

Evidence-based Policy Making to Enhance Development Effectiveness



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In 2016 around USD 142 billion, the highest amount of ODA in history, went into developing countries to support their education, health, and governance, and ultimately to enhance the economic growth of developing countries.¹ Korea's development assistance achieved a new peak of USD 2 billion in 2016, a 3.4% increase in real terms from 2015. Thus the amount of development assistance provided to developing countries from developed countries including Korea has been continuously increasing since 1990. After several decades of development assistance, policymakers and the civil society are questioning the effect of development assistance. What results are these huge amounts of development assistance actually having? Does this assistance efficiently and effectively support the growth of developing countries? If not, what can we do to enhance the effect of development assistance?

The effect of development assistance has long been an important topic for policymakers and scholars. Various evaluation methodologies such

¹ OECD DAC Statistics.

(<http://www.oecd.org/development/stats/idsonline.htm>). Accessed November 1, 2017.

as before-after analyses and cost-benefit analyses have been utilized to evaluate the effect of development activities. Some scholars have tried to measure the macroeconomic effect that development assistance has on the economic indicators of developing countries. But the question whether development assistance has been effective in developing countries still remains a controversial subject. The disadvantage of the former evaluation approach is that it does not exactly reveal whether the effect can be attributed to the development aid activity. Also, if the effect of development assistance is negative, it is impossible to know which factors in the project have contributed to this negative effect. Such evaluation methods were of little help in later policy design and development effectiveness.

In the early 2000s, an effort was made to improve the effectiveness of development cooperation projects through results-based management in order to respond to criticism surrounding the effectiveness of assistance and scientifically demonstrate the performance of development projects. The Busan Partnership for Effective Development Cooperation in 2011 emphasized the role of evaluation in providing results and enhancing development effectiveness. The development agencies have begun to demonstrate the effectiveness of development cooperation projects by rigorously assessing the impact of individual development cooperation projects on beneficiaries. The World Bank, as a leading agency for development effectiveness, actively adopted RCT (randomized controlled trial)-based impact evaluation methods to assess the causality between activity and impact. The US, Japan, and UK also recently reformed their evaluation systems to scientifically demonstrate the performance of development projects using experimental and quasi-experimental methodology. Compared to former evaluation methods, rigorous evaluation procedures that include, for instance, impact evaluation are better suited to reveal the causality between activity and impact and the reason why things are working or not. Thus these rigorous evaluation methods are used as a tool for accountability and learning, managing for development results, and eventually the input for evidence-based policy making in the international community.

Recently, the internal and external demands to adopt evidence-based policy making and enhance development effectiveness are increasing in Korea. Korea has been reforming its ODA and evaluation system to enhance the efficiency and effectiveness of its development assistance since its joining the OECD DAC in 2010. The evaluation system of Korea's ODA can be categorized into two parts: integrated evaluation and self-evaluation. Self-evaluation is managed by each executing agency, while integrated evaluation is conducted by the subcommittee for evaluation under the CIDC of Prime Minister's Office. Under the current system, each development agency and ministry selects the project to evaluate and conducts

self-evaluation, in accordance with guidelines from the integrated evaluation system. Most evaluation for Korea's ODA projects focuses on ex-post evaluation which is limited when it comes to revealing the causality between project and effect, and thus makes but limited contribution to future policy planning.

It is time for Korea to adopt rigorous evaluation, such as impact evaluation, to enhance development effectiveness through evidence-based policy making. The first step for that would be to build knowledge about the importance of rigid evaluation among stakeholders. Rigid evaluation is often costly and time-consuming, making it difficult to incorporate into the current evaluation system of Korea's ODA. It will be necessary to persuade various stakeholders to support the reform of the evaluation system to enhance development effectiveness. Second, more systematic selection process is needed. Currently each agency autonomously selects the project they evaluate, mostly toward the middle or end of the project. Building a systematic evaluability-assessment process will help these agencies select the projects which can provide substantial evidence to key policy decision such as scaling up the project.

It is not to say to immediately revise Korea's ODA evaluation system and conduct an impact evaluation on all aid projects. In the short term, it is considered to implement the impact evaluation of small and innovative project to strengthen the capacity of the evaluation. In the mid-to-long term, however, a strategic assessment and feedback process should be set up to evaluate the impact of a large project that is a flagship initiative with influential result. This strategic ODA evaluation system will contribute to evidence-based policy making and enhance development effectiveness in the future. **KIEP**