

Evolution of Country Evaluation:Japan's Experience

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Evolution of Country Evaluation : Japan's Experience*

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I Introduction

The prime objectives of evaluation of development assistance are of two folds. Firstly, to improve the future aid policy, programs and projects through feedback of lessons learned. Secondly, as a basis for accountability, including the provision of information to the public. Achieving these objectives cannot realize through individual project evaluations alone. It has become evident that the country evaluations are increasingly sought for examining areas beyond the coverage of individual project evaluations. Country evaluations provide an opportunity to examine recipient country policy environment in a comprehensive way. The specific needs of recipients and areas where special attention has to be paid can be identified by country evaluations. It provides an opportunity to verify the effectiveness of various forms of aid delivery and approaches used by donor agencies.

This paper examines the experience of Japan in the evolution of country evaluations. The detailed explanations are mainly based on the lessons learned from country evaluations conducted in Papua New Guinea and Thailand in 1994 and 1995 respectively. Since the published information on country evaluation is rather scarce, this paper intends to share the experience of Japan with other donors.

II Need for Country Evaluations

Performance of a development project or programme is not only dependent on proper design and implementation, but also on the conditions of the country where it is being implemented. This mainly includes macroeconomic situation, policy environment, institutional capability and political stability of a country. Concentration of post evaluations only on project or programme level would result in the

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ignorance of these exogenous factors which essentially affect the performance of the project or programme¹⁾. Decision makers should be well informed both on endogenous and exogenous factors which affects project performance of a particular recipient country. To achieve this objective the evaluation function should include both project level evaluation as well as evaluations beyond project level.

When the effectiveness of project evaluations and the feedback of information from evaluation stage to future decision making stage is analyzed, it is found that the project evaluations are not well equipped to address all the senior management information needs²⁾. Project evaluations are capable of supporting operational level decision making rather than strategic level decision making of donor agencies. Therefore, the need to step beyond the mere evaluations of projects was felt for a long time by Japan's aid administration agencies.

In recent years, most of the developing countries are experiencing transition either due to economic growth process or due to structural changes. Until the recent recession economic growth performances of East Asian countries had been remarkably rapid. In other countries structural adjustment programs have become an important element in the development process. In Asia, countries such as Cambodia, China, Laos, Mongolia, Myanmar and Vietnam are undergoing a rapid transformation in their economies. Evaluation of development of development activities in these countries should take into account the changing environments. In project evaluation, it is important to appreciate the dynamic context in which the project is to be set. It includes the continued check of the relevancy of project objectives in relation to the changing nature of all surrounding factors.

The evaluation function of Japan is segregated among JICA, OECF and MOFA*. Each of these organizations conduct its own project level evaluations. The management information needs beyond project level is addressed using sectoral and thematic evaluations of these respective organizations. However, the number of such ex-post evaluations are very small compared to ex-ante assessments. Nevertheless, sectoral and thematic evaluations also are not enough to review the recipient country's economic situation, its development goals, the policies implemented to achieve these goals, and the effectiveness and efficiency of Japan's involvement in the development efforts of the recipient country. Therefore, the

* JICA-Japan International Cooperation Agency
OECF-Overseas Economic Cooperation Fund of Japan
MOFA-Ministry of Foreign Affairs

MOFA embarked on country level evaluations in 1988 to overcome these shortcomings in the evaluation function. Since then seventeen such evaluations have been completed up to 1995. At the beginning these evaluations were conducted haphazardly without a methodical approach. It was mainly an aggregation of individual project evaluations. In 1993, when the MOFA undertook the country evaluation of Pakistan, at least the procedural matters were organized. The country evaluation of Papua New Guinea in 1994 showed a well developed procedure and methodology which is aligned with the objectives of MOFA. The last country evaluation was of Thailand in 1995, which was based mainly on the methodology used in Papua New Guinea³⁾.

III Objectives of Country Evaluation

Country evaluation is the highest level of aggregation in terms of size, and consists of the assessment of a donor's total development assistance to a certain country over an extended period of time. The main objective of country evaluation is to assess the policy orientation of the development efforts of the donor country and its relevance to the recipient country objectives. Accordingly, the macroeconomic effect of development assistance, effectiveness and efficiency of development assistance, and the sustainability of the development effort of the recipient, form the main objectives of country evaluations.

From the donor's perspective, the major pay-off of country evaluation is that the information extracted and fed back to the decision making level facilitate adjustments to current policies as well as in planning and implementation of future policy measures of a particular recipient country, and on the development assistance policy as a whole. It also affords an opportunity of systematic way of learning from past experiences. From the recipient's perspective, the country evaluation will offer a good audit or a check on the effectiveness of the development aid on their country as well as the performance of the executing agencies.

IV Areas to be Covered in Country Evaluations

Country evaluation, from its own nature uses macro level analysis. In this respect, it is important to analyze how the recipient economy adjusts to an aid inflow and to use the results to examine the impact of assistance received on growth related macroeconomic variables. This is achieved by analyzing the historical trend and by using knowledge gained to explain the current macroeconomic condi-

tion.

The evaluation of effectiveness of aid intervention is generally associated with the assessment of the extent to which resources used have succeeded in achieving the agreed objectives set for the intervention. Effectiveness is a function of both donor and recipient performance. Therefore, the main aim of effectiveness analysis is to capture the policies and performances of both the donor agency and the recipient government. On the other hand the efficiency refers to the question of "Were the resources spent on development effort justified by its results?".

A development intervention is sustainable when it is able to deliver an appropriate level of benefits for an extended period of time after major financial, managerial, and technical assistance from an external donor is terminated⁴⁾. In the concept of sustainability, the main focus is on sustaining the flow of benefits. Therefore, it is important to assess the capability of institutions in sustaining the development achieved by aid intervention.

V Approaches Used in Country Evaluation

To achieve the objectives of country evaluation, two parallel approaches were used in the case of country evaluation of Thailand. One is to analyze the macroeconomic effects of aid intervention and the other is to assess the performance of past development efforts. In the macroeconomic analysis, development plans of the recipient country were compared with the donor's development assistance policy. Each five year development plan of Thailand was analyzed with the Japan's assistance policy at that time. Various macroeconomic variables were used as tools for this analysis. These tools represent the management of economy of the country, the social development and the progress on cross-cutting concerns such as poverty alleviation, income distribution, gender issues, environmental conservation, regional development disparities, etc..

The assessment of past development efforts corresponds to the effectiveness, efficiency and sustainability. All these three factors are mainly depended on the performance of the executing agencies of the recipient county. During the field study, most of these executing agencies were visited and an analysis was carried out on their performance based on data and information collected, questionnaire survey and key informant interviews. In case of Thailand, the executing agencies visited by the study team amounts 74 per cent of total development assistance disbursed by Japan to Thailand during last three decades. It covered almost all sectors and

forms of aid provided to Thailand. In this sense it corresponds to a comprehensive study of the performance of development assistance extended to the recipient during an extended period of time. The criterion to assess performances of executing agencies are implementing capability, economic efficiency, financial soundness, distributional effects, accountability, and the adaptability to the changing environment.

VI Country Evaluation Methodology

The methodology used by MOFA on its country evaluation has continuously improved since its inception in 1988. The methodology described in this paper is largely based on the country evaluations of Papua New Guinea and Thailand which was conducted in 1994 and 1995 respectively. It can be categorized into four stages as follows:

1. Evaluation Planning

Country evaluations are commissioned only for the major recipients of Japan's ODA. The timing of country evaluation is closely related with policy dialogues between Japan and the recipient country.

2. Evaluation Design

Evaluation design can be divided mainly into four stages. Firstly, a preliminary data and information collection are carried out by a consultant and the evaluation study team. Secondly, a field visit is carried out by the evaluation study team. Thirdly, data and information are analyzed and synthesized to obtain results. Finally, the evaluation results are fed back to potential users by various mechanisms.

The evaluation study team is composed of ministry officials and independent evaluators from various fields. Independent evaluators are selected entirely from outside the aid implementing agencies and composed of an economist, experts on fields such as infrastructure, human resources development, agriculture and rural development. Depending on the country and composition of aid extended to that country, other specialists are selected. The members of the study team are involved in a voluntary basis and selected among a long list of academics who are willing to join.

The contents of the country evaluation can be mainly divided into analysis of

macroeconomic situation, effectiveness and efficiency of development assistance and sustainability of the development efforts. In the first part, the historical trend of macroeconomic effects of aid on the recipient country is analyzed. In is supplemented with the analysis of current macroeconomic condition of the recipient country and the future prospects. In the second part, the recipient's self-effort on development is analyzed. The effectiveness and relevancy of donor policy are analyzed using performance criteria obtained from development objectives of the recipient. Third, the sustainability issues are addressed using the adequacy of benefits to sustain the development and recipient country's financial, technical and institutional capabilities to sustain these benefits.

3. Evaluation Implementation

The preliminary data and information collection are carried out by a consultant appointed by the MOFA. Along with the consultant, the evaluation study team also collects data and information. All past evaluations carried out by MOFA, JICA and OECF which are related to the particular country are thoroughly reviewed. Policy makers in MOFA, JICA and OECF are interviewed to obtain feedback on these evaluations and the policy orientation of past development assistance. After the data and information are compiled by the consultant, series of discussions were conducted before the field visit. During these discussions, several hypothesis regarding the outcome of the country evaluation are formulated. These hypothesis will be used by the study team to prepare questionnaires and other relevant material needed for the field visit. These materials are extended to the recipient country agencies through the Japanese embassy in advance to the field visit.

The study team collected data and information, visited various implementing agencies and met officials involved in implementation of development projects and programs. Apart from government agencies, research and universities were visited by the study team. Not only the Japanese and recipient country implementing agencies, but also the other donors are consulted to test the hypothesis formulated during the planning stage. In case of Papua New Guinea, UNDP field Office and AIDAB and ADB head offices were visited. In case of Thailand several embassies of the OECD countries were visited. In Papua New Guinea even journalists were interviewed to obtain independent views on Japan's ODA.

During country evaluation of Thailand, an expert from Asian Development

Bank participated as a member of the study team. This was an effort by MOFA to incorporate independent assessment of its activities in recipient countries. Also it enabled to obtain a fresh and an outsiders view on the effectiveness of Japan's ODA to Thailand. Apart from participation, the ADB specialist was able to exchange ADB's own evaluation results with the study team. Also another important improvement in the country evaluation in Thailand is the incorporation of recipient participation in the evaluation study team. An academic research group from Thammasat University of Thailand was asked to join the study team to assess the performance of ODA. They were made free to choose some projects and requested to assess its benefits from a macro point of view using their own methodology. This was done mainly to obtain an unbiased recipient view on ODA. Both these novel efforts of the MOFA were very effective in obtaining independent view on the ODA provided by Japan to Thailand. These efforts increased the credibility of the evaluation findings.

4. Evaluation Feedback

Evaluation feedback is provided to potential users in various forms. Mainly it is of two forms, namely, the evaluation seminar and final report. The feedback of evaluation and its use in the decision making stage should be taken into account in the design of a evaluation. The TOR should be drafted taking feedback into account. Feedback should provide lessons for both the donor and the recipient.

Evaluation seminar is conducted in the recipient country at the final stage of report preparation. The contents of the evaluation result should be useful for both donor and recipient governments. To strengthen this two way communication, country evaluation seminar was started in 1994. The seminar was conducted under the direction of a moderator from the academic community of the recipient country. It is being attended by representatives of line ministries of the recipient country, aid implementing agency officials, representatives from JICA, OECF and the embassy of Japan. Before the seminar, essential findings are summarized and circulated to the agencies concerned in the recipient country for their critical review. It will allow them to prepare for the seminar well in advance. Members of the evaluation study team and recipient country officials take part in the discussion. The seminar provides an opportunity to discuss the areas, issues and problems to be addressed by the recipient and the donor country.

The completed evaluation report is finally submitted to the Ministry. Its

contents are then fully brought to the attention of policy makers and those responsible for implementing development assistance. The lessons learned and suggestions presented in the report are referred to at bilateral meetings such as annual working-level consultation and higher-level policy dialogues. The results will be considered as a reference material for formulating future aid policy, for coordination among various types of aid to organize the most effective form of aid delivery. The fact that evaluation division of MOFA act as the secretariat for the country evaluation, knowledge and experiences gained will accumulate in MOFA and facilitate feedback in the policy level.

VII Conclusion

Country evaluation of development assistance is a vital element of the whole evaluation function of the Japan's ODA. It has been conducted by the MOFA and refined continuously to take into account the experiences gained in the process. This paper is mainly based on the last two such evaluations carried out in Papua New Guinea and Thailand during 1994 and 1995 respectively. It culminates the experiences gained in these two evaluations. While the exposure to this kind of evaluations are very limited and knowledge about macro level effects of development assistance are also limited, the methodological problems of country evaluations are numerous. To overcome this barrier donor agencies have to share information on the methodological approaches of country evaluation. This paper is an effort to share Japan's experiences of recent country evaluations, even though the methodology is still in a developing stage.

The recipient participation in country evaluation is considered very significant and the key informants were always consulted in Japan's country evaluations. Very recently the recipients were included in the evaluation study team itself. Effort is being made to include members from other donor agencies. It is proposed that the country evaluations be conducted as a joint effort among donor agencies. This is the challenge donor agencies have to face in the future to overcome problems inherent in the country evaluation. It will allow the donors to share the huge cost involved in conducting country evaluations. Also it will allow the donor agencies to share their own resources for a common purpose. Since the results are common and be used by every donor involved in a particular country, sharing the cost and resources are an effective way of conducting country evaluations. In the joint evaluations, recipient participation should be strengthened. This will allow the

country evaluation to be a real joint effort of donors and recipients.

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