

Effectiveness of Evaluation of Development Assistance for Infrastructure Projects in Asian Countries*

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1. Introduction

Countries that are unable to mobilize sufficient domestic resources for economic growth have been obliged to seek external assistance. At present majority of developing countries consider foreign aid as an important ingredient in their development efforts. About 45 to 50 per cent of all aid commitments consist of contributions to build up social and economic infrastructure in developing countries. In the case of multilateral donors, this amounts to as much as 60 to 65 per cent. Emphasis is placed almost equally on social infrastructure (education, health, etc.) and economic infrastructure (energy, transportation, communications, etc.). One of the major problems of aid to infrastructure is that, it is not sure whether aid has a good impact on the development of the third world countries. Recent studies have confirmed that the impact of aid continues to be a controversial issue (Carlsson et al., 1994). Therefore, the effectiveness of aid should be assessed by the donor agencies in order to maximize impact of aid on growth. An aid agency's evaluation function is the primary tool by which the agency acquires knowledge about the performance of their assistance and feeds it back to its operational decisions.

2. Overview of the Study

The purpose of this study is to identify major constraints of development aid evaluation, which undermines the understanding of the effectiveness of development assistance provided to developing countries. With the aim of extracting lessons for evaluations from the recent growth performances in Asian countries, the study has been conducted mainly on the donor agencies operating in Asia. East Asia's extraordinary growth is considered to be attributable to superior accumulation of physical and human capital, where infrastructure has played a major role. As such, the study is based on infrastructure projects implemented in Asian countries. The study concentrated on the evaluation functions of these donor agencies, the feedback of information into the decision making process and the link between implementation stage and the evaluation stage of the project cycle as given in Figure 1.

3. Analysis of Evaluation Policy

The policy of an aid agency on its evaluation function determines how the evaluation activity is actually performed in that agency. Therefore, a comparative approach has been used to study the evaluation functions of fourteen major donor agencies. Depending on the characteristics of the evaluation function, the policy orientation has been established. Four main areas representing the evaluation function has been selected for the analysis. These four areas are as follows.

- (1). Evaluation objectives.
- (2). Evaluation guidelines.
- (3). Structure and organizational pattern of the evaluation unit.
- (4). Effectiveness of the feedback system.

The first two areas represent the performance aspect of the evaluation function while the latter two areas represent the institutional aspect of the evaluation function. Under these four main areas, various indicators have been selected and analyzed using a scale representing a continuum of policy orientation.

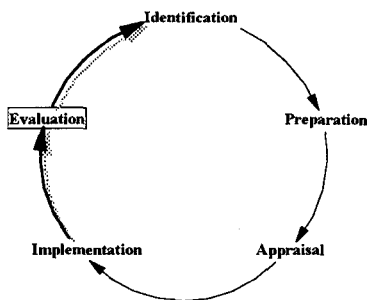


Figure 1 Project Cycle

* Key Words: Evaluation, Development Assistance, Infrastructure Projects

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Management Concern and Development Concern of the evaluation function constitute the two extremes of a continuum as in Figure 2. This continuum has been used as a scale to test the indicators for their bias towards either concern. A brief description of each of the areas used for the analysis is given below.

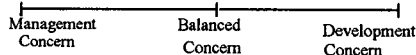


Figure 2

(1) The evaluation objectives of each agency would indicate the relative emphasis given to the management concern and development concern in the evaluation function of that agency. Therefore, each objective is tested for its policy orientation on the scale using three indicators: Type of objective; Time horizon of the objective; and Scope of the objective. Accordingly, the words used, time period considered and the intensity of the focus of the objectives are taken as the criterion for ranking them in the scale.

(2) Almost all aid agencies have their own guidelines for evaluation. The guidelines provide basic criteria to be followed by evaluators. Therefore, these guidelines are considered to be a mirror of the agency's evaluation policies. Accordingly, these guidelines have been analyzed to obtain policy orientations of each agency. The emphasis to a particular concern in the evaluation guidelines is assumed to represent the policy orientation of each agency. The rank of an agency in the scale is determined using the number of clauses and subclauses a particular concern represents in the guidelines using Eqn. 1.

$$\frac{\text{Number of Clauses \& Subclauses of a Particular Item}}{\text{Total Number of Clauses}} \times 100 \quad \text{----- Eqn. 1}$$

(3) The implementation pattern of the evaluation function, the location of the evaluation unit in the whole organization, and the degree of independence on the evaluation function determines the policy orientation of an agency's evaluation function. Accordingly, all these factors have been analyzed to locate each agency in the scale. First, four types of patterns has been identified as centralized, integrated, separate unit and totally independent and degree of deviation from the implementation units have been used as the measure of the ranks. Furthermore, the location of the evaluation unit in the organizational hierarchy is assumed to be dictating the amount of influence it can make on the managerial decision making. Moreover, the distinction between the use of internal and external evaluators has been taken into consideration in determining the degree of independence of the evaluation function.

(4) Providing effective feedback of evaluation findings to its potential users is very important aspect of the evaluation process. The degree of openness of the feedback mechanism and feedback layers are used as the two criterion for the analysis of evaluation feedback to determine each agency's orientation.

When the relationship between institutional aspect and performance aspect of the evaluation function is plotted using scores obtained from the analysis, Figure 3 can be obtained. It clearly shows that institutional factors can play a major role in the policy orientation and performance of the evaluation function of donor agencies. However, traditionally it was always the performance aspect that has been considered important for making improvements into the evaluation function. When each agency is ranked on the scale using various criteria and synthesized together the result can be given as in Table 1, in which D,B,M denotes Development Concern, Balanced Concern and Management Concern, respectively. It shows that agencies can be categorized into five groups based on the results obtained.

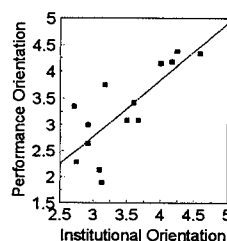


Figure 3

4. Evaluation and Future Planning of Infrastructure Projects

Out of fourteen donor agencies described above, two main donor agencies in Asia, namely the Asian Development Bank (ADB) and Overseas Economic Cooperation Fund of Japan (OECF) were selected

for a detail study. The study concentrated on the evaluation functions of these two donor agencies, the management information needs and the role of evaluation, the effectiveness of using evaluation information for the future planning of infrastructure projects. The detail study was conducted by visiting both ADB and OECF, and obtaining views from the professional staff of various departments using a questionnaire and an open ended discussion.

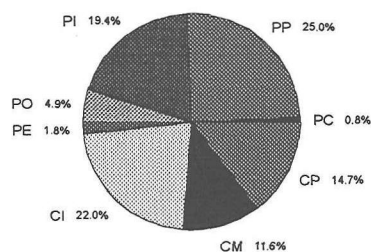
From the detail study, it was found that individual project evaluations constitute the main activity of the evaluation function. If evaluations are carried out on the project basis alone, the agency finds it difficult to obtain necessary knowledge on impact of development assistance, which goes beyond the bounds of a normal project evaluation, and usually entails general judgments on the macroeconomic behavior, policy environment and institutional capacity of the recipient country. Moreover the evaluation functions of these donor agencies are not well equipped to address the senior management information needs, due to narrow concentration on project evaluations. Therefore, strategic level decisions regarding the amount and allocation of assistance for infrastructure sector were not supported by a proper knowledge of how aid is being used by recipient countries.

Table 1 Summary of the Policy Analysis

Agency	Evaluation Objectives	Operational Guidelines	Organizational Structure	Evaluation Feedback
ADB	D	B	B	B
AIDAB	B	D	B	D
BMZ	B	M	D	M
CIDA	D	B	M	B
DANIDA	B	B	M	B
FINNIDA	M	M	B	M
IBRD	D	M	B	M
Japan	D	D	B	D
Netherlands	D	D	D	D
NORAD	B	D	D	D
ODA	D	M	D	M
SIDA	B	B	M	D
UNDP	D	B	B	B
USAID	D	D	B	D

5. Evaluation and Performance of Infrastructure Projects

Through evaluations of both successful and unsuccessful projects, knowledge and experience is generated which can improve future development assistance. Evaluations contribute to the learning process in organizations, in which evaluations demonstrate which strategies and methods are successful, and unsuccessful, and which factors encourage or hinder the attainment of the desired results and efforts. These factors relate to both project processing techniques and the condition of the country in which the project is implemented. The project processing factors include the various stages of project cycle, while country conditions include the macroeconomic aspects, policy aspects and institutional aspects of the recipient country.



PC- Project Concept PP-Project Prep. & Design
 PI- Project Implementation PO- Project Operation
 PE- Project Evaluation CI- Institutional Capacity
 CM- Macroeconomic Environment
 CP- Policy Environment

Figure 4 Relative Importance of Project Performance Factors

In view of obtaining the relationship between implementation stage and the evaluation stage of the project cycle, post-evaluation data obtained from ADB funded infrastructure projects were analyzed. For the analysis, 102 infrastructure projects implemented during 1973-1988 in various Asian countries were selected (ADB, 1989). Consequently it was found that, both project processing factors and country conditions are equally important for the success of a project. The relative importance of various factors on project performance, obtained from the analysis are illustrated in Figure 4.

When the emphasis on various evaluation criteria of the ADB's evaluation guideline is compared with the project performance factors, Table 2 can be obtained. From the Table it is clear that, even though the project

processing factors and country conditions are equally important for the success of a project, the emphasis on evaluation is more biased towards project processing factors. This is one of the major shortcomings of the project evaluations carried out in ADB. In order to obtain the emphasis given on various areas in the evaluation functions of other donor agencies, guidelines were analyzed in a similar manner as in section 3(2). The results of this analysis, as given in Table 3, comprises of percentage of emphasis on project processing factors and various country conditions. It shows that, in most of the donor agencies, country conditions are given less emphasis compared to project processing factors.

Table 2 Emphasis on Project Performance Factors (ADB)

Project Performance Factors	Relative Importance (%)	Emphasis in Guidelines (%)
Project Processing		
Project Concept	1	0
Project Preparation	25	20
Project Implementation	19	24
Project Operation	5	20
Project Evaluation	2 52	0 64
Country Conditions		
Macroeconomic	11	12
Policy	15	0
Institutional	22 48	24 36
Total	100 100	100 100

6. Conclusions and Recommendations

This paper summarizes the main deficiencies found in evaluation of infrastructure projects which are implemented in Asia by major donor agencies. First it was found that the evaluation functions of most of the donor agencies are development oriented except a few. To improve the evaluation function, not only the performance aspects but also the institutional aspects are to be considered by these donor agencies. Second, it was observed that most of the senior management information needs are not properly met by the conventional project evaluations. Project evaluations support the operational level decision making rather than strategic level decisions in donor agencies. Third, it was observed that all the project performance factors are not adequately dealt by project evaluations.

Table 3 Emphasis Given by Donors Other Than ADB

Agency	Project Processing	Country Conditions
AIDAB	73	27
CIDA	80	20
DANIDA	74	26
BMZ	90	10
FINNIDA	100	0
IBRD	70	30
Netherlands	68	32
NORAD	65	35
ODA	90	10
OECD	100	0
UNDP	63	37
SIDA	69	31
USAID	60	40

Therefore, it is recommended that donor agencies go beyond project evaluations in their evaluation efforts of development assistance to properly respond to the overall development in recipient countries. Sectoral and thematic evaluations have to be used increasingly by the donor agencies to overcome these shortcomings. Even in the project evaluations much attention has to be given to assess recipient policy conditions, macroeconomic environment and institutional capacity along with the technical aspects related with project cycle. Also the information dissemination has to be designed such that all the potential users of evaluation information are adequately covered with their respective needs. Senior management should be given with a synthesis of findings of a group of projects rather than unnecessarily detailed project evaluation results. Most of all, the donor agencies should understand the recipient conditions through these evaluations rather than concentrating mainly on the efficiency and effectiveness of the aid delivery system.

References

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