



**New Delhi, India**

**Washington D.C., USA**

## **Call for Proposals**

### **Strengthening Institutions to Improve Public Expenditure Accountability**

#### **Section 1. Summary**

The Global Development Network (GDN), an international organization dedicated to building research excellence in developing and transition countries and the Results for Development, a US-based independent organization invites proposals from think tanks, research and policy institutions and independent, non-partisan, not-for-profit organizations for a DFID-funded five year research project on Strengthening Institutions to Improve Public Expenditure Accountability.

Under this Call for Proposals, GDN will sponsor up to fifteen institutions<sup>1</sup> over a five year project period to

- conduct detailed budget analyses of public expenditures in health, education, and water services
- utilize methodologies including program budgeting, benefit incidence analysis, and cost effectiveness studies and
- provide research based policy alternatives.

The project will culminate with the development of research based policy options by each institution based upon results from their budget analyses and dissemination/communication for shaping public policy debates. The goals of the project are to

- achieve institutional and individual development;
- jump start the production of internationally comparable micro-level information on the quality of public spending and share data with relevant stakeholders
- produce templates for analysis and dissemination/communication that other institutions can adapt for their own use
- strengthen constructive engagement between institutions and policymakers, and
- implement a framework to shape policy debates.

The typical grant will be for GBP 26,000 per year, per institution for five years for the direct costs associated with the empirical and dissemination work.

The project will run for 5 years from March 2009 to May 2013.

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<sup>1</sup> The project has selected five initial partner institutions and will be partnering with up to 20 institutions in total.

## **Section 2. About the Project**

This project aims to strengthen the analytical underpinnings of the policy debates around public expenditure priorities and their impact to improve the governance of public service delivery by:

- building and strengthening institutional capacity for public expenditure analysis, development of policy alternatives and communication in a peer learning environment;
- producing internationally comparable information on public expenditures; incidence (who benefits), effectiveness, and research-based policy options in the social sectors and infrastructure that will begin to build institutional benchmarks for the quality of public spending;
- creating a strong network of institutions to share training materials, templates for analysis and communication, and examples of analysis that other institutions will be able to adapt for their own use;
- conducting periodic assessments of outcomes and impacts in each country as a way to adjust the project along the way and to provide data for an end-project evaluation.

Under this Call for Proposals, GDN will sponsor up to twenty institutions (five initial partners and up to fifteen additional partners, to be chosen from among those submitting proposals) to perform four distinct but related budget analysis activities in the health, education, and water services sectors over the five-year project period. These activities are:

- (1) program budget and expenditure analysis,
- (2) cost effectiveness analysis,
- (3) benefit incidence analysis, and
- (4) development of research-based policy options for improving the results of expenditures.

Participating institutions will undertake each of these activities for three distinct programs, one each in the health sector, the education sector, and the water services sector. Programs will be determined jointly by the network of up to twenty grantee institutions such that the research findings can be compiled into cross-country comparable data while still being relevant and important for each country's context. In addition, each of these activities will have a research component and a corresponding policy dissemination and communication component, during which the institutions will communicate results of the activity and work with stakeholders including policymakers to enact positive change.

At the completion of the 5-year project, GDN hopes that participating institutions will have achieved specific knowledge, research based policy options, and global goals. In addition to an overall stronger knowledge of budgeting activities and consequences, the specific knowledge goals are that participating institutions: (i) develop an in-depth understanding of public expenditure issues in the social sectors from a program standpoint with a focus that is meaningful but also doable, (ii) make a contribution to knowledge of cost effectiveness of existing and/or proposed approaches in the social sectors, (iii) develop an evidence-based understanding of who benefits from these programs relative to the income distribution of the population, and (iv) create research based policy options that are subjected to the discipline of costing them, simulating their impacts, and recommendation feasible policy options for shaping policy debates.

In addition to knowledge goals, GDN hopes that individual groups and the network of participating institutions achieve certain measurable impact and global goals. First, our hope is that grantees will become the "go-to" institutions in their respective countries for high-quality and high-impact social sector expenditure research and communications. Second, some of the policy alternatives for improving impact of expenditures inform public policy debates in full or in part. Third, the results of the studies by participating institutions will be the base for a set of international comparable indicators on social sector public expenditures. Finally, the program of work undertaken by participating institutions can be used as a template for other institutions hoping to complete similar work.

Eligible and interested institutions should prepare a proposal for the full five-year program according to guidelines set forth in the remaining sections of this document. All proposal materials should be sent to GDN at [cfp@gdnet.org](mailto:cfp@gdnet.org) (email title: 'Public Expenditure Accountability') no later than **12 February 2009**. Any materials received by GDN after this date will not be eligible for consideration for this project. In case of any queries, please email [smull@gdnet.org](mailto:smull@gdnet.org).

### **Section 3. Project Activities**

During the project period, each participating institution will undertake research and dissemination efforts in four activity blocks. Below GDN provides a brief description of each activity, how that activity will fit into the Strengthening Institutions project, and the purpose of that activity.

- **Program Budgeting and Expenditure Analysis.** For the purposes of this project, program budgeting will involve institutions compiling budgets from different ministries contributing to health, education, and water sector budgets. For each of these sectors, participating institutions will report the division of revenue sources (specific ministries, sub-national governments, donors, households) and allocation of expenditures across inputs and specific sector programs. This analysis will be done for the current budget (in Year 1 of the project) and the preceding 3 years of the budget, and updates to this analysis will be completed in subsequent years. The purpose of this exercise is to better understand how sectoral spending is being divided in terms of specific programs. Program budgets can help institutions monitor how well public spending matches the stated policy objectives of government.
- **Cost Effectiveness Analysis.** Within each focus sector (education, health, and water), one program will be selected by the group of participating institutions for analysis of the cost effectiveness of alternative service delivery approaches to the program. For example, institutions might choose to focus on secondary school education and analyze the relative cost effectiveness of general secondary school versus vocational secondary school. Using budgets for these programs, institutions will show how funds within these programs are allocated to different line items. The purpose of this analysis is provide policy options in better allocation of a given level of public funds to achieve improved outcomes.
- **Benefit Incidence Analysis.** Using the program budgets and data from household surveys in the respective country, institutions will estimate how spending is actually spread across income quintiles in health and education programs and in water overall. Like cost effectiveness, benefit incidence analysis provides a clearer view of the equity of inequity of public spending, important information for policymakers and donors who may be interested in better targeting their spending to impact the lives of lower-income individuals.
- **Research Based Policy Options.** Using the results from the above activities, institutions will create three research based policy options for policy changes (one each in education, health, and water). For each of these policy alternatives, institutions will select a development outcome on which to focus (for example, an education policy option might focus on increasing enrollment rates in secondary schools). In addition to the current spending allocation (baseline), institutions will invent three spending reallocations in which money is shifted from one or more programs to one or more different programs. For each of these scenarios, institutions will simulate the effect that these scenarios would have on the selected development outcome. The policy alternatives for the three social sectors will be based on the results of the simulations conducted by participating institutions. Grantees will then work with policymakers to share their research based policy options and to encourage policymakers to make positive changes by shaping policy debates.

## **Section 4. Required Deliverables**

For each of the activities listed in Section 3, each institution will be required to complete three deliverables, explained below.

- **Deliverable A:** Detailed Work Plan

In the first few weeks of the project period, sponsored institutions will need to submit a detailed work plan that addresses the following issues:

- What methods will be used in the research activity?
- Who will carry out the various research and corresponding communications tasks?
- What is the detailed timeline to carry out these tasks?
- How will the project and instruments used reflect the specific circumstances of the country in which the research is being done?
- What methods will be used to disseminate the results and what will the target audiences be?

GDN hopes to encourage institutions that have not engaged in this type of budget analysis in past research to submit proposals. Accordingly, GDN will host peer learning workshops before the start of each research activity to discuss methodologies and work with institutions on detailed work plans.

- **Deliverable B:** Data collection, Analysis, and Recommendations (“Policy Analysis”).

Institutions will have approximately six months to complete the data collection and analysis for each research activity. In the month following the research period, institutions will author a Policy Analysis document describing their methods, findings, and policy recommendations. The purpose of the Policy Analysis is to present both quantitative and qualitative information about where inefficiencies occur in the public expenditure process based on the research conducted for each activity. The Policy Analysis report should attempt to relate observed patterns in public spending efficiency to characteristics of the institutions or the broader regional context.

GDN prefers participating institutions to focus on research analysis work that will shape policy debates in the countries where it is needed most. Accordingly, no specific format, structure or style is required for the delivery of the analytical study, and institutions may submit as their final deliverable to GDN the same item they produce for domestic purposes.<sup>2</sup> Institutions should consider the audience of the Policy Analysis report to be key stakeholders in their home country (policymakers, media, the public) rather than GDN or other researchers.

- **Deliverable C:** Communication Report

In addition to completing the research, participating institutions are expected to utilize the information produced and implement a communication plan for shaping policy debates. The objective is for the institutions to maximize the impact of that information, which can include identifying desired outcomes and key target audiences, utilizing appropriate mechanisms for disseminating the information, building partnerships to shape policy debates, and leveraging other accountability mechanisms (e.g. parliaments, inspectors general, courts) as appropriate. In the proposal, please specify any domestic travel that might be required for dissemination.

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<sup>2</sup> We encourage you to write the proposal and the report in your native language. However, please submit the draft and final reports to GDN in your native language and in English. Please include translation costs in the budget. Any documents or tools created for use in your country (with the exception of Deliverables B and C) do not need to be translated into English.

In addition to the three main deliverables for each project activity, participating institutions are required to participate in the monitoring and evaluation aspect of the program, including completing all surveys and materials requested by the external firm that will be monitoring and evaluating this project.

### **Section 5. Eligibility**

This Call for Proposals is open to any independent, non-partisan, not-for-profit, research institution in one of the following regions: Central and South America, sub-Saharan and North Africa, South Asia, and East Asia<sup>3</sup>. GDN is more concerned with the functions, skills, and interests of institutions than with the formal type or classification of an institution<sup>4</sup>, and, accordingly, a variety of institutions may participate including:

- Think-tanks;
- Research and policy institutions; and
- Independent, not-for-profit, analytically-oriented organizations.

We have a preference for institutions with experience for analyzing budgets but an important criterion is that institutions have the skills necessary to fulfill key project tasks. Researchers must not apply individually to this call for proposals but as a member of an institution. The institution must be headed by management and researchers who are citizens of a developing or transition country currently residing in a developing or transition country. Other project researchers must be citizens of developing or transition countries, but can be temporarily residing (for no more than five years) in a developed country. However, at least 50% of the researchers in the institution bidding for the project (including the principal investigator) must currently reside in a developing or transition country.

One key goal of the project is to catalyze positive changes in policy through constructive engagement between participating institutions and policymakers. It is therefore critical that grantees be working in an environment in which they can provide evidence-based recommendations to government officials with a potential for having these recommendations taken up by those making spending decisions. As such, we ask that institutions based in countries classified as “not free” by the Freedom House *Freedom in the World 2008* indicator include a brief description of how they would be able to overcome opposition to think-tank voice and action in their country setting such that they could complete the work required for this grant<sup>5</sup>.

### **Section 6. Timeline and Budget for the Project**

This CFP is for projects to be completed between March 2009 and May 2013<sup>6</sup>. The broad overall timeline for the project is:

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<sup>3</sup> We have already selected 5 initial partners, representing Ghana, Kenya, Peru, Brazil, and India. We welcome additional applicants from these countries; however, it is important that these applicants explain in their proposal why an additional partner in the country would add value.

<sup>4</sup> The applying institution should affirm that it is not controlled by government or a political party. Receiving funds from government or from a political party through grants or contract work does not make an institution ineligible (and experience doing contract work for governments may be considered a positive). However, an institution receiving such funds should clearly describe the amount of funding so obtained and the nature of the relationship.

<sup>5</sup> Country scores and classifications can be found on the Freedom House website (<http://www.freedomhouse.org/template.cfm?page=414&year=2008>). More information on this requirement is in the Proposal Template section at the end of the CFP document.

<sup>6</sup> Applicants are expected to commit to participation for the full 5-year period. There will not be separate grant rounds for institutions only wishing to participate in a shortened part of the project timeline.

- Year 1: Develop 5 year plan & identify up to additional 15 local partners
- Year 2: Technical training; program budget & cost effectiveness baseline analyses of education, health, and water programs
- Year 3: Benefit incidence analysis of education, health, and water programs
- Year 4: Reports on program budget & expenditure analysis, cost effectiveness and benefit incidence analysis and research based policy options
- Year 5: Final reports & impact evaluation of overall project

The broad schedule for the proposal deadlines, selection decisions, and the launch workshop:

<b>Key Activities</b>	<b>Due Date</b>
Proposal submission deadline applications close	12 <sup>th</sup> February 2009
Selection of proposals to be funded	3 <sup>rd</sup> March 2009
Grant agreements negotiated and signed	20 <sup>th</sup> March 2009
Introductory and planning workshop	4-6 <sup>th</sup> May 2009

The applying institutions are to propose work programs in accordance with the timetables, although the starting and completion dates as well as the attendance at the Global Project Workshops at GDN's Annual Conferences must be adhered to. The travel and lodging arrangements to the regional workshops and GDN Annual Conferences will be made by the GDN Secretariat. The institutions (lead researcher mentioned in the proposal) are required to attend the introductory and planning workshop from 4-6<sup>th</sup> May 2009.

About GBP 26,000 is available per institution per year to carry out the analysis and produce reports.

We expect that the budget for the work to be proposed by the bidding institution, and included in the proposal budget template attached as Form E.

### **Section 7. Proposal Instructions and Selection Criteria**

Proposals arriving on or before **12 February 2009** will be accepted for consideration. Any proposal that does not contain all of the sections outlined in this section will be deemed ineligible for this Call for Proposals.

All proposals should meet the following requirements:

- Microsoft Word document file or PDF file;
- One-inch (2.54 centimeter) margins;
- A4 or letter-size paper;
- Pages should be numbered sequentially;
- Submissions should be submitted in English<sup>7</sup>

Proposals must include all the sections listed below in a single Word document or a PDF file. GDN asks that you utilize the forms provided for applicable components of the proposal.

- Table of Contents (Form A)
- Proposal Cover Sheet (Form B)
- Project Information (Form C)

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<sup>7</sup> If this restriction makes it impossible to participate, please contact us and we will try to find a way to remove this barrier.

GDN has provided specific questions for the applicant to answer about various aspects of the project. These questions directly correspond with selection criteria for the project. We ask that you answer all of these questions (unless instructions exempt your institution based on certain characteristics) and strictly adhere to word and space limits. Failure to do so may result in your proposal being deemed ineligible for consideration.

- Budget (Form D)
- Institutional description – The description of the institutions may not exceed four pages, single-spaced and should include the following:
  - Mission statement of the institution;
  - Legal status of the institutions;
  - Brief description of the institution’s experience conducting research and communication work relevant to the Research Activities (e.g., work on public expenditure management, public service delivery, public administration, anti-corruption, and transparency and accountability issues);
  - Statement of how the Research Activities and broad 5-year program plan relate to the institution’s business plan and institutional development strategy;
  - Description of any funding (grant or contract) received from government entities or political parties.

Selection of applications from institutions will be made on a competitive basis. Submissions will be initially screened and short-listed by the Project Management Team (PMT) - consisting of members of the GDN secretariat and its project partners. The short-listed projects/proposals will be further reviewed by experts in the field. The selected 15 institutions will be invited to the Introductory and Planning Workshop in 4-6<sup>th</sup> May 2009.

**Section 8. Selection Process and Criteria**

Proposals will first be screened for completeness and eligibility. All proposals not deemed ineligible will be reviewed by a selection committee based on four major criteria (and corresponding weights):

Quality of Application	40%
Capacity of Applying Institution	25%
Feasibility and Value of Proposed Study	25%
Proposed Dissemination Activities	10%

Each of these criteria has corresponding indicators addressing specific aspects of the broad criteria. The indicators directly correspond to the questions asked in Form C in this document. Each indicator will be scored, and each selection committee member will compute an individual score for the proposal (a weighted average of indicator scores). The scores for a proposal will be averaged across committee members, and the proposals with highest scores from each region will be selected.

All applicants will be notified of the selection committee decisions on 3 March 2009.