

Study on EDCF Evaluation System

Executive Summary

1. Introduction

- **(Purpose of Study)** This study aims to analyze the evaluation system of the EDCF¹ (“EDCF Evaluation System”) for the improvement of the guidelines, manuals and procedures for evaluation of the EDCF.
- **(Background)** Necessity for updating the EDCF evaluation manual in a way to reflect recent changes in an evaluation-related environment.
 - **(Shared understanding of evaluation principles)** Effective management of external evaluation requires a shared understanding of evaluation principles and of interpretation thereof among various evaluation-related stakeholders.
 - **(Environmental change)** (i) Diversification of EDCF evaluation², (ii) change of the OECD/DAC evaluation criteria, and (iii) suggestion of measures to improve the evaluation of the Office for Government Policy Coordination.
- **(Method)** (i) Establishment of the framework for defining and analyzing the EDCF evaluation system, (ii) analysis of the EDCF evaluation system, and (iii) case studies mainly based on literature research.
- **(Scope of Recommendations)** This study limits the scope of recommendations to any matters required for amending the relevant evaluation manuals and guidelines in a way to improve the values and processes of the EDCF Evaluation System. Therefore, Korea’s Integrated ODA³ Evaluation System and current evaluation governance structure within the Export-Import Bank of Korea (“Korea Eximbank”) are considered environmental factors. This study also focuses on the practices to

¹ Economic Development Cooperation Fund

² i.e. implementation of ex-ante evaluation, and application of both external and internal evaluations.

³ Official Development Assistance

improve evaluation principles within the given context.

- **(Limitations)** This study was carried out based on literature review, without primary data collected from stakeholders. However, this study reviewed the literature on the experiences of external evaluation consultants and other stakeholders in order to reflect a broader view on the EDCF Evaluation System.

2. Analytical Framework

- **(Definition of Evaluation System)** Based on the literature review⁴, the evaluation system is defined as a phenomenon where policy and administrative system (governance), principles and criteria (value), and implementation (practice) converge in terms of evaluation.
 - Policy and administrative system are (i) evaluation policies and administrative systems required for continuous and systematic implementation and (ii) statutes, programs and organizations for evaluation governance.
 - Principles and criteria of Evaluation serve as the basis for valuation. Development cooperation generally adopts the evaluation principles and five evaluation criteria presented by the OECD/DAC⁵.
 - Implementation of evaluation refers to the procedures for carrying out evaluation (e.g. external and internal evaluations) and all matters related thereto.
- **(Evaluation Quality Management)** The quality of evaluation is a very important element for evidence-based decision-making. As the method of evaluation quality management should be in harmony with governance and system, it is closely related to the evaluation system.

3. Analysis of Current Status of EDCF Evaluation System

- This study analyzes the status of the EDCF Evaluation System by reviewing literature related to development cooperation, such as statutes, guidelines and manuals, under the analytical framework above.

⁴ Liverani & Lundgren (2007), Leeuw & Furubo (2008), Dahler-Larsen (2006; 2011), Barbier & Hawkins (2012), Højlund (2015), and Lázaro (2015).

⁵ Organisation for Economic Co-operation and Development's Development Assistance Committee

- **(Policy and Administrative System)** The EDCF Evaluation System introduces evaluation procedures by fully reflecting the policies and systems of the Korean government, including the regulations of the Committee for International Development Cooperation and those of the Evaluation Sub-committee thereof, and is institutionalized under the internal regulations and evaluation guidelines of the EDCF.
 - **(Governance of Evaluation)** In Korea, the governance system of ODA evaluation is collectively referred to as the Integrated Evaluation System for International Development Cooperation, which is divided into the Evaluation Sub-committee (“Sub-committee”) and other policymaking and executing agencies. Korea Eximbank is one of the executing agencies and entrusted with the operation and administration of the EDCF.
 - **(Laws and Guidelines)** The EDCF Evaluation System is implemented in accordance with ODA-related statutes, the Integrated Evaluation Guidelines & Manual for International Development Cooperation of the Government of Korea, and the internal regulations of Korea Eximbank.
 - **(Internal Regulations and Guidelines of Korea Eximbank)** The Established Rules of the EDCF provide the basis for evaluation activities. Specific tasks and procedures for evaluation are shared with Korean and foreign stakeholders through the EDCF Evaluation Manual published in 2011 and the EDCF Guidelines for Preparing Ex-post Evaluation Reports.
- **(Principles and Criteria of Evaluation)** The evaluation principles and criteria of the OECD/DAC apply to the EDCF’s evaluation, although the interpretation of such evaluation principles and criteria does not fully reflect the purpose and characteristics of EDCF projects.
 - **(EDCF’s Principles and Criteria for Evaluation)** The evaluation principles and criteria of the OECD/DAC were adopted, as recommended in the Integrated Evaluation Guidelines & Manual for International Development Cooperation.
 - **(Purpose of Evaluation)** The purpose of evaluation was identified as learning and ensuring accountability. However, there is no reference to the choice of the method based on the purpose of evaluation (e.g. external evaluation versus internal evaluation).
 - **(Definition of Evaluation)** Evaluation is defined as “measurement of the performance of an international development cooperation project that is currently underway or completed, through the systematic and objective analysis of the plan, implementation, and outcome thereof.”

- **(Interpretation and Application of Evaluation Principles)** The current evaluation system adopts the OECD/DAC's evaluation principles. While it is listing each evaluation principle separately, it fails to fully consider the harmonization of evaluation principles that should accompanied the evaluation process. This is particularly evident in the interpretation of "independence".
- **(Interpretation and Application of Evaluation Criteria)** All documents present the five evaluation criteria of the OECD/DAC and recommend that criteria should be selected or added according to the scope and timing of evaluation or the necessity for additional criteria such as environment and gender mainstreaming. However, specific interpretation and corresponding action plans are not provided to external evaluators, thereby causing confusion.
- **(Implementation of Evaluation)** The EDCF's evaluation is managed by the EDCF Evaluation Department, an independent evaluation unit, in accordance with the relevant regulations. Both internal and external evaluations are conducted for EDCF projects. For external evaluation, the scope of powers and responsibilities needs to be more clearly presented and shared among relevant stakeholders.
- **(Evaluation Quality Management)** The EDCF's evaluation quality control system largely consists of (i) evaluation process management based on external evaluator selection procedures and subsequent contracts and (ii) evaluation report quality control. In the quality control process, harmonized application of evaluation principles, especially independence and usefulness, is needed.
 - Under the EDCF Evaluation Manual, the criteria for reviewing evaluation reports include length of reports, clarity for effective communication, validity of judgment, data sources, data collection tools, and concrete statements of constraints to assessment. However, the manual does not state specific quality control criteria.
- **(Necessity for Improvement in EDCF Evaluation System)** For effective evaluation, the EDCF needs to identify more specific action plans in (i) interpretation of evaluation principles, (ii) quality control measures, and (iii) application of evaluation criteria, and then reflect such action plans in the EDCF Evaluation Manual.
 - **(Interpretation of Evaluation Principles)** EDCF needs to consider pursuing a more concrete interpretation of each evaluation principle and a corresponding action plan, particularly to apply the principles of independence, fairness, usefulness, reliability and partnership to the implementation and management of evaluation.
 - (Balance between Independence and Usefulness) In evaluation, judgement

based on the expertise of evaluators should be respected, and simultaneously evaluators are also obliged to complete any task required by the person requesting that evaluation for the sake of usefulness of that evaluation.

- **(Quality Management Measure)** There is a need to prevent any conflicts between independence and quality control. Previous studies on evaluation independence⁶, including two meta-evaluations on Korea’s ODA evaluation results, show⁷ that conflicts frequently occur between the “independence” of evaluators and the “accuracy and reliability of results” that are important in the evaluation quality control.
- **(Interpretation and Application of Evaluation Criteria)** (i) It is necessary to seek ways to introduce the OECD/DAC evaluation criteria as they were amended in December 2019, and (ii) a low inter-rater reliability⁸ occurs since the basis for each criterion is not specifically defined.

4. Case Study

- This study selectively analyzes the evaluation system elements of Danida, DFID, Sida, UNEG, UNDP, and WFP in order to explore measures to improve the evaluation system.
- **(Interpretation of Evaluation Principles)** Aid agencies tailored the OECD/DAC evaluation principles to their characteristics and emphasize the balanced application of evaluation principles in order to implement quality and useful evaluation.
 - **(Danida)** Evaluation principles are defined as independence, transparency, quality, utility, ethics, partnership/capabilities development, and participation. With its recognition of possible conflicts between independence and utility, Danida recommends maintaining the balance between independence and utility.
 - **(DFID)** Key evaluation principles are independence, transparency, quality, usefulness and ethics. Independence is defined as being independent of the

⁶ OECD (1998), Morris & Clark (2013), Pleger *et al.* (2017), Pleger & Hadorn (2018), and Perrin (2019)

⁷ The Korean government uses meta-evaluation as an evaluation quality control tool. The two previous meta-evaluations which are referenced herein are those carried out in 2016 by KIEP and in 2018 by KIHASA, respectively.

⁸ The degree of inter-rater reliability is how often multiple assessors give similar ratings for their target. If multiple assessors evaluate the same target in the same way, less errors between their evaluation results mean a higher degree of inter-rater reliability.

evaluand, i.e. no relations between the assessor and the design and evaluation of the evaluand.

- **(Sida)** A major principle for evaluation is the balance of usefulness, integrity and reliability. Sida emphasizes that evaluation process and method must be determined based on the primary users' purposes.
- **(WFP)** The evaluation principles are defined as independence, reliability, usefulness and quality. WFP emphasizes organic connections between these principles for achieving the purposes of evaluation.
- **(Evaluation Quality: Management and Assurance)** Danida divides its evaluation quality control process into quality assurance and quality control. Danida declares that quality assurance and quality control are the role of the evaluator and that of the party requesting evaluation (EVAL⁹), respectively.
 - **(Evaluation Quality Assurance)** Danida states that the evaluator is responsible for quality assurance and its requirements are compliance with the OECD/DAC evaluation quality standards, records of the evaluation quality assurance process, and regular reporting to the evaluation manager.
 - **(Evaluation Quality Control)** EVAL controls the quality of all evaluations. The details are adjusted per evaluation based on the OECD/DAC evaluation quality standards, and the fairness of quality control is ensured by utilizing reference groups, external peer reviews, and other tools.
- **(Interpretation and Application of Evaluation Criteria)** Introduction of the revised OECD/DAC evaluation criteria requires adjustment of evaluation sub-questions and selective application of the criteria. Inter rater-reliability can be improved by evaluator training, participation by multiple evaluators, or cross-validation of evaluation results.¹⁰
 - **(Introduction of Revised Evaluation Criteria)** Application of new criteria needs adjustment of sub-questions. The new criterion, i.e. coherence, should be applied to higher-level evaluation, such as sector evaluation and policy-level evaluation, rather than single-project evaluation.
 - **(Enhanced Inter-rater Reliability)** Intensive training and cross-validation of the applicable criteria showed effective.

⁹ Danida's evaluation unit

¹⁰ This is the method used by aid agencies such as the Asian Development Bank.

5. Recommendations

- **(Clarification of Evaluation Principles)** The EDCF should present more clearly defined evaluation principles and share them more effectively with stakeholders. Currently, the EDCF defines the evaluation principles, including independence, as shown below, along with action plans, thereby enhancing mutual understanding among stakeholders.
 - **(Independence)** Independence means that the person who plans evaluation (EDCF Evaluation Department) and the person who performs evaluation (evaluator) are not under the control of or are not pressured by undue influence of the relevant project department (the EDCF project department of Korea Eximbank) or the decision maker (the management or the government of the Republic of Korea).
 - **(Reliability)** Reliability is ensured when evaluation results are derived in a fair manner based on consistent evaluation criteria and evaluation methods and such evaluation results are released transparently.
 - **(Usefulness)** Usefulness means that the lessons learned from evaluation contribute to the virtuous learning cycle within the organization, such as enhancing the effectiveness of EDCF projects and further improving the EDCF system.
- **(Improving Evaluation Procedures and Quality Control)** The role of the EDCF Evaluation Department and that of evaluators in implementing the evaluation principles should be more clearly defined and reflected to the quality control process.
 - The EDCF Evaluation Department selects the evaluand, scope and purpose of evaluation based on the demand and procedures and then prepares the terms of reference, including the scope and method of applying the evaluation criteria that are reflective of the above-listed elements, and has the authority to approve the evaluation plan, the on-site investigation plan, and interim and final reports based on agreed terms of references.
 - For the quality assurance purposes, the evaluator (i) prepares the evaluation plan based on the terms of reference stated in the proposal request, (ii) evaluates projects based on his or her expertise on sectors and evaluation, in accordance with evaluator's code of ethics and in good faith, and (iii) draws out evaluation results based on collected data and analysis and then prepares the report thereof.
- **(Improving Interpretation of Evaluation Criteria and Rating)** The EDCF

should prepare the guidelines for the interpretation and application of evaluation criteria to each evaluation, including case studies and sub-standards.

- The evaluation criteria applied to the EDCF's future evaluation are based on the revised evaluation criteria of the OECD/DAC (December 2019). When it is necessary to apply them differently in order to fulfill the purpose of evaluation, the EDCF Evaluation Department should specify separate criteria for a particular evaluation in the terms of reference for evaluators.
 - For effectiveness and efficiency which are rated based on quantitative indicators, a detailed description of the current grading method should be provided.
 - Inter-rater reliability can be enhanced by providing the guidelines for evaluators, conducting evaluation by multiple evaluators, and validating the appropriateness of evaluation grades.
- **(Revision of Evaluation Manual)** A new edition of the EDCF Evaluation Manual which is reflective of the above matters is needed to facilitate the smooth progress of evaluation and to provide the basis for agreement between stakeholders.
- **(Building Mutual Understanding on EDCF Evaluation System)** EDCF should work on improving stakeholders' understanding of the overall evaluation, including the purposes, principles, standards, and quality control of evaluation, and strengthening their evaluation capabilities.

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