

Evaluation Report
2014-1

Pilot Evaluation of ECDF's New Evaluation Criteria

The Export-Import Bank of Korea
(Government Agency for EDCF)

EDCF Evaluation Team
(Evaluated by Inha University)

This evaluation was entrusted to *Inha University* by EDCF for the purpose of independent evaluation research.

The opinion, findings and conclusion or recommendations expressed in this report are those of the external evaluator and do not necessarily reflect the view of EDCF.

Executive Summary

I. Introduction

The international development paradigm has shifted from “aid effectiveness” to “development effectiveness,” emphasizing economic growth and sustainable development in developing countries. This paradigm shift made EDCF reexamine its evaluation practices in light of development effectiveness. Consequently, in 2013, EDCF developed new evaluation criteria deemed to be better tailored to the new paradigm. In 2014, this evaluation was carried out, applying the new criteria to an ex-post evaluation of well-known projects as a pilot test. Results from this pilot test are intended to be used in improving the overall evaluation framework.

The Vietnam No. 18 Highway Improvement Project was selected for the pilot evaluation. The project was highly rated by the Vietnamese for its contribution to the capacity building of Vietnam’s construction company joining the project and to the socioeconomic development of the project area.

II. Evaluation Outline

1. External Evaluator

A team of Researchers from Inha University carried out the evaluation as external evaluators.

2. Duration of Evaluation

The evaluation was carried out from June 2014 to October 2014.

3. Data Collection and Analysis

The evaluation team carried out literature review and the field study. The literature review included the analysis of the new evaluation criteria that is the subject of this project, ODA policy documents of Korea and Vietnam, and the original ex-post evaluation according to the OECD-DAC criteria. During the field study, interviews with project officials and on-site evaluation were conducted based on the criteria-specific questionnaire. Moreover, data were collected for the verification of the questionnaire.

III. Definition of EDCF's New Evaluation Criteria

The new 2013 evaluation criteria were designed to reflect the development effectiveness paradigm. However, for the implementation of the pilot test, each criterion needed to be more clearly defined. Thus, modifications to the new 2013 evaluation criteria were made in 2014 for ex-post evaluation purposes. Definitions and comparison regarding the evaluation criteria are presented in the following table.

OECD-DAC Criteria		New Evaluation Criteria (2013)		Modified New Evaluation Criteria (2014)
Relevance	<ul style="list-style-type: none"> Alignment with development policy in the partner country Consistency with EDCF's support strategy 	Relevance	<ul style="list-style-type: none"> Alignment of policy Ownership Appropriateness of targeting Appropriate planning for project evaluation 	<ul style="list-style-type: none"> Alignment between the project and national development strategies/priorities of partner countries Alignment with EDCF's support strategy Clear specification of intended output prior to project implementation Appropriateness of output quantity and quality compared to the demand from target population Logical linkage between actual output and output goal
Efficiency	<ul style="list-style-type: none"> Completion of the project within a given timeline and budget Cost-benefit analysis 	Efficiency	<ul style="list-style-type: none"> Technical efficiency Distributive efficiency 	<ul style="list-style-type: none"> Technical efficiency Distributive efficiency Procedural efficiency
Effectiveness	<ul style="list-style-type: none"> Achievement of output and outcomes Management of project performance Changes made in project scope 	Effectiveness	<ul style="list-style-type: none"> Achieved project output and outcomes Project coverage 	<ul style="list-style-type: none"> Achievement of direct effect Appropriateness of the project output according to future demand Project coverage
Impact	<ul style="list-style-type: none"> Socioeconomic impact Institutional impact 	Significance	<ul style="list-style-type: none"> Saliency of output in accomplishing outcome Size of input 	<ul style="list-style-type: none"> Sufficient per year maintenance and management costs to ensure sustainability of project effect Catalytic effect of the project on overall national development Need for additional investments to achieve the ultimate effect of the project
Sustainability	<ul style="list-style-type: none"> Manpower, systems, financial management, adequacy of management 	Sustainability	<ul style="list-style-type: none"> Environmental, financial, technical, and institutional sustainability 	<ul style="list-style-type: none"> Inherent sustainability Demands of the state and the people for service Environmental, financial, technical, and institutional sustainability

1. Relevance

A. Compatibility and consistency with national strategies of partner countries

This criterion evaluates whether a project has been consistently aligned with higher level strategies (e.g. national development strategy). With this criterion, the partner country's sense of ownership can be indirectly evaluated as well. Measuring relevance is relatively simple because it can be measured by observing whether the partner country has set higher level strategies and policies to decide project priorities and so forth.

B. Priorities of projects according to national development strategies with an emphasis on local needs

This criterion judges the project's priorities by comparing the project's purpose against the priorities of a national development strategy and demand from local people.

C. Relevance to EDCF policy

With this criterion, the project's alignment to EDCF strategies can be assessed. A project is deemed to be well-aligned if the project has goals relevant to the medium or long-term objectives of EDCF strategies.

D. Appropriateness of project planning

This criterion assesses whether there is a logical interlink between project outcome and output, and whether the scale of project outcome and output meets local demands in terms of quality and quantity. This criterion can be measured by the frequency and magnitude of design changes and corresponding reasons for change. However, it would be more properly examined from a relative point of view, taking into account each country's regional characteristics, different capacities of project managers, and status of each project site.

2. Efficiency

A. Technical efficiency

This criterion assesses the duration, cost and coverage of a project.

a. Duration of the project

The completion of a construction within the planned timeframe is one of the most convenient indicators of efficiency in construction projects. However, shortening or extending the duration itself cannot fully capture the efficiency because changes in the duration should be understood in relation to the reasons behind changes and the final quality of the output.

b. Cost efficiency

Along with the project duration, the level of adherence to budget and delivery cost is a convenient indicator of efficiency. If the cost is different from the initial plan, the reasons of change will become important. It is important to conduct analysis to understand if the changes are caused by inherent and positive factors such as effective planning and improved procurement or caused by unpredictable factors such as unforeseen exchange rate changes.

c. Efficiency in budget allocation for project sub-components

This criterion can be used for the evaluation of a project with several sub-components. For example, a vocational training center construction project, which is composed of sub-projects such as construction, development of educational materials and supply of learning equipment and materials can be evaluated with this criterion.

B. Procedural efficiency: Institutionalization of procurement and project implementation

Procedural efficiency leads to output efficiency. Therefore, procedural efficiency is an important evaluation criterion. In developing countries, an advanced institution is by itself an important form of social capital with

significant influence on the efficiency of project implementation. Furthermore, ownership can be indirectly evaluated by partner countries' preparedness for a project.

3. Effectiveness

A. Direct effectiveness

a. Forecast vs. actual traffic volume

For a road construction project, its direct effectiveness can be evaluated by comparing the traffic volume forecast at the project planning phase with traffic volume measured at ex-post evaluation. As for changes in the traffic volume, three types of traffic volumes need to be compared against each other: measured traffic volumes before and after the project, and the traffic volume estimated at the project planning stage.

b. Planned vs. executed ex-post investment

Additional investments corresponding to the effective use of project output can be an indicator of direct effectiveness. This criterion should be measured several years after the completion of a project since it would take time for the need for additional investments to be identified. This criterion can be used to measure significance and sustainability.

c. Changes in traffic flow and traffic congestion

An expected outcome of a road construction project would be improved traffic flow and reduced traffic congestion.

B. Indirect effectiveness

This criterion measures other unintended effects that can be interpreted from the perspective of significance.

4. Significance

A. Maintenance and management costs

This criterion is based on the assumption that an output is worthy enough for a partner country to invest the cost of repair. This criterion needs some duration of time since the wear-and-tear would only occur with time. This also can be captured by the sustainability criterion.

B. The catalytic role in national economic development

This criterion measures the presence (or absence) and direction of socioeconomic changes in project areas before and after project implementation. The criterion requires both national and local level statistics and effective governance of data; therefore, it may be difficult to measure this in some countries. Furthermore, direct interlink between such changes and the project cannot be made since they are caused by the interaction among various factors rather than the impact of a single project. Thus, the issue of direct interlink arises. Meanwhile, this criterion can also be captured by the effectiveness criterion.

C. Additional investments

This criterion can be measured as the investment value of a project from the time perspective, particularly the future time perspective. Additional investments in the project output of a partner country serve as an indirect indicator of the degree of economic and social importance of the project output placed by the partner country's government. It is necessary to allocate sufficient time to measure this criterion since the need for additional investments may not be obvious in the short term.

5. Sustainability

A. Output perspective

a. Sustainability of output

As long as the quality of construction fully meets the specified standards of the construction process, the service life of a road, in general, is respected as the standard of sustainability. Therefore, additional evaluation on the sustainability of output is unnecessary.

b. Demands by the partner country/residents for sustaining project impact

This criterion evaluates changes in transportation demands and identifies the need for additional investments following the completion of construction. Since indirect evaluation is possible through the direct effect of "effectiveness", additional evaluation is not necessary.

B. Input perspective

The following criteria are prerequisites for output sustainability:

a. Presence of maintenance and repair plan

For the effective maintenance of project outputs, a maintenance plan is required.

b. Organization and manpower for maintenance and repair

This criterion examines whether the necessary human resources are available for maintenance and repair.

c. Funding for maintenance and repair

This criterion evaluates the adequacy of the financing plan for maintenance and repair as well as its implementation.

d. Status of maintenance and repair

This criterion is applied according to the triangulation of road conditions and various facilities relating to bridges, tunnels, and roads. If necessary, experts will be involved in the evaluation.

IV. Evaluation Results

1. Results of applying the new evaluation criteria

A. Relevance

Due to the nature of the project, evaluators were able to only examine the project's "relevance with national plans" and "relevance of the preliminary plan."

As a result of applying the relevance criterion (from the new evaluation criteria) to the Vietnam No. 18 Highway Improvement Project, this project was deemed to be "relevant."

B. Efficiency

Efficiencies in cost and duration were evaluated, but not the budget allocation efficiency because the project does not have sub-projects.

Although the project duration was extended because of adjustments to the original plan and funding delays, there was no significant change in the overall project duration. Moreover, there was no increase in total construction cost, despite the inefficiency in implementation. As a result of applying the efficiency criterion of the new evaluation criteria to the Vietnam No. 18 Highway Improvement Project, this project was deemed to be "highly efficient."

C. Effectiveness

Official statistical data are important for assessing direct effectiveness. The effectiveness criteria can be fully assessed if relevant data are collected through cooperation from a partner country.

As a result of applying the new effectiveness criterion to the Vietnam No. 18 Highway Improvement Project, the project was deemed to be "relatively effective." Since estimated traffic volume differed from actual

traffic volume, effectiveness in terms of reducing traffic congestion was evaluated as relatively low. Major reasons for traffic jams include insufficient infrastructure and the partner country's lack of understanding in how to use the roads.

D. Significance

Indicators of the significance criterion have different optimal measurement times. This created challenges for the evaluation team since some changes will appear early on and present high risks of data loss. Others require more time to take place. For instance, additional investment sometimes takes place long after the completion of the project. Moreover, the availability of reliable and effective data on the management system of a partner country appears to be an important factor in the evaluation of significance.

The evaluation results suggested that the Vietnam No. 18 Highway Improvement Project was “highly significant.” The project played a catalytic role in the development of surrounding areas. Additionally, the expansion of this sector and construction of a toll road after project completion suggested the need for additional investments. Although only approximately 50% of necessary maintenance and management costs had been acquired, actual road conditions were quite good.

E. Sustainability

This criterion can be measured both directly and indirectly. Moreover, the measurement appeared to be fairly straightforward.

As a result of applying the sustainability criterion of the New Evaluation Criteria to the Vietnam No. 18 Highway Improvement Project, the project was deemed to be “highly sustainable.” The highway was maintained without any functional defects thanks to additional investments from the Vietnamese government. Although not fully sufficient, financial investment, relevant administrative systems, and manpower were provided continuously for road management.

2. Recommendations on applying the significance criterion

"Significance" is usually measurable five or more years after project completion, which is beyond the usual ex-post evaluation period of two to three years after completion. Therefore, this criterion is more suitable for impact evaluation rather than usual ex-post evaluation. On the other hand, other criteria have to be measured earlier since information sources such as project records and interviewees may not be available over time.

It is most appropriate to apply the new evaluation criteria in partner countries that have political, economic, and administrative capacities; the criteria can be modified by taking into consideration the administrative capability of a specific partner country. For instance, alternative measures such as regional income data can be used to measure significance.

In the future, application of the new evaluation criteria is recommended, since the suggested detailed criteria used herein were tailored to the road project. Some technical indicators of the efficiency criterion should be adjusted according to each project.