

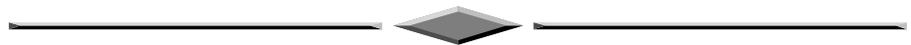


ROOM DOCUMENT NO. 10

Summary report on the informal workshop on country program evaluation: Lessons learned from the recent evaluations of Bolivia, Haiti, Honduras and Nicaragua

Held on 4 February 2003 at the Inter-American Development Bank

The attached report has been prepared by the Inter-American Development Bank. It is submitted for consideration under Item 6vi) of the agenda of the DAC Working Party on Aid Evaluation meeting on 27 – 28 March 2003.



**37th meeting
27-28 March 2003**

Background and Purpose¹

As a result of the discussions at the OECD/DAC WP-EV Informal Joint Activities Meeting held in November 2002, the Office of Evaluation and Oversight of the Inter-American Development Bank organized an informal workshop with interested Members of the WP-EV to share lessons learned from Country Program Evaluations of Bolivia, Haiti, Honduras and Nicaragua. The purpose was to improve future country program evaluations (CPE) and future operations.

Key Themes

The key methodological themes were the evaluation of program intent, implementation and donor coordination. Country-specific programmatic issues included lessons learned from different program choices, the results of HIPC and other forms of donor coordination, institutional capacity development, project implementation units, and civil society organizations as executing agencies.

Evaluation Issues:

The number of issues and questions involved in CPEs is enormous, thus requiring a choice of strategic focus and one of breadth versus depth. There is an enormous amount of data to be collected to assess program effectiveness and impact, particularly the impact of aid on welfare outcomes.

The disconnect between the time frames for development (long-term) and country programs and projects (short-term) complicates attempts at impact assessment. Cost-effectiveness of the evaluation itself must be considered.

Assessing welfare outcomes would make most sense in the PRSP context whereby one could link to government's own programs and their statistical processes and systems for collecting data on welfare outcomes. CPE could then evaluate the role played by donors in generating these outcomes, rather than try to estimate the welfare outcome of each particular donor intervention.

The issue of country program *relevance* for generating "fundamental" change remains a major concern. In some cases, CPEs have led to significant recommendations of change in new country strategies. Yet, an unresolved problem is how to ensure that the recommendations of CPEs are taken into account in future strategies. Timing is but one issue related to this problem.

Transparency and consultation with the stakeholders/evaluatees is particularly important regarding preliminary findings and conclusions.

IDB/OVE presented an Evaluability Matrix to assess country program evaluability. Country programs and even projects have not been designed and implemented with evaluability in mind, e.g., with required attention to objectives, outcomes, outcome indicators, baselines, milestones and targets. As a result, upon completion, many programs can only be assessed in terms of their outputs, which is entirely inadequate for impact assessments and analytical and strategic purposes. Better results chains and logical frameworks are required. The clarity of objectives and expected outcomes as well as the quality and relevance of indicators are key.

1. The Chair for this meeting was Mr. Stephen A. Quick, Director, Office of Evaluation and Oversight, IADB. The Rapporteur was Ms. Julie M. Feinsilver, Evaluation Officer, Office of Evaluation and Oversight, IADB.

Differences among bilateral donors, the IDB, the WB and UNDP are primarily due to dissimilar institutional contexts and considerations as well as evaluation methodology and accountability questions. There is considerable variety in the focus, evaluation approaches, timing and perceived utility of CPEs. Focus varies from 1) the evaluation of a cluster of projects (bilateral tendency); 2) to the evaluation of major changes (at outcome level) in national development conditions within the agency's thematic areas of activity and the agency's contribution to key development results (UNDP); 3) to an evaluation of the institutions' strategy of country assistance (MDBs). The latter are generally evaluations of the totality of support (loans, technical assistance, economic and sector analysis, policy dialogue, etc.) provided over a longer time frame (decade), but may also encompass shorter time frames.

Evaluation approaches also differ in terms of the key questions asked; whether the primary focus is on accountability or lesson learning or whether both have equal weight; the resources utilized and expended; and the audience/client(s) for the report. Practice varies a great deal as well regarding whether CPEs are mandatory or done on an ad hoc basis and whether their timing suits donor funding (and reporting) cycles (bilaterals) or the electoral cycles in partner countries (IDB).

Some agencies have a CPE production schedule (mandatory or not) as part of their regular work programs. Others have questioned the utility of doing CPEs and therefore have put a moratorium on doing more until their evaluation approaches, costs (financial and staff and government time) and results are reassessed.

Programmatic Issues:

The following section contains a few general issues that transcended the cases at hand.

The issue of how to deal with "poor performing countries" was raised. Current practice suggests two very different ways to support countries suffering from very poor governance in the public and the private sector: (a) stop lending for investment or sectoral adjustment and pursue only policy dialogue with general technical assistance (TA) on institution building; or (b) keep lending for specific projects while ensuring a minimum of positive externalities surrounding the project through focused TA for institution building.

NGOs and/or project implementation units (PIUs) can be only partial solutions to the lack of institutional capacity on the project level in the absence of government commitment to outsourcing many functions. Although NGOs and PIUs get the immediate job done, they contribute to the further weakening of the capacity of the very institutions that need to be strengthened and the lack of program/project sustainability.

Assessment of macroeconomic impact of aid is critical. Aid is volatile and, in the case of high aid dependency, contributes to macro planning and budgeting instability. It may also push up real exchange rates and thereby render exports less competitive.

The aid interface between the country and donors is very demanding in time and resources. The management of a proliferation of priorities, programs and executing agencies creates a governance problem for the country. Moreover, a complex aid interface discourages the formation and realization of national development goals as the country responds to donor priorities.

Complying with HIPC conditionalities requires real increases in expenditure not offset by real decreases in current debt service, which may be less than scheduled debt service. HIPC itself thus may be a negative fiscal shock for a country already struggling with a huge fiscal adjustment burden.

Donor coordination

CPEs were viewed as both an instrument of and input into better donor co-ordination and alignment with partner country priorities. Broader impact is difficult to assess, even with expensive and in-depth evaluations, as long as only one donor's program is considered. There is a need to move towards more assessment of joint attribution/contribution to results that really matter. A greater focus on significant results from the partner perspective may provide a way forward and help turn the magnifying glass away from an overemphasis on every detail of a program, and on the difficult, and sometimes impossible, impact attributions attempted on an individual donor basis.

Workshop participants recognized the importance of and benefits to the Borrower/Aid recipient of conducting joint CPEs, but as yet there are few examples of collaboration in the conduct of CPEs. Some concluded that CPEs should be conducted jointly, particularly in the PRSP countries where there is a common framework as well as a common baseline. Others concluded that given the very distinct nature of bilateral and multilateral country programs, joint CPEs would be difficult to envisage.

It was suggested that we should evaluate the costs of donor coordination in general (we already know the benefits) and by extension this could apply also to the conduct of CPEs.

Concluding Remarks

Although CPEs should assess performance and results for accountability, they should also be a constructive contribution to the revision of a country strategy through the application of lessons learned from past strategies.

CPEs also should focus on the strategic issues and context for providing aid as well as aid effectiveness and the effective and efficient use of aid resources by the country to achieve development effectiveness. Optimally, this would include an assessment of the impact of aid on welfare outcomes.

CPEs should involve the countries themselves in conducting an evaluation focused on aid effectiveness and the role of donors as partners and/or contributors to the development process.

Where feasible and reasonable (e.g., possibly in PRSP countries), CPEs should be conducted jointly or at least use a common framework.

Procedural harmonization is key for later harmonization in evaluation.

Participating Institutions

Participants included evaluation practitioners and/or operations staff from CIDA; DANIDA; DFID; EBRD; German Ministry for Economic Cooperation and Development; the Inter-American Development Bank; IMF; JICA (Honduras, and USA); Ministry of Foreign Affairs of Netherlands; OECD/DAC WP-EV Secretariat; Swiss State Secretariat for Economic Affairs, Development and Transition; UNDP; USAID and The World Bank.