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DAC Network on Development Evaluation

STRENGTHENING EVALUATION SYSTEMS IN MEMBER AGENCIES

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For discussion at the second meeting of the DAC Network on Development Evaluation. Meeting to be held in Room 3, OECD Headquarters, Paris.

Contact: Hans.Lundgren@oecd.org Tel: + (33) 1 45 24 90 59 ; Fax : + (33) 1 44 30 61 47 or
Andrea.Liverani@oecd.org Tel: + (33) 1 45 24 90 02 ; Fax : + (33) 1 44 30 61 47

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STRENGTHENING EVALUATION SYSTEMS IN MEMBER AGENCIES

Background

1. At the first meeting of the DAC Network on Development Evaluation Members agreed to the Programme of Work and Budget for 2005-2006 [DCD/DAC/EV(2003)4]. Among the five activity areas included, Cluster A outlines future work aiming to “Strengthen evaluation systems and improve the quality of evaluations”.

Purpose

2. This note intends to clarify the need for attention to the area of Evaluation Systems, elicit Members’ views on the options for future work and identify possible actions.

A continued priority for the DAC evaluation community

3. The DAC Network on Development Evaluation aims to promote the use of evaluation in DAC aid agencies and constantly raise its standard. The Network’s mandate places “improving the evaluation activities of individual members” as one of its main lines of activity. In the past the Network and its previous embodiments have addressed these concerns. Whilst the specific adjustments which Members’ evaluation functions need to undergo have remained the responsibility of each agency or Ministry, collective action has provided powerful support to change and amelioration.

4. Published in 1991, the DAC Principles on Evaluation of Development Assistance [OCDE/GD(91)208] are a successful example of joint efforts in this area. DAC Members with a solid evaluation tradition contributed to shaping the Principles by sharing their knowledge and experience, and at the same time strengthened their systems by benefiting from international best practice. On the other hand, in agencies where the evaluation function was weak or missing, the Principles provided an internationally recognised reference tool which reinforced the evaluation unit’s position within the agency. The 1998 review of the Principles confirmed their validity and relevance, also demonstrated by their incorporation inside the main policy statements of DAC Members’ evaluation departments [OECD(1998)].

5. The DAC Principles attempted to address both the requirements for high-quality evaluation reports and effective evaluation systems. Recent work has built on the Principles to apply them in the context of the quality of evaluation reports. Substantial evidence also indicates the need for renewed attention to the state of DAC evaluation systems and the trends affecting them.

6. Room Document 10 presents a background study of the information on evaluation systems contained in DAC Peer Reviews over the past eight years, combined with material provided by Network Members to the Secretariat. In the context of this study the term ‘evaluation systems’ refers to the procedural, institutional and policy arrangements shaping the evaluation function and its relationship to its internal and external environment - the aid agency, Parliament, other Members’ evaluation departments, etc. This includes the evaluation function’s independence, the resources it relies upon and, not least, cultural attitudes to evaluation. Evaluation systems influence the demand for evaluation as well as its use, including particularly the dissemination, feedback and integration of evaluation findings by operations and

policy departments. They not only affect the quality of evaluations but are also of key importance to the impact of evaluation products and results.

7. The Background study analyses recent developments in development cooperation having an impact on DAC evaluation systems. It identifies two specific sets of issues, which are outlined below. The first concerns the evolution undergone by Member agencies' evaluation function under new challenges and demands. The second relates to the coverage of evaluation in DAC Peer Reviews.

a) Facing new challenges and demands

8. In recent years, demands on aid agency accountability as well as new developments in performance and knowledge management have broadened the range of activities carried out by DAC evaluation departments and the scope of their portfolios. This partly explains why the role of the evaluation function is currently under review in several Member countries and development agencies. Calls for scaling up, engaging in joint evaluations and focusing on impact are putting further pressure on evaluation units. This trend has not always been matched by a corresponding strengthening of evaluation systems in terms of resources and institutional position. Weaknesses persist in the capacity of several evaluation units in terms of both resources and staff, perhaps particularly in small agencies. At the same time, many donors are in the process of introducing results-based measurement systems in an attempt to improve the way resources are allocated and decisions are made. Evaluation is a necessary instrument for a results-driven organisation, but as it has already emerged, the focus on results monitoring systems can lead to restricting evaluation's role. Moreover, the use of evaluation conclusions and recommendations by management remains an issue in many agencies.

9. Summing up, key findings include:

- The scope of evaluation is expanding, with several departments now required to engage in a broader range of activities and deliver new types of products;
- Recent developments in aid administration – such as the introduction of result-based management systems – are currently influencing or challenging the role of the evaluation function;
- The external environment of evaluation is changing. Evaluation units' departments are increasingly required to interact with a diverse variety of actors (parliament, other donors, civil society organisations, the media, etc);
- Unsettled issues and longstanding weaknesses still affect several Members' evaluation departments, particularly in terms of capacity, institutional position within the agency, use of evaluation results, balance between accountability and lessons learning functions;
- Attention to ways Members are addressing these pressures is needed.

b) Coverage of evaluation systems in DAC Peer Reviews

10. The second set of issues emerging from the Background Study concerns the way DAC Peer Reviews cover evaluation systems. Whilst during the 1996-2000 period Peer Review recommendations concentrated mainly on Members' compliance with the DAC Principles on Aid Evaluation, in the last cycle (2000-2004) the focus has progressively shifted on the range of new tasks they are required to perform, including the institutional dynamics regulating the evaluation function, its internal and external environment as well as the evolution in the ways evaluative information is used.

11. To sum up, key findings include:

- The decreasing use of the DAC Principles on Aid Evaluation as the framework used in Peer Reviews to assess evaluation systems;
- The blurring of evaluation issues within the broader domain of performance measurement, monitoring and results based management;
- The complexity faced by the Peer Review process in grasping the range of demands placed on evaluation units;
- The need for more attention to the way future Peer Reviews can usefully address the challenges for individual donor's evaluation systems.

Suggested options for future work

12. To address issues a) and b) above two types of outputs can be envisaged:

- **Option 1:** Developing a checklist/assessment framework to be used in Peer Reviews for a more thorough and rigorous scrutiny of Members' evaluation systems. This work could be brought forward as an extension of the interaction between the Evaluation Network and the Peer Review function of the DAC, in line with the past collaboration on the Client Survey on Peer Reviews.
- **Option 2:** Developing a comprehensive reference tool - complementary to the existing DAC Principles and more focused on evaluation systems and structures – which would support Members' efforts to strengthen their evaluation function. Clearly, the objective would be to create an enabling and flexible tool, not a straitjacket, for Members to build upon.

13. The two options are not mutually exclusive and each one presents benefits. The advantages of the first option lie in the fact that the peer pressure on which DAC Reviews rely upon can helpfully promote compliance with best practice. On the other hand, the long peer review cycle and the fact that individual Members would not obtain direct ownership of the reference tool for use outside the Peer Review exercise are clear disadvantages. The second option would require a substantial amount of consensus among Members to endow the final product with sufficient authority. Future work on Evaluation Capacity Building in Partner countries could also usefully build on the outputs related to this option.

Issues for Discussion

- Do Members see the need for work on strengthening evaluation systems in DAC agencies?
- What would be the most suitable option among those presented above to be carried out? Are there other possible directions of work to be explored?
- What advice would Members provide on the process and methodology to follow?
- What scope do Members see for contributing to this work? Would it be useful to constitute a reference group? Which Members would be willing to be part of such a group?