4.5. Quantification techniques

This section is taken from:

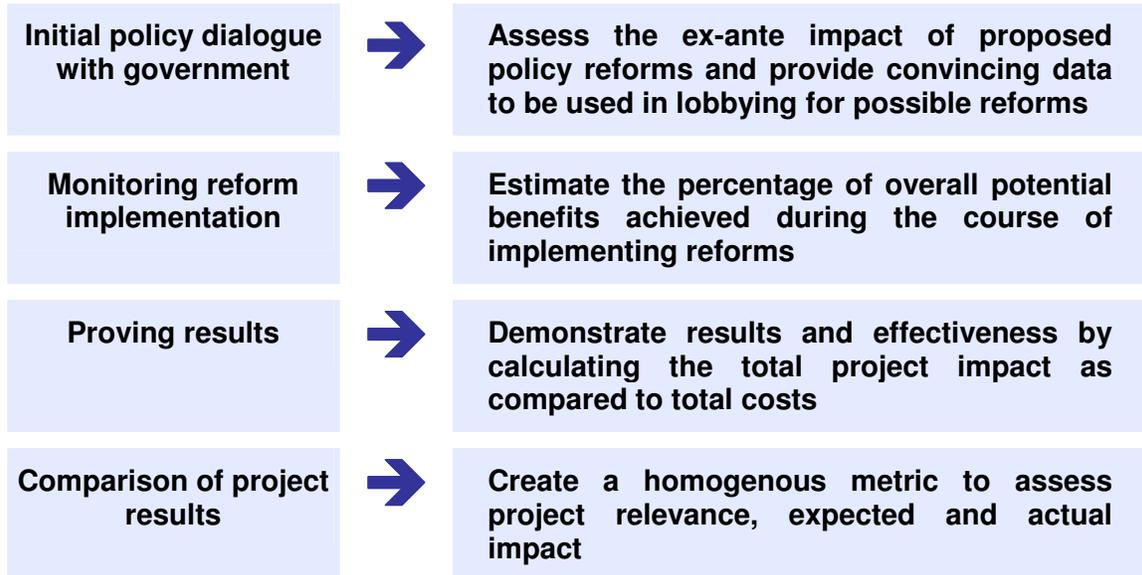
- Liepina, S, Dall'Olio, A & Sethi, S (2007): *Smart Lessons: "Show me the money!" Quantifying the impact of regulatory simplification projects*, IFC Smart Lessons in Advisory Services.

### **Why do I need an Economic Impact calculation?**

An economic impact calculation is typically used for regulatory simplification interventions where the goal is to reduce the administrative burden of compliance with government regulations, while maintaining a necessary level of regulation to protect the public. Regulatory simplification thus benefits businesses by reducing the total cost of the administrative burden arising from government regulations and by freeing up these resources for other pursuits.

In ideal circumstances, impact assessment would involve the use of experimental analysis to compare the counterfactual of an intervention rather than a before and after comparison. However, if the relevant legislation for the business regulation exists at the national level, it is not possible (or advisable) to construct municipal-level comparison for the sake of impact assessment. An alternative is to use the economic impact calculation. This methodology is a sound alternative in cases where the project intervention occurs at national level, i.e. in cases where it is virtually impossible to assess impact using experimental methodology.

This developed methodology is relevant throughout the program cycle and can be a useful tool for engaging and motivating key stakeholders to reform as illustrated in Box X.

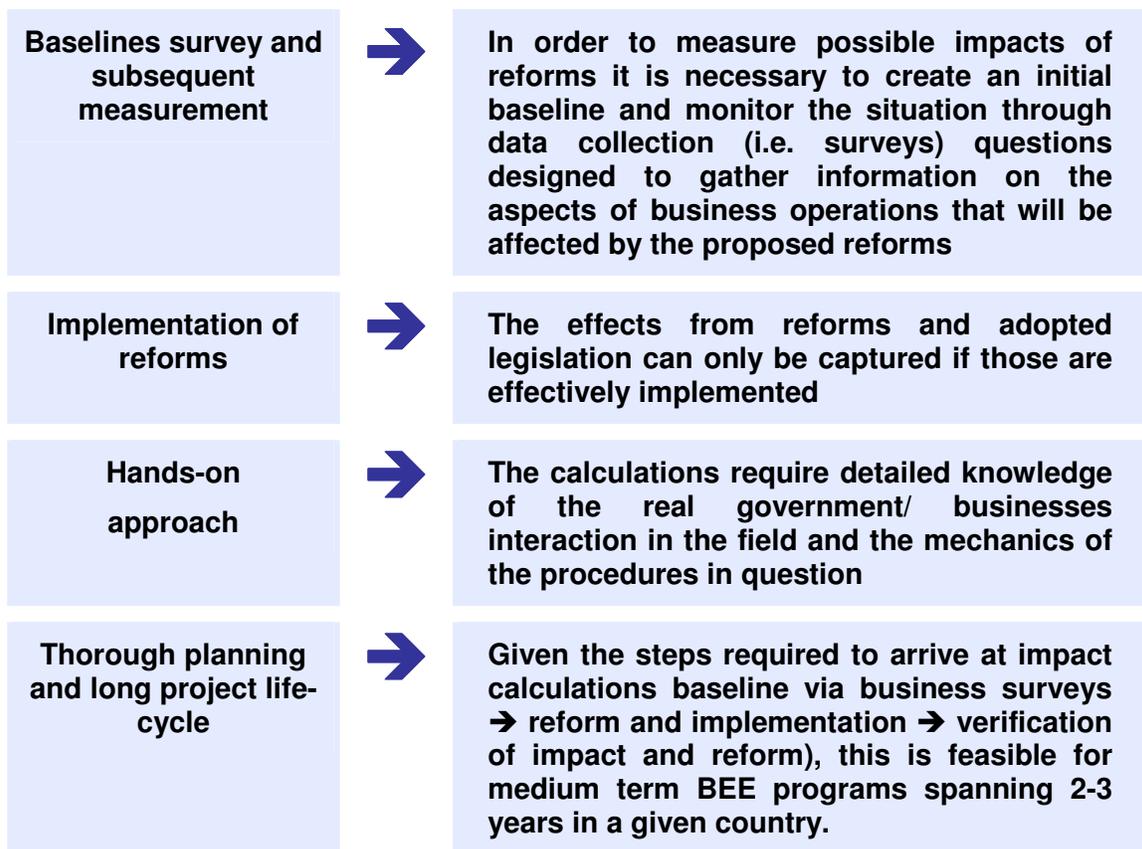
**Box X: Uses of the economic impact calculation****How can I calculate economic impact assessment?**

This approach to calculating the economic effect of regulatory improvements for businesses comes from IFC PEP based on experience from Regulatory Simplification projects in Eastern Europe and Central Asia. It is based on an adaptation of methodologies used in a number of OECD countries, specifically those of the Ministry of Finance of the Netherlands, the European Commission and the US Small Business Administration and Office of Management and Budget.

The key challenge is to have an approach that is reliable, simple and applicable in an environment characterized by scarce data. This approach therefore leverages the data commonly available within regulatory simplification interventions as part of the M&E framework. It advocates the basic standardization of SME enterprise surveys in order to consistently capture data needed to produce and verify the estimates of economic impact.

Ensuring standardization and consistency in calculations over the span of a few years from pre to post reforms is the critical challenge. This requires certain operational and project design features as illustrated in Box X.

**Box X: operational and design features for conducting economic impact assessment**



**Undertaking an enterprise survey**

An economic impact quantification is dependent on data which can be collected through an enterprise survey. The enterprise survey, introduced in section 2.4, is a core monitoring and evaluation tool based on a 'Before and After' methodology that can be used to assess the effectiveness and outcomes of a regulatory simplification reform. Key to this is the fact that the surveys track regulatory time and cost as experienced by entrepreneurs who actually go through the procedures in a given year. Given the representative sample, the surveys are also able to track the share of entrepreneurs subject to any particular regulatory procedures both nationwide, and subdivided by region and sector of activity.

Typically, an initial survey carried out at the point of entry into a country creates a baseline. As a policy program moves forwards, changes to the issues that the intervention is addressing are tracked against the baseline. Additional issues that come to the surface as the program progresses can similarly be tracked (the questionnaire can incorporate new questions as they arise, and issues can be removed if they are clearly not applicable or useful for measurement). Importantly, surveying enterprises allows the program team to track new laws on the books, and also how and whether the improvements embedded in these new laws are actually reaching entrepreneurs on the ground at national (or subnational) level.

The surveys bring to light changes in time, cost and reach of each regulatory procedure. They can also directly track business investment and revenue data. These are typical outcome and impact indicators for BEE programs. This data can collectively be used as the basis for a quantification of the overall economic impact of the reform – which is described in more detail in Annex X.

For further details about using enterprise surveys:

- Liepina, S, Nicholas, D & Novoseletsky, E (2007): *Smart Lessons: Key benefits of enterprise surveys for improving the Business Enabling Environment*, Smart Lessons in Advisory Services, IFC

### **What are the compliance costs for businesses?**

The methodology distinguishes between two types of costs on businesses:

1. **Direct costs:** direct impact on economic cost (e.g. administrative costs, including official and unofficial payments and labor costs) of an enterprise resulting from the reform of regulatory procedure
2. **Indirect (or opportunity) costs:** impact on revenue or costs, due to the different use of time formerly dedicated to administrative procedures.

## 1. Direct costs

Direct costs can be estimated at the firm level, at specific economic sector level, or for the SME level as a whole. Direct cost calculation makes use of basic indicators. Direct costs are differentiated between administrative costs and labor costs.

<b><math>D_1</math> Administrative costs</b>		
<b>(n)</b>	The number of times a procedure (e.g. licensing) is undertaken by a representative firm on a yearly basis	Data publicly available
	The individual cost of each procedures which is distinguished between:	
<b><math>P_O</math></b>	<ul style="list-style-type: none"> <li>▪ Official payments</li> </ul>	Data available from official sources
<b><math>P_U</math></b>	<ul style="list-style-type: none"> <li>▪ Unofficial payments</li> </ul>	Data collected through SME enterprise survey
<b><math>D_1 = n * (P_O + P_U)</math></b>		

<b><math>D_2</math> Labor costs.</b> Costs of employees directly dedicated (in full-time equivalent terms) to administrative procedures		
<b>(d)</b>	The amount of full-time employee time (in working days) dedicated to a specific administrative procedure	Data collected through SME enterprise survey
<b>(w)</b>	The daily average employee salary	Data collected through SME enterprise survey
<b><math>D_2 = w * d</math></b>		

## 2. Indirect costs:

The impact on revenue and costs, due to alternative uses of time formerly dedicated to administrative procedures (e.g. delayed entry and temporary closure of business). Indirect costs require a more detailed approach to calculations and use a higher number of assumptions.

$I_1$  Costs related to **delay the entry** of a new firm into the market, i.e. by deferring the launch of profit-generating activities (in the case of procedures such as business registration, licensing, permits and other entry controls). The cost of this delay can be measured as the proportion of profits 'lost'.

$\Pi_s$	Average annual net profit for start-up companies, for each industry, or average per sector	Data collected through SME enterprise survey
$(d)$	Average time spent in each administrative procedure (number of working days)	Data collected through SME enterprise survey
$(dt)$	Average number of working days per calendar year in the economy/sector	Data available from official sources

$$I_1 = \Pi_s * \frac{(d)}{(dt)}$$

$I_2$  Procedures which results in **temporary closures of a firm's activity**, i.e., that imply loss of productive activities for existing companies. Typical examples of procedures stopping economic activity are inspections, repeated licenses, repeated permits, as well as the suspension of activity due to the absence of licenses/permits. These costs are typically faced by existing companies.

$L$	Average annual losses for an active company whose activity is stopped but which remains active i.e. which retains all its production factors	Data collected through SME enterprise survey
-----	--	--

(s)	Average time, in working days, a company is stopped due to procedure(s)	Data collected through SME enterprise survey
(dt)	Average profit tax rate	Data collected through SME enterprise survey

$$I_2 = L * (1 - t) * \frac{s}{dt}$$

### Why is net profit the indicator for cost savings?

In this model, net profits (i.e. profit after taxes) expressed in U.S. dollars is the indicator of cost savings for businesses.

Understanding the impact of policy changes in terms of profits has two advantages: (1) businesses operate to generate profit, and this measure best reflect the benefit companies receive as a result of better regulation, (2) expressing the economic benefit of reform in profits allows aggregation of overall impact of cost reduction measures.

The alternative option is to use sales as an indicator. Businesses are more likely to report precise revenue data in business surveys, though concerns of underreporting do apply. At the same time, not all regulatory simplification measures have an impact on sales, whereas reduction in costs is always a relevant indicator. As a result, the sales indicator would not accurately represent the resources freed up for other business pursuits

### How do I calculate the economic impact?

The economic impact can be calculated based on a summation of the aggregated costs before and after the intervention.

Total costs for an average business

$$C_1 = D_1 + D_2 + I_1 + I_2$$

If this calculation is made before the intervention (C1) and then again after the intervention (C2), the reduction in costs is indicative of the average savings to the 'average' business as a result of the reform.

Total costs savings for an average business as a result of reforms:

$$C_1 - C_2 = \text{Average Savings}$$

In order to extrapolate this to the level of the economy, the average savings is multiplied by the estimated number of businesses in the economy.

### What are the limitations of this methodology?

- **The results of the calculation are only as good as the data used in the calculation:** It is important to note that the extrapolation to the level of the economic impact for the economy is a rough 'back of an envelope' calculation. It is very important therefore to be open and transparent on the data used and assumptions made when reporting results. This will allow for true debate, scepticism and verification of the impact assessment.
- **Aggregate cost savings are best expressed as ranges accounting for uncertainty:** These calculations are typically built on historical data to estimate the impact in the future. By their very nature, they are best presented as a range of impact recognizing the uncertainty involved. However, do note that ranges and implied uncertainty may not be easily understood by recipient audiences who may be used to precise figures. Governments and stakeholders may also be keen for a 'headline' figure on which to build support for the reform. The IFC recommends that the best option is to use the lowest value in the range and thus be very conservative in the estimates publicized.
- **Be aware of diversity within the private sector and how this may affect the results:** It is important to note that compliance costs can be very different for firms of different sizes, and also sectors and that the composition of the private sector will vary from country to country. In order to increase the accuracy of the

calculation, it may be prudent to calculate the average costs for firms of different sizes. When extrapolating the economic impact to the economy, these average costs should then be weighted according to the size and/or sectoral distribution within the private sector. Being able to do this depends on the accuracy of existing national data sources on the composition of the private sector. Data on micro (and informal) firms can be inaccurate.

- **Scarcity and inaccuracy of available data do impose limits on what can be calculated:** It is therefore prudent to use conservative data which leads the lower range of the true impact of regulatory simplification efforts.
- **The available data and timeframe of donor-funded projects mean that we are evaluating only short-term (static) economic effect accruing to businesses using these methods:** We measure the impact of regulatory changes on existing companies, i.e. on firms that have already taken the decision to enter the market. These estimates are typically short term – for one year post reform. They are therefore very conservative in that they do not account for subsequent effects of these regulatory changes over the future years.

A sample TOR for an economic impact assessment is given in Annex 4.6.

## **Annex 4.6. Sample TOR for applying quantification techniques**

### **Development Impact Measurement Terms of Reference**

**About the IFC:** The International Finance Corporation (IFC), a member of the World Bank Group, promotes sustainable private sector investment in developing countries as a way to reduce poverty and improve people’s lives. In addition to its investment work, IFC, through the Private Enterprise Partnership (PEP), executes a major donor-funded program of private sector technical assistance and advisory services in the Middle-East and North Africa (MENA) region. The objectives of the program are to promote direct investment in the private sector, build local businesses and financial intermediaries, and help improve the business enabling environment.

PEP-MENA is organized into four thematic areas or pillars, each consisting of a number of core programs and projects:

PEP-MENA, the technical assistance arm of IFC in the MENA region, is an integral part of IFC’s operations and works closely with governments in the region as well as other bilateral and multilateral development partners. IFC’s technical assistance activity in the MENA region directly complements the World Bank’s activity in many countries. PEP MENA is a major donor-funded program of private sector technical assistance in the Middle East region, covering 19 countries, managed from IFC’s regional office in Cairo.

#### **Improving the Business Enabling Environment Strengthening Financial Markets Supporting SME Development Promoting Privatizations and Public-Private Partnerships**

**About the Pillar:** In most countries in the MENA region, firms tend to be small – and often informal – with low productivity, limiting their regional and international competitiveness. One of the main reasons for this sub-optimal performance of the private sector is an overly complex and unfriendly business environment, characterized by cumbersome laws, regulations and administrative procedures that lack transparency. Investors are forced to spend substantial human and financial resources during the start-up and operation of their businesses, while settling commercial disputes is a lengthy and unpredictable process in many countries. All these factors let investors hesitate to commit their capital or to fully formalize their enterprises, limiting the creation of job and income opportunities through the private sector.

To address these policy shortcomings, the BEE Pillar focuses on the following **programs** and activities:

- The “Doing Business Better” Program:

Public awareness raising events to motivate targeted policy reform

– The Business Regulatory Reform Program:

Simplification of regulatory and operational procedures and reporting requirements

– The Alternative Dispute Resolution Program:

Mediation as an alternative tool to settle commercial disputes

– The Industry-Specific Policy Reform Program:

Targeted interventions to remove regulatory constraints specific to individual industries

The primary client in BEE interventions typically is senior government, including ministries and regulatory authorities. PEP-MENA works closely with private sector organizations and representatives of the business community to guide any reform efforts.

The **main objective** of all interventions under the BEE Pillar is to initiate and carry through targeted policy reforms designed to remove obstacles stifling private sector growth and to generate more private investment opportunities.

The **expected outcome** is to engage governments and the private sector in constructive reform efforts to improve laws, regulations, public institutions and their administrative practices. Simplified, business-friendly regulatory processes should reduce cost and time requirements for firms. Clear, transparent regulations should reduce business risks, making it easier for entrepreneurs to seize market opportunities.

The **expected impact** of these reform projects is to contribute to larger private investment flows that generate more jobs and income in the MENA countries.

### **Purpose of the Assignment**

IFC is currently requesting consulting services to assist in reviewing the model it has developed for the measurement of the development impact of its interventions (i.e. job creation, investment and income). Specifically, the IFC PEP MENA's Business Enabling Environment Pillar seeks to use its programs and projects as the pilot for this model that would then be feasible for adjustment to the specifics of other pillars and programs within the IFC PEP MENA Facility. It is envisioned that this model would complement the results frameworks in place for the various projects and programs under BEE, in that it would help us in quantitatively projecting the development impact of our current interventions, even though the actual development impact should happen beyond the life of the programs.

The BEE Pillar has developed an initial development impact measurement model that it has customized to the needs of its programs and which is based on a number of assumptions (please see Annex 1). **For the purpose of this assignment, a consultant is needed to work with the BEE Pillar in reviewing this model and developing it further in order to ensure its accuracy.** This would entail a review of the assumptions on which this model is based and the appropriate sources of country data that should be used. This assignment shall only focus on applying this model to Egypt.

**This assignment is a phased assignment whereby subsequent to this particular phase, IFC PEP MENA's BEE Pillar shall seek to apply this model in other countries in MENA wherein which it has operational projects.**

**In addition to the above-mentioned phases, IFC PEP MENA shall seek to develop similar models for all other remaining programs and projects for the entire IFC PEP MENA Facility.**

**The consultant who will be selected to carry out the present assignment will be eligible to bid for subsequent phases.**

### **Scope of Work – Phase I**

The consultant shall be expected to work with the BEE Pillar and IFC's Monitoring & Evaluation Team on:

1. Reviewing and developing the measurement model created by the BEE Pillar
2. Validate the assumptions used and identify any additional assumptions and variables that need to be made
3. Identify sources of information for Egypt country data; industry averages, etc. (i.e. data mining)
4. Ensure the measurability and accuracy of the final model developed
5. Identify the adequate frequency of measurement based on the specific design of each program/project.
6. Apply the final model and its assumptions and variables to existing projects and programs using results achieved to date in order to demonstrate the model.
7. Produce a brief final report describing the models as well as the estimation technique for each variable/assumption with results.

For the purpose of this assignment, the consultant will need to familiarize his/herself with the programs and projects under the BEE Pillar, their design and intended results.

In addition to the BEE Pillar, IFC PEP MENA may wish to engage the consultant in adapting the model to four additional programs from other pillars for interventions based in Egypt.

### **Staffing, Roles and Reporting**

Throughout the duration of this assignment, the consultant shall report to Frank Sader, BEE Senior Operations Manager & Chief Strategist for IFC PEP MENA.

The consultant shall also work closely with the BEE Operations Team and IFC's Monitoring & Evaluation Team.

### **Profile of Consultants**

The consulting team should ideally comprise individuals with:

- An advanced degree in economics with a strong background in econometrics and statistics.
- Around 8 years of comprehensive experience in developing econometric models and statistics preferably within the field of development.
- Demonstrated ability to manage complex activities effectively, and to work independently with minimal supervision.
- Excellent communication and writing skills in English.

### Duration of the Assignment

The assignment should commence on June 19<sup>th</sup> 2007 and should conclude no later than July 31<sup>st</sup> 2007.

### Schedule of Deliverables

<i>Report / Deliverable</i>	<i>Time Schedule</i>
1. Review, validation and development of initial model and assumptions	June 19 <sup>th</sup>
2. Data mining for Egypt	July 19 <sup>th</sup>
3. Final report	July 31 <sup>st</sup>

## Annex

### BEE Development Impact Model

Gains	Investment	Employment	Income
<b>Direct</b>	Capital in \$( $I^d$ )	$\frac{\text{Jobs}}{\$1} \times I^d = \# \text{ of Jobs Created } (J^d)$	$\text{Avg. Salary} \times (J^d) = \text{Income Created } (Y^d)$
<b>Efficiency</b>	$(\text{Savings}) \left(1 - \frac{\text{Dividends}}{\text{Net Profit}}\right) = I^e$	$\frac{\text{Jobs}}{\$1} \times I^e = \# \text{ of Jobs Created } (J^e)$	$\text{Avg. Salary} \times (J^e) = \text{Income Created } (Y^e)$
<b>Total</b>	$I^d + I^e = I$	$J^d + J^e = J$	$Y^d + Y^e = Y$

## Assumptions and Example from Business Regulatory Reform Program

### Actual Results to Date from Alexandria Business Start-Up Simplification Project:

		Before (October 2005)	Target	After (March 2007)
Registration	Cost (LE)	26,413	-6603.25	19,809.75
	Time (days)	5	-2	3
	Number of companies registered	2000	1000	3000
Building Permits	Cost	31,652	-3165.2	28486.8
	Time	103	-25.75	77.25
	# Permits issued	100	20	120
Industrial Licensing	Cost	5,100	510	4,590
	Time	35	12.25	22.75
	# Licenses issued	200	50	250

Jobs created =  $5.9 \times 8500000$

Income =  $100 \times 85000 = 8,500,000$

Refer to SME definition for number of workers and capital related per size of enterprise  
Need info from GAFI re typical distribution of firms registered by size of enterprise (SME)

### For Business Registration:

Givens:

- Amount of capital registered from 2005-2007; assumption average firm capital is equivalent to USD 85,000
- Based on the SME definition:
  - For businesses with capital up-to \$ 85,000 the average investment per unit of labor is \$ 1,565
  - Therefore, jobs per \$1 invested =  $1/1565 = 0.00063$

Direct Gains

- Capital:  $1000 \times 85,000 = \underline{\$8,500,000}$
- Jobs created:  $0.00063 \times \$8,500,000 = \underline{5355 \text{ jobs}}$
- Income generated:  $5355 \times 238$  (average monthly income for Egypt based on the World Bank development indicators for 2006) =  $\underline{\$1,274,490}$  per month =  $\underline{\$22,940,820}$  for 18 month period (October 2005 – March 2007)

Givens

- Based on the targeted reduction in duration days (-2) and the average monthly income for Egypt (\$238)
- Average daily wage is  $\$238/22 = \$10.8$
- Days saved translated to money:  $2 \times \$10.8 = \$21.6$  per firm, that is  $\$21.6 \times 1000 = \underline{\$21,600}$  for the targeted 1000 firms
- Based on the targeted reduction in cost (\$1148)
- Total savings in cost for 1000 firms:  $1000 \times \$1148 = \underline{\$1,148,000}$

- Total savings for 1000 firms:  $\$1,148,000 + \$21,600 = \$1,169,600$
- Dividends payout ratio 12%, that is 88% of the savings gets reinvested again:  
 $\$1,169,600 \times 0.88 = \$1,029,248$

#### Efficiency Gains

- Capital =  $\$1,029,248$
- Jobs created:  $0.00063 \times \$1,029,248 = \underline{648 \text{ jobs}}$
- Income generated:  $648 \times 238$  (average monthly income for Egypt based on the World Bank development indicators for 2006) =  $\$154,224$  per month =  $\$2,776,032$  for 18 month period (October 2005 – March 2007)

#### Totals

- Capital:  $\$8,500,000 + \$1,029,248 = \underline{\$9,529,248}$ , (EGP 54,793,176)
- Jobs created:  $5355 + 648 = 6003$
- Income generated for one month:  $\underline{\$1,274,490} + \$154,224 = \$1,428,714$  (EGP 8,215,105)
- Income generated for 18 months:  $\$1,428,714 \times 18 = \$25,716,852$  (EGP 147,871,899)

#### For Building Permits:

##### Givens

- Based on the targeted reduction in duration days (-26) and the average monthly income for Egypt ( $\$238$ )
- Average daily wage is  $\$238/22 = \$10.8$
- Days saved translated to money:  $26 \times \$10.8 = \$280.8$  per firm, that is  $\$280.8 \times 20 = \underline{\$5,616 \text{ for the targeted 20 firms}}$
- Based on the targeted reduction in cost ( $\$550.4$ )
- Total savings in cost for 20 firms:  $20 \times \$550.4 = \underline{\$11,008}$
- Total savings for 20 firms:  $\$5,616 + \$11,008 = \$16,624$
- Dividends payout ratio 12%, that is 88% of the savings gets reinvested again:  $\$16,624 \times 0.88 = \$14,629$

##### Efficiency Gains

- Capital =  $\$14,629$  (EGP 84,116.75)
- Jobs created:  $0.00063 \times \$14,629 = 10 \text{ jobs}$
- Income generated:  $10 \times 238$  (average monthly income for Egypt based on the World Bank development indicators for 2006) =  $\$2,380$  per month =  $\$42,840$  for 18 month period (October 2005 – March 2007)

#### For Industrial Licensing:

##### Givens

- Based on the targeted reduction in duration days (-12) and the average monthly income for Egypt ( $\$238$ )
- Average daily wage is  $\$238/22 = \$10.8$
- Days saved translated to money:  $12 \times \$10.8 = \$129.6$  per firm, that is  $\$129.6 \times 50 = \underline{\$6,480 \text{ for the targeted 50 firms}}$
- Based on the targeted reduction in cost ( $\$89$ )
- Total savings in cost for 50 firms:  $50 \times \$89 = \underline{\$4,450}$
- Total savings for 50 firms:  $\$6,480 + \$4,450 = \$10,930$

- Dividends payout ratio 12%, that is 88% of the savings gets reinvested again: \$10,930 x 0.88 = \$9,618

Efficiency Gains

- Capital = \$9,618 (EGP 55,303.5)
- Jobs created:  $0.00063 \times \$9,618 = 6$  jobs

Income generated:  $6 \times 238$  (average monthly income for Egypt based on the World Bank development indicators for 2006) = \$1,428 (EGP 8,211) per month = \$25,704 (EGP 147,798) for 18 month period (October 2005 – March 2007)

<b>Gains</b>	<b>Investment</b>	<b>Employment</b>	<b>Income</b>
<b>Direct</b>	BR = \$8,500,000	BR = 5355 jobs	BR = \$1,274,490 (1 month) \$22,940,820 (18 months)
<b>Efficiency</b>	BR = \$1,029,248 BP = \$14,629 IL = \$9,618	BR = 648 jobs BP = 10 jobs IL = 6 jobs	BR = \$154,224 (1 month) \$2,776,032 (18 months) BP = \$2,380 (1 month) \$42,840 (18 months) IL = \$1,428 (1 month) \$25,704 (18 months)
<b>Total</b>	<b>\$ 9,553,495</b> <b>(EGP 54,932,596)</b>	<b>6019</b>	<b>\$ 1,432,522 (1 month)</b> <b>(EGP 8,237,002)</b> <b>\$ 25,785,396 (18 months)</b> <b>(EGP 148,266,027)</b>

## Annex 4.7: 20 Key questions for evaluation design



### *20 Questions For Evaluation Design*

Project Long Name:		Transaction Leader:	
Project ID:		Region:	
Primary (Originating) Dept/Division:		Country:	
Implementing Dept/Division:		Business Line:	
M & E (Field, HQ)		Business Line Area:	
Project Start Date (mm/yyyy):		Evaluation Start Date (mm/yyyy):	
Project End Date (mm/yyyy):		Evaluation End Date (mm/yyyy):	

#### **INSTRUCTIONS:**

This checklist was developed to help design experimental and/or quasi-experimental evaluations. Unless otherwise specified, your answers to the questions below should be focused per the experimental/quasi-experimental study; extraneous details are not helpful. Please be concrete and specific, and use facts and evidence whenever possible.

I. FUNDAMENTALS
1. List all project goal(s) associated with outcomes and impacts, <i>including those beyond the scope of this (quasi)experimental study.</i>
2. Briefly define the activity to be evaluated (the “treatment”). Define the alternative to treatment (ie, “control”).
3. What market gap is this project trying to address? Is there a market failure? What is the root cause of the market failure, and why is not being addressed? Is there any evidence at all that some (eg., firms, business owners, etc.) have succeeded without our help? If so, what can we know and do we know about the market failure from their experience?

<b>4. Precisely who are we trying to help and how many are there that will actually be assisted by this technical assistance? How many more may benefit via subsequent replication, demonstration effects, etc?</b>
<b>5. Would they pay for our assistance? Why or why not?</b>
<b>6. Why do we expect our activities to achieve project goals? What sort of scoping has been done?</b>
<b>7. How generalizable and replicable is this advisory service project?</b>

**II. METHODOLOGY FOR EVALUATING TA VALUE-ADDED**

**Pose your question carefully:** What is the effect of *(to be completed by project manager)*...

<b>8. Does this question address the project goal(s) specified on page 1 above?</b>																
<table border="1"> <tr> <td><input type="checkbox"/></td> <td>Yes</td> <td><input type="checkbox"/></td> <td>No</td> </tr> </table>	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No												
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No													
<b>9. Which evaluation strategy will be used? (indicate all that apply)</b>																
<table border="1"> <tr> <td><input type="checkbox"/></td> <td>Randomization</td> <td><input type="checkbox"/></td> <td>Differences-in-differences</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Before &amp; After</td> <td><input type="checkbox"/></td> <td>Encouragement Design/Instrumental Variables</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Matching</td> <td><input type="checkbox"/></td> <td>Discontinuity</td> </tr> <tr> <td><input type="checkbox"/></td> <td colspan="3">Other (Please specify)</td> </tr> </table>	<input type="checkbox"/>	Randomization	<input type="checkbox"/>	Differences-in-differences	<input type="checkbox"/>	Before & After	<input type="checkbox"/>	Encouragement Design/Instrumental Variables	<input type="checkbox"/>	Matching	<input type="checkbox"/>	Discontinuity	<input type="checkbox"/>	Other (Please specify)		
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<input type="checkbox"/>	Other (Please specify)															
<b>10. Briefly describe how this evaluation strategy will be used to answer the question specified above.</b>																
<b>11. Briefly describe the assumption(s) of the strategy selected above. What is the implicit argument that you are making about the unobserved outcomes for the treated units?</b>																
<b>12. Can you think of any specific threats to the validity of this evaluation strategy?</b>																
<b>13. What type of evidence would bolster this argument's credibility?</b>																

<b>14. What specific (pre-treatment) baseline information is to be collected?</b>
<b>15. What specific results-indicators are to be measured, and when will they be measured? When will we have some preliminary results and what will they be?</b>

<b>III. BUDGET &amp; TIMELINE</b>
<b>16. What is the total cost of this advisory services project? If this is an evaluation of only a part of the advisory services, what is the cost of the component of the project directly relevant to this evaluation? What is the approximate cost per direct beneficiary receiving assistance?</b>
<b>17. What is the total estimated cost of this evaluation?</b>
<b>18. Why is this evaluation worth the cost?</b>
<b>19. What are the steps and dates for implementation of this design?</b>
<b>20. Is this timeline consistent with the evaluation and data-collection requirements specified above?</b>



