

Costs and Benefits of Evaluation in Development Cooperation: A Thought on ‘Evaluation Deadweight’



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Cost-effectiveness is one of the core dimensions examined in evaluation. In the field of development cooperation, in particular, evaluators are asked to assess how well resources are being used under the “efficiency” criterion, which is one of six key criteria for development evaluation. More recently, “value for money” has become a buzzword among donors, meaning economic, efficient and effective use of resources. Ironically, the question of value for money is rarely asked about evaluation itself. What if we were to assess the cost-effectiveness of evaluation as we examine an evaluand? Do evaluations produce enough value to justify the resources spent on them? In fact, there has been more skepticism than confidence in the evaluation community on the matter of balancing the costs and benefits of evaluation. This so-called “evaluation deadweight” evokes the concern about inefficiency in the current evaluation system for development cooperation.

Evaluation deadweight is a term that Dahler-Larsen and Raimondo used

in their thought-provoking keynote address at the 14th European Evaluation Society Conference in June 2022.¹ They began with making a diagnosis on the current evaluation systems: while the number of evaluations has grown rapidly for the last couple of decades and evaluation gets more systematic than ever, this has not necessarily led to the outcomes we wanted to achieve by evaluation. Evaluation costs have increased due to the institutionalization, bureaucratization and codification of evaluation. They argued that evaluation deadweight may exist where costs of evaluation exceed the benefits, in cases for example where the distribution of evaluations is disconnected from that of problems we intend to solve, or the evaluation findings fail to provide new or useful information for the users of the findings. Similar to the concept of deadweight loss in economics, evaluation deadweight causes inefficiency which results in total welfare loss when evaluation does not yield enough benefits to justify its costs.

This diagnosis on the proliferation of systematic evaluation is also true in development evaluation. Evaluation has become deeply institutionalized in development organizations, being considered essential to meet institutional, and in many cases bureaucratic, requirements. Most of the UN agencies, development banks, and bilateral donors have established an evaluation office which implements more or less codified procedure of evaluation from planning to quality assessment and dissemination. In Korea, the evaluation policy for development cooperation mandates the ministries and agencies which implement ODA with a budget of KRW 1 billion or more to report at least two evaluations per year to the Committee for International Development Cooperation (CIDC). The number of ministries and agencies regularly conducting ODA evaluations grew from six in 2010 to twenty-six in 2021. Eighty-eight evaluations were reported to the CIDC in 2021, increased from eighteen in 2010. The actual number could likely be larger when considering that not all evaluations are reported to the CIDC, including many mid-term or end-of-project evaluations. The resources spent for evaluation have also expanded accordingly.

How well are these resources invested in evaluation systems being used? Does evaluation deadweight exist in development evaluation? What is the magnitude of it and how can we minimize the loss if any? The first step to answering these questions would be to identify the costs and benefits involved in development evaluation.

Evaluation costs, at first glance, seem to be rather straightforward, as most development agencies allocate a certain amount of budget for evaluation. It is believed that five to ten percent of

¹ The keynote address, titled "The Skeptical Turn in Evaluation," is available to watch at <https://www.youtube.com/watch?v=bwlxOyR-AJM>.

total program cost should be allocated for monitoring and evaluation (M&E), or one to three percent be earmarked for evaluation depending on the program size.² USAID, for example, states clearly that it devotes three percent of program cost to external evaluation, separate from monitoring budget.³ It is not clear whether this is an optimal level of evaluation budget, as it seems to be drawn from experience, but we can at least make a rough estimation of the amount of resources expected to be spent in evaluation. This budget allocation for evaluation can be categorized into “direct” costs of evaluation, which generally covers evaluation contracts, including the costs of consultants (evaluation expertise), travel, data-collection and processing, supplies and utilities, etc.

When it comes to “indirect” or hidden costs of evaluation, estimation becomes much more complicated. There have been only a few attempts to identify evaluation costs other than direct costs,⁴ which help to understand the costs of evaluation incurred behind the scene. Indirect costs are associated with the preparation, interaction, and dissemination and use of evaluation. In many ODA implementing agencies in Korea, the budget allocated for evaluation is used for external evaluation contracts with no separate budget for the staff who manage evaluations. In this case, the time and efforts spent in evaluation management — preparing terms of reference, tendering procedures, quality assurance, etc. — are indirect costs. Hidden costs occur due to unexpected consequences of evaluation. For example, systemized evaluation procedures may put unnecessary reporting burdens on the program staff, making it difficult for them to pay sufficient attention to their primary tasks. Maintaining the evaluation system itself can be a hidden cost when the system exists to show evaluations are conducted, rather than to serve its primary purpose. Many evaluation scholars agree that the unintended consequences of evaluation, either positive or negative, are quite visible but the size or effects are yet to be investigated.

What about the benefits of evaluation then? The benefit side is even more rarely explored. We all know very well that evaluation contributes to social betterment in many ways, and its role in development cooperation in particular is vital to the effectiveness of global efforts in achieving the internationally-agreed development goals, the SDGs. We should keep in mind, however, that what evaluation reports claim to contribute, for example to ensuring accountability and assisting decision-making and learning for improvement of the programs, does not necessarily

² Morra-Imas, L. G. and R. C. Rist. 2009, *The Road to Results: Designing and Conducting Effective Development Evaluations*: World Bank Publication. p. 457.

³ USAID, “PMP Budget” webpage, <https://www.usaid.gov/basic-page/pmp-budget>.

⁴ For example, Forss made an endeavor to calculate the costs of evaluation in Swedish development cooperation. See Forss, K. 2019, “Getting Value for Money?: A Critical Analysis of the Costs and Benefits of Evaluation,” In Furubo, J. E. and N. Stame, *The Evaluation Enterprise: A Critical View*: Taylor & Francis.

lead to evaluation benefits. Whether the would-be contributions can be realized depends on the use of evaluation, which in turn depends on the quality of information the evaluation provides. If the evaluation findings are not credible and usable, it is difficult to expect benefits from those evaluations.

An analysis by KOICA, one of the two main ODA agencies in Korea, on usability of evaluation results shows that more than half of the recommendations made in forty-seven evaluation reports in 2019 were not adopted or partly adopted by the management or operation office. The reasons for not adopting were either that recommendations were too general and not specific enough to implement, that the measures suggested were already being implemented, or that feasibility to implement the recommendations was not high. In other words, the usefulness or usability of the evaluation recommendations were not very large. Another disappointing example of use — non-use in this case — of evaluation is that evaluation reports are not reaching potential users. Evaluation reports are made public on Korea's ODA portal website,⁵ but the number of viewers for evaluation reports is on average less than twenty. What is the value of the evaluation reports if they are not read?

There are surely many exemplary cases of evaluation use. What is worrisome is that the rapid growth in evaluation demand may result in a mechanical exercise of evaluation practice with little value added. It is not difficult to observe the lack of differentiation among evaluation reports with similar conclusions and recommendations. This may support the arguments that evaluations are not well distributed in accordance with the actual demands of evaluation and that the marginal benefits of conducting more evaluation do not necessarily exceed the marginal cost. The difference would represent a deadweight loss to the society as a whole.

The possible existence of evaluation deadweight in development cooperation should not be overlooked. It may be too complicated and time-consuming to estimate and compare the costs and benefits of evaluation. However, we need to understand what values we have created by the evaluation, at what costs, and pay more attention to ensure the costs are better spent to create larger benefits by evaluation so as to make sure the increased investment in evaluation leads to a commensurate increase of benefit. To allocate more resources in well-targeted evaluations rather than repetitive project evaluations would be a good start. **KIEP**

⁵ As of February 10, 2023, 161 evaluation reports conducted in 2020 and 2021 have been posted at <http://www.odakorea.go.kr/>.