



## **Department of Performance Monitoring and Evaluation**

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# **Report on the Assessment of Government Evaluations**

## **VAT Treatment of Merit Goods and Services 2005**

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**Date Evaluation was completed:** 27 June 1905

**Name of assessor:** Stephe Rule

**Evaluation Number:** 120

**Date Assessment Completed:** 07 February 2013

## Evaluation Assessment Details

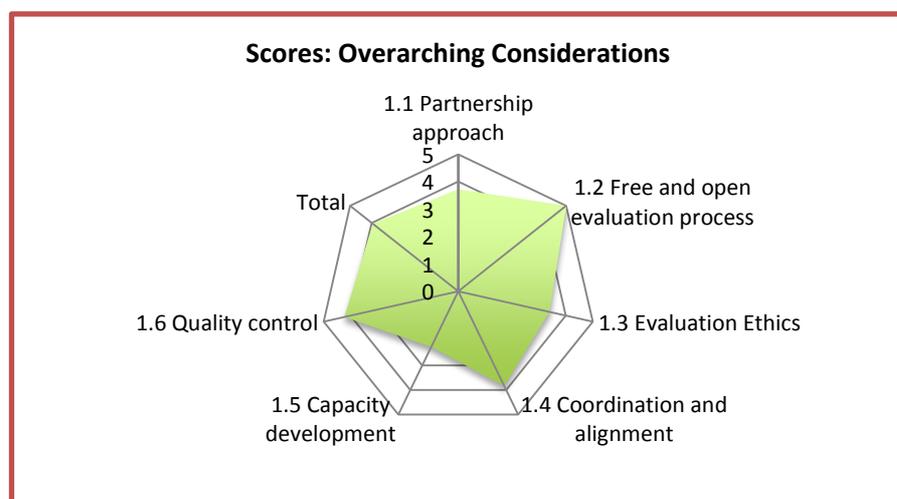
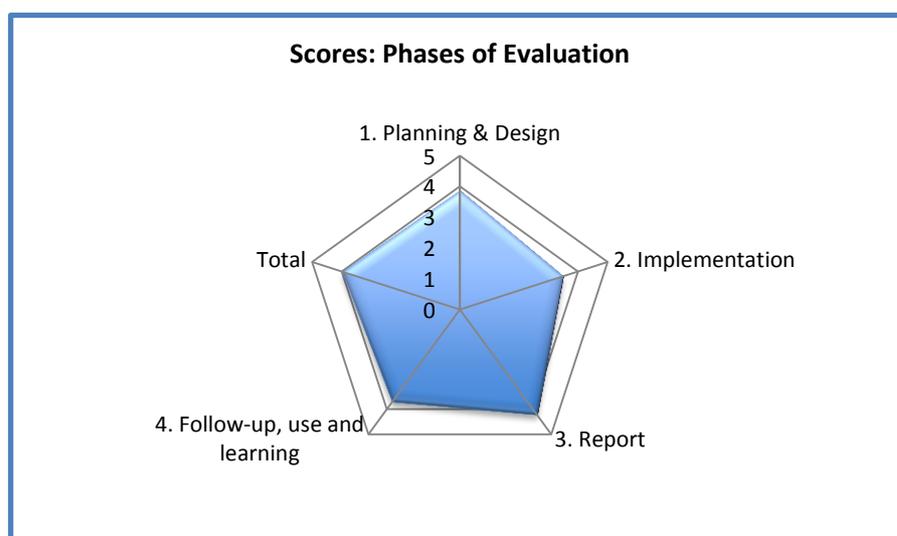
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Title of evaluation report	VAT Treatment of Merit Goods and Services 2005
Completion Date of Evaluation	27 June 1905
Name of Assessor	Stephe Rule
Evaluation Number	120
Completion Date of Assessment	07 February 2013
Initiated by	National Treasury
Evaluation undertaken by	Pricewaterhouse Coopers
Evaluation area / sector	Economic planning and development
	<i>Additional</i>
National Outcome	Outcome 5
	<i>Additional</i>
Type of Evaluation	Economic
	<i>Additional</i>
What is being evaluated	Policy
	<i>Additional</i>
Geographic Scope	National
Period of Evaluation	Not known
Known Cost of Evaluation	Unknown

### Quality Assessment Scores

Phase of Evaluation	Score
Planning & Design	3.86
Implementation	3.48
Report	4.21
Follow-up, use and learning	3.68
<b>Total</b>	<b>3.90</b>

Overarching Consideration	Score
Partnership approach	3.73
Free and open evaluation process	5.00
Evaluation Ethics	3.39
Coordination and alignment	3.83
Capacity Development	2.25
Quality control	4.23



## 1. Planning & Design

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### 1.1. Clarity of Purpose and Scope in TOR

**STANDARD:** *The evaluation was guided by a TOR with at least the following sections explicit: purpose, scope and objectives; expectations regarding design and methodology; resources and time allocated; reporting requirements; expectations regarding evaluation process and products.*

#### Comment and Analysis

The TOR was explicit in requiring an assessment of potential changes to existing VAT; less could be found out about the other aspects of the TOR.

**Rating** 3

**STANDARD:** *The purpose of the evaluation was clear and explicit in the TOR*

#### Comment and Analysis

The purpose of the evaluation was explicit.

**Rating** 5

**STANDARD:** *The evaluation questions were clearly stated in the TOR and appropriate to addressing the evaluation purpose*

#### Comment and Analysis

The evaluation questions were clear and appropriate.

**Rating** 5

**STANDARD: The approach and type of evaluation was suited to the purpose and scope of the evaluation TOR**

**Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: Intended users and their information needs were identified in the TOR**

**Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: Key stakeholders were involved in the scoping of the TOR and determining the purpose of the evaluation**

**Comment and Analysis**

Not applicable.

**Rating** N/A

## 1.2. Evaluation was adequately resourced

**STANDARD: The evaluation was adequately resourced in terms of time allocated**

### **Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: The evaluation was adequately resourced in terms of original budget**

### **Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: The evaluation was adequately resourced in terms of staffing and skills sets**

### **Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: Where appropriate, the evaluation planned to incorporate an element of capacity building of partners/staff responsible for the evaluand**

**Comment and Analysis**

Not applicable.

**Rating** N/A

### **1.3. Alignment to Policy Context and Background Literature**

**STANDARD: There was evidence that a review of the relevant policy and programme environments had been conducted and used in the planning of the evaluation by the evaluators**

**Comment and Analysis**

It was not explicit how awareness of the policy and programme environment had been factored into the planning of the evaluation, although the awareness was clearly there.

**Rating** 3

**STANDARD: There was evidence of a review of appropriate literature having been conducted and used in the planning of the evaluation by the evaluators**

**Comment and Analysis**

The client had taken cognizance of appropriate literature in formulating the evaluation plan.

**Rating** 4

**1.4. The evaluation methods planned were appropriate to the project**

**STANDARD: There was explicit reference to the intervention logic or the theory of change of the evaluand in the planning of the evaluation**

**Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: Key stakeholders were consulted on the design and methodology of the evaluation**

**Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: The planned methodology was appropriate to the questions being asked**

**Comment and Analysis**

The methodology of soliciting the views of stakeholders - either with vested interests or not - was appropriate. Stakeholders in the publishing, pharmaceutical, agricultural and transport industries, as well as trade unions, educationists and consumer organisations.

**Rating** 5

**STANDARD: Planned sampling was appropriate and adequate given the focus and purpose of evaluation**

**Comment and Analysis**

The sampling of respondents was adequate.

**Rating** 4

**STANDARD: There was a planned process for using the findings of the evaluation prior to undertaking the evaluation**

**Comment and Analysis**

The study was done in response to lobbies for merit treatment of books and pharmaceuticals and it appears that the intention to provide them with a fair hearing within the context of the broader economic picture was achieved.

**Rating** 4

**1.5. Inception phase**

**STANDARD: The inception phase was used to develop a common agreement on how the evaluation would be implemented**

**Comment and Analysis**

Not applicable.

**Rating** N/A

## 2. Implementation

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### 2.1. Ethical Review and Considerations

**STANDARD:** *Where data was gathered in contexts where ethical sensitivity is high, appropriate clearance was obtained through an ethics review board; e.g. in evaluation involving minors, institutions where access usually requires ethical or bureaucratic clearance, and situations where assurances of confidentiality was offered to participants*

#### **Comment and Analysis**

There appeared not to be ethical clearance but the level of sensitivity was not high risk.

**Rating** 2

### 2.2. Evaluator independence

**STANDARD:** *Where external, evaluation team was able to work freely without significant interference*

#### **Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: The evaluation team was impartial and there was no evidence of conflict of interest**

**Comment and Analysis**

The evaluation team seemed impartial.

**Rating** 4

### 2.3. Key stakeholder involvement

**STANDARD: Key stakeholders were consulted through a formalised mechanism or institutional arrangement during the evaluation**

**Comment and Analysis**

Key stakeholders and interested parties were formally consulted as part of the study methodology.

**Rating** 4

**STANDARD: Where appropriate, an element of capacity building of partners responsible for the evaluand was incorporated into the evaluation**

**Comment and Analysis**

Capacity building was not clearly evident.

**Rating** 2

## 2.4. Methodology

**STANDARD: The methods employed in the process of the evaluation were consistent with those planned**

### **Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: Data collection was not compromised by fieldwork-level problems or unplanned diversions from original intentions**

### **Comment and Analysis**

Apart from the usual resistance of potential participants, there were no fieldwork challenges.

**Rating** 4

**STANDARD: Forms of data gathering were appropriate given the scope of evaluation**

### **Comment and Analysis**

The data gathering methodology was appropriate.

**Rating** 4

**STANDARD: The data analysis approach and methods were appropriate and sufficient given the purposes of the evaluation**

**Comment and Analysis**

The data analysis was appropriate and sufficient.

**Rating** 4

**STANDARD: Key stakeholders were significantly engaged as part of the methodology**

**Comment and Analysis**

Affected and unaffected stakeholders were given an opportunity to express their views.

**Rating** 4

**STANDARD: The methodology included engaging beneficiaries appropriately as a key source of data and information**

**Comment and Analysis**

The beneficiaries were the stakeholders with or without an interest in having the VAT policy changed. They were provided with a platform to air their views.

**Rating** 4

## 2.5. Project management

**STANDARD: The evaluation was conducted without shifts to scheduled project milestones and timeframes**

### Comment and Analysis

Not applicable.

**Rating** N/A

## 3. Report

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**3.1. Report was well-structured and presentation was clear and complete in each of these areas**

**STANDARD: Executive summary captured key components of the report appropriately**

### Comment and Analysis

The comprehensive executive summary extracted the essence of the report in an appropriate manner.

**Rating** 5

**STANDARD: The context of the development intervention was explicit and presented as relevant to the evaluation**

### Comment and Analysis

Fairly extensive reference was made to international and local trends, indicative of a thorough review of the relevant literature and awareness of the development context.

**Rating** 5

**STANDARD: There was a clear rationale for the evaluation questions****Comment and Analysis**

The rationale for the evaluation questions was clear, simple and explicit.

**Rating** 5

**STANDARD: The scope or focus of the evaluation was apparent in the report****Comment and Analysis**

Not applicable.

**Rating** N/A

**STANDARD: A detailed methodology was outlined in the relevant section of a report (full report or 1/3/25) to the point that a reader could understand the data collection, analysis and interpretation****Comment and Analysis**

The evaluation methodology was comprehensively outlined in a manner that was clear and explicit to the reader.

**Rating** 5

**STANDARD: Key findings were presented in a clear way; they were made distinct from uncertain or speculative findings; and unused data was not presented in the body of the report**

**Comment and Analysis**

The key findings were articulated clearly.

**Rating** 5

**STANDARD: Conclusions and recommendations were clear and succinctly articulated**

**Comment and Analysis**

The conclusions are clear and succinct.

**Rating** 5

**STANDARD: Acknowledgement of limitations of all aspects of the methodology and findings were clearly and succinctly articulated**

**Comment and Analysis**

Limitations were acknowledged to the effect that data were only available for certain products in order to facilitate estimations of supply elasticities and a lack of data on the extent to which VAT specialists were employed, obstructed an accurate estimate of the cost of VAT administration and compliance by businesses in the economy.

**Rating** 4

### 3.2. Writing and presentation

**STANDARD:** *Quality of writing and presentation was adequate for publication including: adequate layout and consistent formatting; complete sentences and no widespread grammatical or typographical errors; consistency of style and writing conventions (e.g. tense, perspective (first person, third person); levels of formality; references complete and consistent with cited references in reference list and vice versa; etc)*

#### Comment and Analysis

No evidence of poor writing or presentation of findings was observed in the report.

**Rating** 4

**STANDARD:** *Appropriate conventions were used in presentation of data (e.g. use of appropriate statistical language; reporting of p-values where appropriate; not reporting statistically insignificant findings as significant; clarifying disaggregation categories in constructing percentages; not using quantitative language in reporting qualitative data, etc.)*

#### Comment and Analysis

The evaluation was primarily qualitative, thereby obviating the need for any statistical vocabulary.

**Rating** 4

### 3.3. Presentation of findings

**STANDARD:** *The use of figures and tables was such that it supported communication and comprehension of results; and data reported in figures and tables was readily discernible and useful to a reader familiar with data presentation conventions*

**Comment and Analysis**

48 tables and 9 figures complemented the text satisfactorily to illustrate the arguments made.

**Rating** 4

**STANDARD: Data analysis appeared to have been well executed**

**Comment and Analysis**

Analysis of the data factored in the different perspectives.

**Rating** 4

**STANDARD: Findings were supported by available evidence**

**Comment and Analysis**

Evidence was presented from international comparisons to support arguments made.

**Rating** 4

**STANDARD: The evidence gathered was sufficiently and appropriately analysed to support the argument**

**Comment and Analysis**

The evidence was sufficiently interrogated to support the arguments made.

**Rating** 4

**STANDARD: There was appropriate recognition of the possibility of alternative interpretations**

**Comment and Analysis**

Several alternatives were presented in the text.

**Rating** 4

**STANDARD: The report appeared free of significant methodological and analytic flaws**

**Comment and Analysis**

Methodological and analytical flaws appeared to be absent from this report.

**Rating** 4

### 3.4. Conclusions

***STANDARD: Conclusions were derived from evidence***

**Comment and Analysis**

The conclusions reached were based upon and argued from the evidence presented.

**Rating** 4

***STANDARD: Conclusions took into account relevant empirical and/or analytic work from related research studies and evaluations***

**Comment and Analysis**

Other research was consulted in order to inform the analysis.

**Rating** 4

***STANDARD: Conclusions addressed the original evaluation purpose and questions***

**Comment and Analysis**

The evaluation purpose and questions were adequately addressed in the report, in respect of taking a position on VAT treatment of merit goods and services; reviewing existing merit goods or services; pronouncing on VAT treatment of books, medicines, medical services, electricity and water; analysing existing and proposed VAT relief measures and the distributional implications of the suggested merit goods or services; and ensuring protection of a tax base within the constraints of an equitable, acceptable and administerable VAT system.

**Rating** 5

**STANDARD: Conclusions were drawn with explicit reference to the intervention logic or theory of change**

**Comment and Analysis**

Not applicable.

**Rating** N/A

**3.5. Recommendations**

**STANDARD: Recommendations were made in consultation with appropriate sectoral partners or experts**

**Comment and Analysis**

The recommendations factored in the views of stakeholders.

**Rating** 3

**STANDARD: Recommendations were shaped following input or review by relevant government officials and other relevant stakeholders**

**Comment and Analysis**

The views of a wide range of stakeholders were taken into account.

**Rating** 5

**STANDARD: Recommendations were relevant to the policy context****Comment and Analysis**

Recommendations appeared to be developmentally appropriate.

**Rating** 4

**STANDARD: Recommendations were targeted to a specific audience sufficiently - were specific, feasible, affordable and acceptable****Comment and Analysis**

The recommendations for no change in the VAT policy were targeted specifically at the National Treasury, the client in this instance.

**Rating** 4

**3.6. Relevant limitations of the evaluation have been noted****STANDARD: Relevant limitations of the evaluation were noted****Comment and Analysis**

Limitations in available data on different products were acknowledged.

**Rating** 4

### 3.7 Protection of participants and risk considerations

**STANDARD: The full report documented procedures intended to ensure confidentiality and to secure informed consent where this was needed (in some cases this is not needed - e.g. evaluation synthesis - in which case N/A should be recorded)**

#### Comment and Analysis

Procedures to ensure confidentiality of individual respondents were not explicitly documented, however, no mention of any individual respondents representing organisations or institutions was made, thereby protecting individual confidentiality.

**Rating** 3

**STANDARD: There were no risks to participants in disseminating the original report on a public website**

#### Comment and Analysis

There were very limited risks to participating stakeholders by the dissemination of the report on a public website.

**Rating** 4

**STANDARD: There were no unfair risks to institutions in disseminating the original report on a public website**

#### Comment and Analysis

Although the views expressed by the 8 participating stakeholder groups were contradictory, there appears to be no unfair risk to them in the dissemination of the report on a public website.

**Rating** 4

## 4. Follow-up, use and learning

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### 4.1. Presentation to stakeholders

**STANDARD: Results were presented to all relevant stakeholders**

#### Comment and Analysis

There was no evidence of a comprehensive presentation, but the results were publicly available.

**Rating** 1

### 4.2. Resource utilisation

**STANDARD: The evaluation was completed within the planned timeframes**

#### Comment and Analysis

Not applicable.

**Rating** N/A

**STANDARD: The evaluation was completed within the agreed budget**

#### Comment and Analysis

Not applicable.

**Rating** N/A

### 4.3. Transparency

**STANDARD: The report was publicly available (website or otherwise published document), except where there were legitimate security concerns**

#### Comment and Analysis

The report was publicly available for downloading at the the website address <http://www.treasury.gov.za/publications/other/VAT%20Merit%20goods%20Final%20Report%20-%202015%20Oct%202007.pdf>

**Rating** 5

### 4.4. Lessons learnt

**STANDARD: After completion of the evaluation, a reflective process was undertaken by staff responsible for the evaluand to reflect on what could be done to strengthen future evaluations**

#### Comment and Analysis

The National Treasury indicated that the findings confirmed existing policy, indicative of some level of reflection on the evaluation.

**Rating** 3

### 4.5. Symbolic and conceptual value

**STANDARD: The evaluation study was seen by interviewed stakeholders as having added significant symbolic value to the policy or programme (eg raised its profile)**

#### Comment and Analysis

The interviewed stakeholders indicated that the study had added value to the VAT policy.

**Rating** 4

**STANDARD: *The evaluation study was of conceptual value in understanding what has happened and possibly in shaping policy and practice***

**Comment and Analysis**

The project manager indicated that the report assisted in dealing with and arguing a case against further VAT relief and zero-rating, as not being in the interests of the fiscus or the country as a whole.

**Rating** 4

**4.6. Utilisation of findings and recommendations**

**STANDARD: *There was clear evidence of instrumental use - that the recommendations of the evaluation were implemented to a significant extent***

**Comment and Analysis**

There was nothing additional to implement, the study served as a confirmation of existing policy.

**Rating** 4

**STANDARD: *There was clear evidence that the evaluation has had a positive influence on the evaluand, its stakeholders and beneficiaries over the medium to long term***

**Comment and Analysis**

It had resulted in a clearer understanding of options for VAT and the retention of the existing coherent tax policy regime.

**Rating** 4

## **References**

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National Treasury, 2005. The VAT Treatment of Merit Goods and Services, T16/05.

## **List of Interviewees**

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Mr Cecil Morden, National Treasury, brief telephonic interview and electronic follow-up, 16/1/2013 and 29/1/2013.

Ms Chaya Lakhani, Price Waterhouse Coopers, brief telephonic interview, 6/2/2013.