Department of Performance Monitoring and Evaluation

Report on the Assessment of Government Evaluations

The Impact of Exchange Rate Movements on Employment: The Economy-wide Effect of Rand Appreciation

Date Evaluation was completed: 01 July 2006

Name of assessor: Nana Gadegaard Davies

Evaluation Number: 28
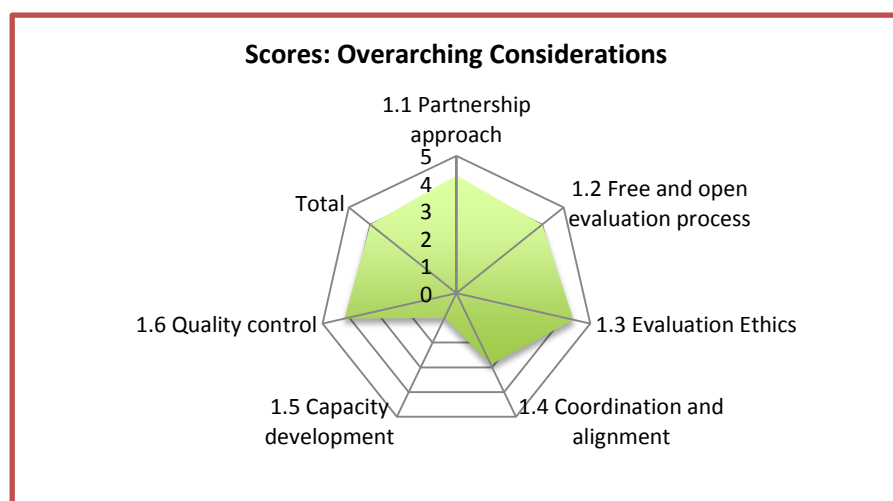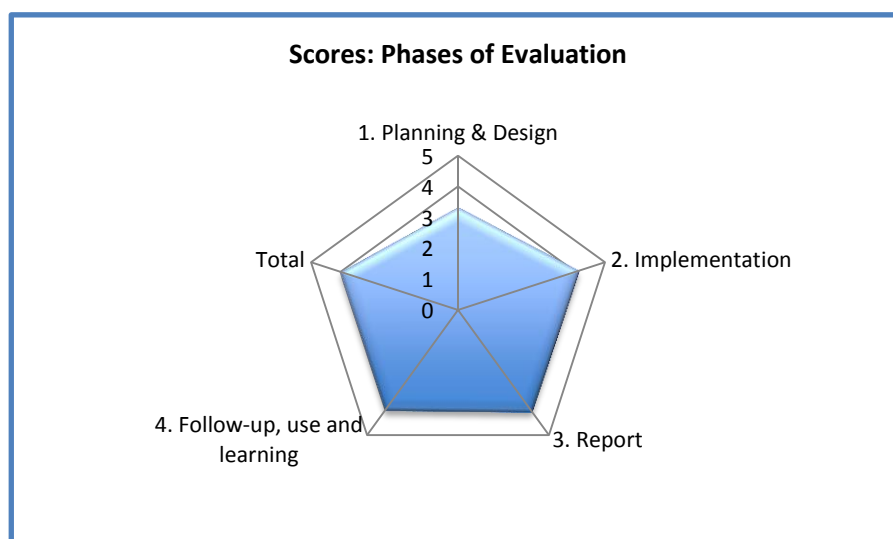
Date Assessment Completed: 08 February 2013

Evaluation Assessment Details

Title of evaluation report	The Impact of Exchange Rate Movements on Employment: The Economy-wide Effect of Rand Appreciation
Completion Date of Evaluation	01 July 2006
Name of Assessor	Nana Gadegaard Davies
Evaluation Number	28
Completion Date of Assessment	08 February 2013
Initiated by	Human Sciences Research Council
Evaluation undertaken by	Mr Stewart Ngandu
Evaluation area / sector	Trade, industry, enterprises
	Economic planning and development *Additional*
National Outcome	Outcome 4
	Additional
Type of Evaluation	Diagnostic
	Additional
What is being evaluated	Sector
	Additional
Geographic Scope	National
Period of Evaluation	2006
Known Cost of Evaluation	R 500, 000

Quality Assessment Scores

Phase of Evaluation	Score
Planning & Design	3.33
Implementation	4.12
Report	4.06
Follow-up, use and learning	4.00
Total	**4.00**

Overarching Consideration	Score
Partnership approach	4.29
Free and open evaluation process	4.00
Evaluation Ethics	4.36
Coordination and alignment	2.89
Capacity Development	1.00
Quality control	4.18

Scores: Phases of Evaluation

Scores: Overarching Considerations

1. Planning & Design

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

This study was not guided by a terms of reference. The researcher (from Human Science Research Council) wrote a proposal and requested funding from the Department of Trade and Industry. When it was declined, funding was acquired from the British High Commissioner. The condition was that the research had policy implications. The researcher was unable to locate the proposal.

> ***Rating***   **N/A**

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

Comment and Analysis

The evaluation was not guided by a terms of reference and the researcher was unable to locate the proposal.

> ***Rating***   **N/A**

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

Comment and Analysis

The evaluation was not guided by a terms of reference.

> ***Rating***   **N/A**

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

Comment and Analysis

The evaluation was not guided by a terms of reference.

Rating   **N/A**

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

Comment and Analysis

The evaluation was not guided by a terms of reference.

Rating   **N/A**

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

Comment and Analysis

The evaluation was not guided by a terms of reference.

Rating   **N/A**

1.2. Evaluation was adequately resourced

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

Comment and Analysis

The study was adequately resourced in terms of time allocated.

Rating   **5**

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

Comment and Analysis

The study was adequately resourced in terms of the original budget. Money recived came to R 0.5 million and had been provided in Punds by the British High Commisioner. No resources were given by Treasury, the Reserve Bank or the Department of Trad eand Industry. The amount was sufficient.

Rating   **5**

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

Comment and Analysis

The study was resourced by a researcher who holds a MSc in Economics and has experience in economic modelling and policy analysis with particular focus on labour market scenarios and exchange rates. Furthermore, a technical reference group was established with skilled members sourced from the Reserve Bank and Treasury. Hence the study was adequately resourced in terms of staffing and skills sets.

Rating   **5**

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

Comment and Analysis

The study did not plan to incorporate any elements of capcity building of partner/staff responsible for the evaluation.

Rating   2

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

Although there is a brief section on the latest history on the exchange rate fluctuation, there is no reference in the study to reviews of relevant policies. Hence there is insufficient evidence that a policy review has been used in the planning of the study. However, the current study and report are part of bigger project on employment growth and development initiative, where a policy review might have been carried out and used for planning of the project.

Rating   2

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

Throughout the report there are references to appropriate literature that has been reviewed. These include international and national literature. However it is uncertain how this informed the planning of the evaluation by the evaluator.

Rating   N/A

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

There is no reference to the intervention logic or the theory of change in the study.

Rating   **1**

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

Comment and Analysis

A Steering Committee consisting of Treasury and the Reserve Bank were consulted on throughout the evaluation.

Rating   **4**

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

Comment and Analysis

This study was part of a bigger research project, where interviews with financial managers of companies were carried out. However this current study only applied a desktop review and used a computable general equilibrium model with an appreciation induced by a commodity price boom. This was an appropriate methodology to determine the possible impact of an appreciation on the rand on employment.

Rating   **5**

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

Comment and Analysis

The study did not apply primary data gathering and therefore no sampling took place.

Rating   **N/A**

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

Comment and Analysis

No specific planned process for using the findings of the study was evident from the report. However, the interviewee indicated that the British High Commission had funded the research due to its policy relevance. Furthermore there are policy related recommendations in the the report.

Rating   **2**

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

The researcher used a technical reference group consisting of experts from Treasury and the Reserve Bank. The inception phase was used to finalise the planning of the the study together with the reference group.

Rating   **4**

2. Implementation

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 bureacratic clearance, and situations where assurances of confidentiality was offered to participants

Comment and Analysis

There is no reference to ethical consideration in the report. However, as the research is based on secondary data, ethical considerations were not relevant.

Rating   **N/A**

2.2. Evaluator independence

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

Comment and Analysis

The researcher stated that he was able to work freely and without any interference from any stakeholders.

Rating   **5**

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

Comment and Analysis

The researcher was impartial and there was no evidence of conflict of interest.

Rating   **5**

2.3. Key stakeholder involvement

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

Comment and Analysis

A technical reference group consisting of Treasury and the Reserve Bank was consulted throughout the research. The researcher and the reference group met three times during the research. One seminar was conducted where the initial results were presented and a round table dicussion was held where the final report was presented. Key stakeholders from the business sectors and government (including Treasury and the Reserve Bank) provided input to the research in these sessions.

Rating   **5**

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

Comment and Analysis

No capacity building was incorporated into the evaluation process.

Rating   **1**

2.4. Methodology

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

Comment and Analysis

This study applied a desktop review and used a computable general equilibrium model with an appreciation induced by a commodity price boom.This methodology was consistent with the methodology planned.

Rating   **5**

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

Comment and Analysis

As this current study was based on secondary data analysis and consultation with key stakeholders, there was no real fieldwork.

Rating   **N/A**

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

Comment and Analysis

As this current study was based on secondary data analysis and consultation with key stakeholders, there was no forms of data gathering.

Rating   **N/A**

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

Comment and Analysis

The research applied a computable general equilibrium model for data analysis as well as statistical analysis for descriptive data. The data analysis approach and methods were appropriate and sufficient to examine the possible impact of an appreciation of the rand on employment.

Rating   **5**

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

Comment and Analysis

A Steering Committee consisting of Treasury and the Reserve Bank were consulted throughout the evaluation. A seminar and a round table discussion were carried out with key stakeholders. These forms of consultations were part of the planned methodology and were considered appropriate.

Rating   **4**

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

Comment and Analysis

This research was a desk top based and focused on secondary data. Hnce the methodology did not include the engagement of beneficiaries as a key source of data.

Rating   **N/A**

2.5. Project management

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

Comment and Analysis

According to the interviewee the research was conducted without shifts to scheduled project milestones and timeframes.

Rating   **5**

3. Report

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 one page abstract appropriately outlined the purpose of the research, the methodlogy, findings, and conclusion, which were key components of the report.

Rating   **4**

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

Comment and Analysis

The history, context and literature related to the research topic was explicit and presented as relevant to the research. The research firstly looked at the recent history of the rand fluctation. Then it examined literature on the relationship between trade and the exchange rate and then the relationship between the exchange rate and employment. This was relevant context and introduction for simulation of the appreciation induced by commodity price boom.

Rating   **5**

STANDARD: There was a clear rationale for the evaluation questions

Comment and Analysis

The rationale was listed in the abstract and the introduction. The main rationale for researching the potential impact of exchange rate volatility and levels in South Africa is that there is concern as South Africa needs to dramatically expand sustainable employment, and at the same time, raise value-added in its goods and services production.

Rating   **4**

STANDARD: The scope or focus of the evaluation was apparent in the report

Comment and Analysis

The scope of the research was apparent in the report. The scope was to use a computable general equilibrium model to investigate the impact of a commodity-induced appreciation of the rand on employment in different sectors of the South African economy.

Rating   **4**

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 methodology was outlined in the methodology section (Chapter 3) of the research paper. The research report gave a detailed description of why an economy-wide approach was used, namely the computable general equilibrium. Data analysis and interpretation approaches have also been described.

Rating   **4**

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

A description of each finding was presented as results in Chapter 4 and was based on the data from the tables in Appendix 1. Key findings were well presented in the report.

Rating   **5**

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

Comment and Analysis

Conclusions and recommendations were listed in the 'Discussion' and 'Conclusions' sections of the report.While the conclusions were clear, the recommendations were embedded in nature. These could have been extracted more clearly in a separate chapter.

Rating   **2**

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

Comment and Analysis

The author acknowledged limitations within his study stating that some areas of focus fell outside the scope of the research. He noted that the model that had been utilised was a static one and did not address some key questions that could aid in furthering the understanding of the linkage between exchange rate volatility and employment.

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

The research paper was published by the Human Sciences Research Council. It adhered to all protocol that concerned the writing of an academic paper. The quality of writing is excellent and the presentation is good. With the exception of two spelling mistake, the report is well written.

Rating   **5**

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 paper utilised an appendix which outlined appropriate supplementary data whilst also describing all appropriate data in a coherent manner in the main report. Statistical language was used appropriately.

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

The appendix held tables that showcased the appropriate information needed for further comprehension of the findings within the paper. The tables served as supplementary information and were readily discernible.

    Rating   **5**

STANDARD: Data analysis appeared to have been well executed

Comment and Analysis

The research applied a computerable general equilibrium model for data analysis as well as descriptive analysis for statistical data. Data analysis was well executed.

    Rating   **4**

STANDARD: Findings were supported by available evidence

Comment and Analysis

All findings were supported by statistical data analysis. The tables in the appendix provided evidence for the findings. There was one section in the report where the connection between the findings and evidences was unclear.

    Rating   **3**

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

Comment and Analysis

Evidence was sufficiently and appropriately analysed to support the argument.

Rating   **4**

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

Comment and Analysis

There was one example of the recognition of an alternative interpretation in the paper in the discussion section. This was appropriate taken the scope of the paper into account.

Rating   **4**

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

Comment and Analysis

The report appeared free of significant methodological and analytical flaws.

Rating   **4**

3.4. Conclusions

STANDARD: Conclusions were derived from evidence

Comment and Analysis

All conclusions were based on the evidence and findings of the study.

Rating   **5**

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

Comment and Analysis

Good interpretative conclusions were made drawing on relevant literature and studies. For example, the research paper noted that some conclusions reached in the paper did not match other studies that had been undertaken but noted that these studies had taken into account only the manufacturing sector where this study had looked at all sectors.

Rating   **5**

STANDARD: Conclusions addressed the original evaluation purpose and questions

Comment and Analysis

Conclusions seemed to address aspects of the original evaluation purpose and questions, namely 'the possible impact of an appreciation of the rand on the South African economy'. However, in the conclusions section there is insufficient extraction of conclusions on the original research question, namely 'the impact of an appreciation of of the rand on employment'. This question is however addressed in the discussion section of the paper but should have been extracted in the conclusions section as well.

Rating   **3**

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

Comment and Analysis

There is no reference to intervention logic or theory of change in the report.

        Rating   **1**

3.5. Recommendations

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

Comment and Analysis

The reference group consisting of experts from the Reserve Bank and Treasury were involved in the shaping of the recommendations. Also the draft report was presented at a seminar and at a round table, where relevant departments, academic institutions, banks and businesses provided input on the findings and the recommendations.

        Rating   **5**

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

Comment and Analysis

Recommendations were shaped following input by government officials from the Reserve Bank and Treasury as well as the Department of Trade and Industry. Also key stakeholders from the academic institutions, banks and businesses who attended the seminar and the round table provided input to the recommendations.

        Rating   **5**

STANDARD: Recommendations were relevant to the policy context

Comment and Analysis

Recommendations were relevant and well aligned to the policy context. The recommendations were embedded in the discussion section of the report.

Rating   **4**

STANDARD: Recommendations were targetted to a specific audience sufficiently - were specific, feasible, affordable and acceptable

Comment and Analysis

The recommendations seemed to be specific, feasible, affordable and acceptable. The recommendations were broadly addressed to policy decision-makers. The recommendations could have been extracted into a separate chapters and each recommendation could have been targeted to a specific audience.

Rating   **2**

3.6. Relevant limitations of the evaluation have been noted

STANDARD: Relevant limitations of the evaluation were noted

Comment and Analysis

The paper identified important questions that were not addressed in the research as they fell outside the scope of application of the computable general equilibrium model utilised.

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

The bigger research study went through the HSRC Ethic Committee. This current paper did not mention nor did it need to follow ethical procedures as it was based on a desktop study and the application of computable general equilibrium model.

Rating   **N/A**

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

Comment and Analysis

As the current research was based on secondary data analysis and consultation with the technical reference group, there was no risks to participants in disseminating the original 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

As the current research was based on secondary data analysis and consultation with the technical reference group, there was no risks to institutions in disseminating the original report on a public website.

Rating   **4**

4. Follow-up, use and learning

4.1. Presentation to stakeholders

STANDARD: Results were presented to all relevant stakeholders

Comment and Analysis

The findings were to presented to relevant government departments (Department of Trade and Industry, Treasury, Reserve Bank) at a seminar. Furthermore, the findings were presented to the same stakeholders as well as stakeholders from the academic institutions, banks and private sectors at a round table discussion.

Rating   **4**

4.2. Resource utilisation

STANDARD: The evaluation was completed within the planned timeframes

Comment and Analysis

The researcher stated that the research had been completed within the allocated time.

Rating   **5**

STANDARD: The evaluation was completed within the agreed budget

Comment and Analysis

The researcher stated that the research had been completed within the allocated budget

Rating   **5**

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 paper is available on the HSRC website as well as on various other websites (e.g. academic institutions)

Rating   **4**

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

No formal reflective process was undertaken by staff responsible for the evaluation to reflect on what could be done to strengthen future evaluations.

Rating   **N/A**

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

As it was not possible to locate relevant interviewees from government it was uncertain whether the study was seen as adding significant symbolic value to the policy or programme.

Rating   **N/A**

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

Comment and Analysis

The research examined the impact of the rand appreciation on the South African economy and particularly on trade and employment. This was done in an understandable manner taking into account all sectors of the economy and could have been instrumental in shaping policy if used by relevant entities. The research provided some recommendations for suitable policy changes to hinder the negative effects of the rand appreciation on certain sectors.

Rating   **5**

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 the possibility that some government departments had utilised the findings and recommendations produced. The researcher had received emails indicating this. There was also evidence on the website that the paper was being utilised however it was not clear by whom.

Rating   **N/A**

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

The researcher stated that he had learned a lot in the process of the research, particularly about the benefits of having a technical reference group with experts from the Reserve Bank and Treasury. However, the evidence that the research has had on other stakeholders, is uncertain.

Rating   **N/A**

References

Ngandu, S. (2006). "The Impact of Exchange Rate Movements on Employment: The Economy-wide Effect of a Rand Appreciation". Human Science Research Council..

List of Interviewees

Mr Stewart Ngandu, Chief Researcher at the Economic Performance and Development Research Programme, Human Science Research Council. Telephonic interview 29/1/2013.