
Principles and Norms

Definitions

13.1 Resources are the inputs that are used in the activities of a program. Broadly speaking, the term encompasses natural, physical, financial, human, and social resources, but the vast majority of the resources that make up the inputs to GRPPs are financial resources. In-kind resources such as the provision of office space, seconded staff, or partner participation at board meetings are a second level of resources.

13.2 Resource mobilization is the process by which resources are solicited by the program and provided by donors and partners. This is particularly important for GRPPs, since GRPPs are typically externally financed programs with little or no capacity to earn income from their own resources. Most are public sector programs, which typically provide goods and services (including financial resources) to beneficiaries on a grant or in-kind basis.

13.3 The process of mobilizing resources begins with the formulation of a resource mobilization strategy, which may include separate strategies for mobilizing financial and in-kind resources. Carrying out a financial resource mobilization strategy includes the following steps: identifying potential sources of funds, actively soliciting pledges, following up on pledges to obtain funds, depositing these funds, and recording the transactions and any restrictions on their use. The process is generally governed by legal agreements at various stages.

13.4 Resource mobilization strategies and processes may be constrained by parameters or rules established by the partners at the inception of the program and recorded in the charter or initiating legal documents. For example, these may require donors to contribute a minimum amount per year in order to have a seat on the governing body. They may specify that funds cannot be accepted from private sector sources, or only under certain conditions. Or they may require separate accounts for different expected uses of funds, which would affect the recording of the deposits.

13.5 Financial management refers to all the processes that govern the recording and use of funds, including allocation processes, crediting and debiting of accounts, controls that restrict use, and accounting and periodic financial reporting systems. In this Sourcebook, financial

Draws on IEG’s experience with reviewing GRPPs

Elaborates on definition of inputs in DAC Glossary
management also includes the processes which ensure that funds are used for the purposes intended — a fiduciary standard that is expected by the vast majority of donors.\textsuperscript{77} In cases where funds received accumulate over time, it would also include the management of the cash and investment portfolio.

**NEED FOR GRPP EVALUATIONS TO COVER RESOURCE MOBILIZATION AND FINANCIAL MANAGEMENT**

13.6 For GRPPs, it is important to review resource mobilization and financial management from both a static and a dynamic perspective. From a static perspective, the financial resources at any point in time are the major input that determines results, and analyzing their sources and uses is an essential part of tracking progress and attributing results to the program. From a dynamic perspective, the processes of formulating the resource mobilization strategy, managing the peculiarities of responding to diverse donor funding cycles, and committing and allocating funds need to be examined in their own right, because these affect the ability of the program to achieve its objectives on its current scale — as well as the potential to achieve its objectives on a larger scale or in new ways. Accountability for the final use of funds in a strict legal sense, however, is normally done through the formal audit process. (See also paragraph 1.7.)

13.7 At a minimum, all GRPP evaluations should describe the sources and uses of public and private funds for the program and assess how the patterns of financing have affected the scope, reach, and results the program achieved. They should also analyze the allocation processes and any effects that donor restrictions (such as tying or earmarking funds to particular activities) have had on the achievement of the program’s objectives. Also, the evaluation should include — in any assessment of the strategy of the program — the degree to which the program’s resource mobilization strategy and execution is adequate to meet the needs of the program and to achieve its desired scale. This assessment may be linked to the assessment of governance, since the involvement of new donors may affect the dynamics of the governing body. Finally, it may also be important to assess the degree to which the financial management system and finan-

\textsuperscript{77} Most legal agreements involving official, multilateral, private, or foundation donors will contain a phrase calling for assurances that the funds are used as intended. Only selected individual donors (particularly anonymous individual donors) typically provide contributions to the program as a whole without a legal agreement that sets expectations on reporting or fiduciary assurances.
cial reporting are meeting the expectations of donors, since this can have a significant effect on mobilizing resources.78

Standards and Guidelines

**DETAILED ISSUES AND QUESTIONS**

13.8 To assess the effectiveness of the program’s resource mobilization and financial management system, evaluators should consider:

- **The link between governance and financing.** For example, are there financial requirements, such as minimum annual contributions, that condition membership in the governing body? Does this effectively exclude some potential stakeholders (such as beneficiary countries) from participating in governance? Does the participation of some donors on the governing bodies discourage other donors from contributing? Should different roles for different types of donors (such as the private sector and individuals) be considered?

- **The role of the governing body in mobilizing resources.** Is the governing body appropriately exercising its role in (a) guiding the formulation of a resource mobilization strategy responsive to strategic directions; (b) setting policy rules regarding acceptance of tied or earmarked funds, private sector funds, or different financial instruments such as promissory notes; and (c) staying open to the possibility of new donors, including private donors, foundations, and, if applicable, “emerging official donors” (that is, former developing countries that have graduated from development assistance)?

- **The prospects for beneficiary country or local partners to make financial contributions to the program now or in the future, particularly in regional partnership programs.** Does the resource mobilization strategy address this issue? Has a timeline been established for the country partners to take over more responsibility for financing and implementation of program activities at both the national and regional levels? (See also paragraphs 14.14 and 14.16–14.19 on strategy for devolution or exit.)

78. Usually the evaluation will not assess financial controls in detail. If any concerns are expressed by donors or management, the evaluators may recommend an audit or more detailed assessment by financial specialists. (See paragraph 1.7.)
• The quality of financial management and accounting. Have financial management systems met all standards of trustees and contributing donors? Are financial reporting and auditing arrangements satisfactory? Do the recorded categories of expenditures facilitate adequate monitoring and attribution of costs to activities and results?

• The methods, criteria, and processes for allocating funds. Are the processes and criteria that have been established for allocating financial resources to activities being applied? To what extent have these evolved over time in response to new priorities or objectives? How effective and efficient are these processes? (See also Chapter 12, Governance and Management.)

RESOURCE MOBILIZATION AND FINANCIAL MANAGEMENT IN THE EARLY STAGES OF A PROGRAM

13.9 For the newer GRPPs, the evaluation should include an analysis of the performance of the program in mobilizing and deploying initial donor resources in its first phase while moving to a more sustainable model of financing over time. This may include: (a) the manner in which partners were chosen and funds channeled and allocated; (b) whether co-financing and/or counterpart funding was sought; and (c) decisions on the organizational structures and staffing as related to donor relations and reporting.

DONOR RESTRICTIONS ON USE OF RESOURCES

13.10 A GRPP evaluation should compare the costs and benefits of such constraints imposed by donors. On the one hand, the need to accommodate donors’ preferences, expressed through tied funding arrangements or earmarking, can constrain program-wide prioritization processes and result in an inefficient allocation of resources. On the other hand, channeling the additional funds through the program rather than to uncoordinated parallel activities may have important benefits, such as expanding the scale or scope of the program, adopting a new, special focus for the program, or better aid coordination.

79. While evaluations should broadly assess the degree to which the management of financial resources is meeting the fiduciary expectations of donors, assessing the management of human resources may fall outside the TOR.