Measure What Is Treasured: Evaluating the Effectiveness of Development Assistance

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Donors evaluate the effectiveness of development assistance to serve as an accountability mechanism and to inform their future planning. In addition to evaluating projects and programs, donors are increasingly concerned with assessing the effects of their development assistance policy as a whole. In that regard, determining the expected effects of development assistance from the donor's point of view is becoming more important. This article reviews the strategic documents of major donors and evaluation manuals and finds that most donors declare their goal as to fight poverty, support sustainable development, promote respect for human rights and ensure peace. Evaluation criteria consider the positive impacts on the socioeconomic development of the recipient countries. According to scholars, donors' political and economic interests remain important. The recent global financial crisis and the need to justify development assistance expenses have prompted some donors to be more outspoken about their own interests. The goals of development assistance are also changing, and the effectiveness evaluation criteria are also being reconsidered. The political and economic effects of assistance are being assessed for the donor country itself. However, only a few traditional donor countries manifest any changes, and it is still early to speak of any trends. Meanwhile, South-South donors are now starting to build their own evaluation systems for assessing the effectiveness of development assistance based on the principle of mutual benefit.

Russia’s system for development assistance is still in the making. Its orientation has recently changed and references to national interests are more salient in its development assistance strategies. However, there is very little evaluation of whether Russian priorities are being effectively achieved.

Key words: aid, development assistance, evaluation, Development Assistance Committee, Organisation for Economic Co-operation and Development, donors, Russia as donor

Introduction

Evaluation is a management tool in various fields, but not all of them take the same approach. The specific nature of Russia’s foreign relations, including development assistance, does not allow for “[determining] the quantitative parameters of results in a number of areas” [Ministry of Foreign Affairs of the Russian Federation, 2014e]. The main challenge is to evaluate what is important and essential and not what is easy to evaluate. Otherwise, one would eventually treasure what is measured, especially when evaluation informs future financing.

The effectiveness evaluation of various projects and programs of official development assistance (ODA) has for the long time been an integral activity of aid agencies.1 Along with accountability, it helps to identify failures in program implementation and develop recommenda-

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1 According to the the Organisation for Economic Co-operation and Development [OECD, 2002, p. 20] effectiveness is defined as “the extent to which the development intervention’s objectives were achieved, or are expected to be achieved, taking into account their relative importance.”
tions to improve projects or policies. Recently not only separate ODA projects but also the field itself has become an object of evaluation. This raises the question of what should be considered an expected outcome or a goal of ODA from the donor’s point of view.²

This article draws on data from review of the ODA goals of major donor countries as stated in their policy documents and the criteria outlined in evaluation manuals. The initial sample consisted of the 29 members of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) as of November 15, 2014; the BRICS countries of Brazil, Russia, India, China and South Africa; Kazakhstan; Azerbaijan; Turkey; the United Arab Emirates; and Saudi Arabia. For some donors no policy documents or evaluation manuals were available in English or Russian. ODA reports were not considered as policy documents. As a result, the documents of 29 bilateral donors were analyzed: all DAC members except Greece and the European Union plus Russia and Kazakhstan. The findings were compared with related research results. In Russia’s case, Soviet Union donor activities is considered in more detail.

What Is Treasured?

The motivations of donors to provide development assistance can be divided into two approaches: idealistic and realistic. According to the idealistic approach, development assistance is a moral obligation driven by desire to solve humanitarian problems, ensure a satisfactory living for all humans, and promote democracy and respect for human rights. In the case of South-South donors, moral obligation gives way to solidarity; the principle of non-interference takes the place of democracy promotion. The main goal of ODA in the idealistic approach is poverty reduction.

According to the realistic approach, countries provide aid for strategic, political, religious, ideological, economic, colonial, historical and cultural reasons. Security considerations and possible future trade relationships are factors for such donors as Japan and the United States. A colonial past plays a significant role in aid distribution for France and the United Kingdom, and is also important for Portugal, Spain, Belgium and the Netherlands. And only about aid by Scandinavian donors most researchers speak of solidarity in the frame of idealistic paradigm [Riddell, 2008, p. 96–97]. For these countries, their domestic welfare-oriented policy is reflected in their foreign policy. Scandinavian countries are the most generous donors according to the ODA as a proportion of gross national income (GNI). Public opinion also plays an important role: aid levels increase mostly in the countries where there is strong public support [Riddell, 2008, p. 107].

Various studies try to reproduce donor motivation by analyzing aid allocation. Using data on aid distribution by 22 DAC members to 186 recipients from 1980 to 2004, Anke Hoeffler and Verity Outram [2008] performed a regression analyses of estimated aid volumes. Explanatory variables consisted of four categories: 1) recipient need, expressed by income per capita and the amount of aid per capita received from other bilateral donors; 2) recipient merit, captured by indicators of successful economic policies (based on economic growth data), and the situation with human rights and democratic regimes; 3) donor self-interest, expressed by trade levels and voting allegiance in the United Nations; and 4) controls for population of recipient country and the total volume of each donor’s ODA. The analysis has shown that controls explain 44% of

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² This article considers the goals and effectiveness evaluation of ODA from the viewpoint of donor countries and mainly in relation to the evaluation at a level higher than a project. This does not imply that effectiveness evaluation from the recipient’s perspective or the evaluation of individual projects is less important issue in the international aid system.
aid volumes, which Hoeffler and Outram consider to be connected with donor-specific factors related to colonial past and geopolitical interests. Donor self-interest explains 16% of aid, while recipient merit predicts only 2%. Recipient need accounts for 36% of aid allocation, which means that explanatory capacity of idealistic paradigm is relatively low.

However, Hoeffler and Outram [2011] later concluded that aid allocation has not yet been sufficiently studied to make strong inferences about donor motivation for providing aid. In particular, results depend on the specific meaning assigned to different variables. For example, economic growth or the lack of thereof can be used as a part of “recipient need.” Recipient-specific factors that cannot be easily quantified also are also important.

Alberto Alesina and David Dollar [1998, p. 55] demonstrate that factors such as colonial past and UN voting patterns explain aid allocation decisions better than political institutions and economic policy of recipients do. For example, a variable “UN friend,” which reflects how often the recipient and donor voted similarly at the UN is significant when considering the aid allocation of such donors as Japan, France, the United State, Germany and the United Kingdom. This connection can be explained in two ways. First, countries that vote similarly in the UN can have a common strategic vision and close relations that in turn determine aid flows. Second, by providing aid a donor can encourage the favourable disposition of a recipient country. This second explanation is supported by the fact that U.S. aid volume to a particular country increases by 59% when this country becomes a rotating member of the UN Security Council (UNSC) and falls when its term over [Kuziemko and Werker, 2006]. Using aid for “chequebook diplomacy” is a common practice. For example, São Tomé and Príncipe used to have diplomatic relations with the People’s Republic of China, but in 1997 received a $30 million loan from the Republic of China (Taiwan) and the same year established diplomatic relations with it instead [Sun, 2014].

Internal factors in donor country can also influence the selection of recipient countries. Ethnic groups may affect donor policies and contribute to increased aid to their country of origin [Anwar, 2006]. Even news coverage affects aid levels. When a natural disaster coincided with other events that receive extensive news coverage, such as the Olympic Games, the amount of U.S. humanitarian aid was considerably lower than during periods when there was no such competition in the news [Eisensee and Strömberg, 2007].

Along with political motivation, the economic and business interests of the donor country play an important role. For every dollar of German aid to developing countries, $1.04–$1.50 returns to Germany in terms of increased export to developing countries, based on an analysis of bilateral aid and trade with 77 regular recipient countries [Nowak-Lehmann Danziger, Martínez-Zarzoso, Klasen et al., 2009]. Later a similar analysis of 21 DAC donors and 123 recipients found that between 1988 and 2007 donors received an average long-term return of $1.80 for their exports for every dollar spent on aid [Martínez-Zarzoso, Nowak-Lehmann Danziger, Parra et al., 2014]. This effect was especially high for Austria, Australia, Italy, Japan, Sweden, the United States, Germany, Canada and Spain. Aid delivery modalities are affected by business lobby groups. For example, the possibility of untying U.S. food aid arose only because agricultural lobby in Washington was weakened [Hopkins, 2000].

Still, most donors’ aid strategies are based on a combination of idealistic and realistic approaches. It is not easy to find a balance: on the one hand, it is important to provide effective aid but to take into account donor national interests; on the other hand, it is essential to pursue national interests “without being too assertive and thus alienating the countries at the receiving end” [Bakalova and Spanger, 2013, p. 27].

Donor motivation changes with time. Data from the natural experiment that arose after the collapse of the Soviet Union, when diverse countries became aid recipients, shows that do-
nors’ strategic and commercial interests influenced aid allocation more at first and were highly correlated with trade flows and geographical proximity to the West, but became less important later on [Frot, Olofsgård and Berlin, 2014].

From 1949 to 1979, China’s policy toward Africa was mainly determined by the necessity to earn international support and recognition. China provided young African states with substantial financial support. However, since 1979 economic motives have become more significant [Sun, 2014]. Two Chinese ministries involved in international aid take different positions on this issue. The Ministry of Commerce considers foreign aid an instrument of Chinese national interests primarily to facilitate the economic growth of China itself. Most Chinese aid is directed toward resource-rich African countries. The Ministry of Foreign Affairs, however, considers foreign aid to be an instrument to support the development of bilateral ties with African countries. Chinese experts also see aid to African countries as a part of Chinese soft power. If the socioeconomic model of Chinese development would take root in other countries, it would reinforce China’s thesis about the non-universality of the western democracy model and thus strengthen its international position. Some information indicates that the Ministry of Foreign Affairs has recently been trying to redistribute responsibility for ODA to its benefit [Sun, 2014].

The growing role of foreign affairs ministries can be also observed in such countries as Canada, Australia, New Zealand and Italy. In 2013, the previously semiautonomous Australian Agency for International Development (AusAID) was integrated into the Department of Foreign Affairs and Trade. The purpose changed discernibly from “to assist developing countries to reduce poverty and achieve sustainable development, in line with Australia’s national interest” in 2006 to, in 2014, “to promote Australia’s national interests by contributing to sustainable economic growth and poverty reduction” [AusAID, 2006, p. x; Commonwealth of Australia, 2014, p. 1].

In times of economic crisis, self-interest started being mentioned in a number of donor policy documents. Germany’s 2011 development policy says that “development policy is not good simply because it is altruistic. By the same token, it is not bad simply because partners link it with their own interests” [Germany, 2011, p. 9]. Ireland’s 2013 policy for international development notes development cooperation as an important element of foreign policy not only in terms of values, but also in terms of its economic and trading interest [Government of Ireland, 2013].

Notwithstanding a wide range of reasons why countries provide development assistance, idealistic statements prevail among the majority of donors. Aid is presented as an act of good will. Most often the declared goals of ODA are fighting poverty, supporting sustainable development, promoting respect for human rights, and ensuring peace and security.

Some authors therefore claim that donors’ actions are a manifestation of epistemological violence toward developing countries because “by placing the West’s giving of development aid as something beyond politics, on the moral high-ground of self-evident certainty, it acts to deflect attention from critical engagement with the nature of globalisation, power and aid itself, hiding both economic and epistemological violences behind the apparently benevolent act of giving” [Sharp, Campbell and Laurie, 2010, p. 1125].

Sooner or later, symbolism and rhetoric gain real shape. Once having chosen their idealistic discourse, countries start to conform to it and call on others to do the same. Donors make many commitments that at first sight do not seem to meet their interests. They commit to provide up to 0.7% GNI for ODA and to untie, align, harmonize, and make transparent and predictable their assistance. Processes such as the OECD’s 2005 Paris Declaration on Aid Effectiveness and 2008 Accra Agenda for Action and the Global Partnership for Effective Devel-
opment Co-operation set clear requirements for donors. However, achievements are uneven for a range of commitments: because implementation depends largely on the donors, achieving the objectives suffers when the recipients play a crucial role [OECD, 2011]. The number of commitments and, especially, the level of expectation from the donors is so high that there is now a third motivation category in addition to realistic and idealistic approaches: the willingness to conform to international norms.

Several new developments in ODA can be interpreted in two ways. Donors tend to reduce the number of recipients in order to increase effectiveness and efficiency of their aid. Such recommendations are regularly included in the DAC’s peer-review reports. In 2010 Korea decided to limit the number of recipients to 26 priority countries [Republic of Korea, 2013]. In 2008, Germany [2008] focused its aid on 57 countries. Spain chose 23 recipients for its 2013–16 plan [Ministry of Foreign Affairs and Cooperation of Spain, 2012]. In 2007 Sweden opted for 33 countries [Government Offices of Sweden, 2009]. Such changes might be seen as donors’ strategic interests coming to the fore. But in striving to improve the effectiveness of its aid, a donor may direct it to countries and regions where it has established relations, a common language and so on.

Nonetheless, the process of selecting recipients systematically lacks transparency. For example, after research such as the work of Craig Burnside and David Dollar [1997] found that aid is more effective if it is provided to countries with sound policies, the Netherlands set governance as one of the criteria for country selection. However, when researchers tried to reproduce the choice of recipients, that criterion played little role in explaining the list of Dutch ODA recipients. The question on how this list was formed remains open [Hout, 2002, 2004].

The situation remains ambiguous in other regards too. The first impression of donor generosity and increased development aid can be illusory. A considerable amount of finance that qualifies for ODA in reality never crosses the border of donor countries. Two thirds of Italian aid stays within the Italian economy in the form of administration costs, scholarships, refugee costs and so on. Data submitted by donors often differs from the recipient’s information. From 2008 to 2011 Uganda actually received just two fifths of the sum listed in financial reporting of DAC member countries [Development Initiatives, 2013, p. 78]. More importantly such aid is usually far from being ideal from the recipient’s point of view. For example, in 2002 donors spent as much for 700 consultants in Cambodia as the country itself pays to its 160,000 civil servants [Ear, 2007, p. 76]. ODA reform can solve some of these issues by changing the level of ODA or introducing new measures that reflect the full contribution to recipients’ socioeconomic development [OECD, 2014].

Another possible misalignment lies in the area of policy coherence. Every year, Africa loses more resources to illicit financial outflows and trade mispricing, especially in extractive industries, than it receives in terms of foreign direct investment and ODA from DAC members [Africa Progress Panel, 2013]. Another example is protective tariffs or state subsidies for some businesses in developed countries, especially in agriculture. In both cases coordinated donor action can lead to feasible improvements in the financial well-being of developing countries. In 2002 the United Kingdom initiated the creation of international standard for transparency on revenues from natural resources [Extractive Industries Transparency Initiative, undated]. A number of important commitments were made at the G20’s St. Petersburg Summit in 2013. Internal resource mobilization has been widely discussed at the first High-Level Meeting of the Global Partnership for Effective Development Co-operation. The issue of combating illicit financial flows is expected to be included in the post-2015 development agenda.

A new stage in thinking about the best way to assist development may be beginning. In the middle of the 20th century, finance, resource and knowledge transfer were at the centre of aid
efforts. Developing countries were given a “fish” to escape the vicious circle of poverty, rather than being taught to fish for themselves. In the 1970s, the focus moved to the level of people and institutions. Social infrastructure and human capital came to the fore. It became important to enhance the recipients’ ability to fish, to continue the metaphor. Today, creating favourable conditions for unassisted development, including fostering trade, is becoming more and more important, at least the discourse. An era may be dawning when assistance will be all about making sure that there are both fish and water in the river, so that recipients can become real partners not only in terms of changed terminology. The donors’ intentions and, as a consequence, motivations will play a decisive role in realizing this new development agenda.

However, the issue of the interrelation of aid effectiveness and donor motivation is not sufficiently studied to enable straightforward conclusions about the recipient’s benefits from the donor’s idealistic motivations. On the one hand, politically motivated aid can be less effective; it can support projects that are not significant for development and be less open to measures of accountability and evaluation. Aid received by countries on the UNSC has less impact on economic growth than at other times [Dreher, Minasyan and Nunnenkamp, 2013, p. 2]. On the other hand, strong donor interest in security can be very productive for ensuring aid effectiveness, especially if the recipient has a high institutional capacity [Stone, 2010].

To conclude, in analyzing recent changes in ODA, it does not always seem to be productive to differentiate between realistic and idealistic approaches. As shown in Figure 1, competition between two paradigms becomes less significant when donor motivation is considered in the long term [see Howes, 2013]. Countries with higher levels of prosperity represent a smaller security threat for donors as they cease to be a source of infectious diseases, migration pressure and criminal activities, including drug trafficking and terrorism; their economic growth con-

Fig. 1. Two approaches to donor motivations

Note: Adapted from Stephen Howes [2013].
tributes to the creation of new markets for donor country goods. The concept of enlightened self-interest discards the contradiction of the two approaches to donor motivation but remains at the level of mid-term interests. Tied aid serves an example: while being attractive to a donor, it is inefficient for the development of the recipient because of inflated value of aid and other factors.

**USSR and Russia’s ODA Policies**

Since returning to the ranks of donors at the beginning of the 21st century, Russia has made some significant steps in building its ODA system. However, it is still useful to turn to its Soviet heritage even though Russia’s institutional memory has been broken by an intermediary period of being an aid recipient.

Many features of Soviet cooperation with developing countries would characterize it as a donor in the South-South tradition. The USSR rejected the concept of that all developed countries were equally responsible for the development of the rest. On that basis it did not take on the commitment of providing 0.7% GNI for ODA [Teodorovich, 1982, p. 299]. Soviet assistance stressed a lack of conditionality, the principle of non-interference in internal policy and the mutually beneficial character of cooperation [Grekov, Kachanov, Sukhoparov et al., 1987, p. 245, 262]. There are echoes here of today’s Chinese attitude toward development assistance: aid to support countries’ development according to the donor model is a good form of soft power that legitimizes and proves the potential of a particular political and economic system [Grekov, Kachanov, Sukhoparov et al., 1987, p. 53; Sun, 2014, p. 12]. From the economic point of view, the Soviet Union benefited from the aid in the form of loan repayments including use of compensatory cooperation and of “returns from the international division of labour” [Grekov, Kachanov, Sukhoparov et al., 1987, p. 54].

Political motivations played a greater role than economic ones in Soviet assistance. The Cold War obviously contributed to the way Soviet aid was provided. The USSR actively assisted developing countries in establishing their iron industry when the United States tried to curtail aid in that area due to rising competition with U.S. iron producers [Grekov, Kachanov, Sukhoparov et al., 1987, p. 249]. The USSR decided to build the famous Aswan dam right after the United States and World Bank denied Egypt such aid [Goldman, 1962]. The Soviet Union stressed altruistic nature of its aid to like-minded recipients and differentiated it from western exploitative inclinations. The western view of Soviet aid was also replete with accusations of colonialism and a desire to force countries to sell their natural resources at below market levels [Robinson and Dixon, 2010, p. 601]. Because of the ideological underpinnings of its assistance, the Soviet Union was aware early on of the importance of institutions in economic development, something that would feature in western assistance later on [Robinson and Dixon, 2010].

Until recently Russia has been considered a so-called new donor according to the OECD model [Zimmermann and Smith, 2011]. Its re-establishment as a donor was extensively facilitated by international organizations in line with the OECD approach [Gray, 2015]. The 2006 G8 St. Petersburg Summit spurred Russia’s development assistance: a number of important commitments were taken, aid levels started rising and the first policy document on Russia’s role as a development donor was issued in 2007. Russia uses multilateral channels extensively to

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3 Favourable publicity about the donor or its image do not constitute an independent motivation. A favourable image is simply desirable for achieving higher objectives of foreign policy, economy and security but is not a goal in itself.

4 Under the terms of compensatory cooperation, the loan is repaid in the form of products from the created object (direct compensation) or specific products from other enterprises (indirect compensation). The owner of the compensatory object remains the country on which territory the object is created [Azrilyan, 1997].
INSTRUMENTS OF SOFT POWER

provide aid, acknowledged the commitment to provide 0.7% GNI in ODA, provides its statistics to OECD — which are all very unusual for South-South donors. However, cooperation with South-South donors increasing among the BRICS countries.

Russia’s Ministry of Foreign Affairs and Ministry of Finance have complicated relationships in international development cooperation, which have even surfaced in the Russian press [Gray, 2015]. In comparison to the 2007 concept paper, which was developed by the Ministry of Finance, the 2014 Concept of the Russian Federation’s State Policy in the Area of International Development Assistance prepared by Ministry of Foreign Affairs [2014a] expresses the need to pursue national interests through ODA: Russia expects the maximum return from aid. In many regards, the 2014 statement is a modified version of the 2007 one, but it does not have the previous idealistic discourse of fighting poverty, pays less attention to the Millennium Development Goals and international forums, and prioritizes bilateralism over multilateralism [Gray, 2015]. The two ministries have different visions about development assistance: Finance promotes a more traditional OECD donor agenda with the prevailing idealistic discourse and Foreign Affairs favours South-South modalities including a greater focus on self-interest. It is yet to be seen whether Russia will return to the OECD-oriented path, turn to its Soviet “South-South” heritage or blend the two approaches.

Some researchers note that Russia as a donor has not yet decided the best way to achieve its interests: by pursuing political and economic interests directly or by way of satisfying the recipients’ interests [Bakalova and Spanger, 2013, p. 35]. However, the underlying purpose can be interpreted in line with the concept of enlightened self-interest, as in the socioeconomic development of other countries is an element of Russia’s security system: “Russia supports the strive of the international community for sustainable socio-economic development of all States which is a foundation of the modern system of international stability and collective security, and considers assistance for such development as a goal of its State policy in that area” [Ministry of Foreign Affairs, 2014a].

In 2006 Sergei Storchak [2006], deputy finance minister, pointed to the extended economic benefits of ODA when he said that Russia helps itself by creating prerequisites for economic growth by helping other countries because they may later become the consumers of its goods and services. Limited research on Russia’s motivation for providing and allocating aid has not indicated whether Russia is following the goals and principles as stated in the Concept statement or whether short- or long-term interests prevail [Petrenko, 2014].

What Is Measured?

Evaluating Development Aid Effectiveness by DAC Donors

Donors’ criteria for evaluating ODA also consider the results of assistance as the positive impacts of aid on the recipient country. Most donors use five criteria adopted by the DAC in 1991. Those criteria are 1) relevance, or the extent to which aid is suited to the priorities of target group; 2) effectiveness, or the extent to which aid objectives were attained; 3) efficiency, or a correlation between inputs and outputs; 4) impact, or the positive or negative changes produced by the aid, planned or unexpected, directly or indirectly; and 5) sustainability, or the possibility

5 The 2007 statement also referred sustainable socioeconomic development as an element of collective security but not explicitly as a goal of development assistance. The 2014 statement includes the same wording its the only paragraph on the topic. Nine goals from 2007 are listed in the 2014 statement [Ministry of Foreign Affairs, Ministry of Foreign Affairs of the Russian Federation].

6 Of the 29 donors included in this review, 16 use the OECD evaluation criteria; other donors have not provided access to their evaluation policies or do not specify evaluation criteria.
that the benefits will continue after aid has ceased [DAC, undated]. Some countries supplement these criteria with their own. The Netherlands has introduced a sixth criterion of policy consistency [Ministry of Foreign Affairs of the Netherlands, 2009]. The Korea International Cooperation Agency [2008] adds two criteria: gender mainstreaming and environmental impact.

Evaluation units or departments exist in most development aid agencies. The number of employees varies; for example the Swiss Agency for Development and Cooperation has a staff of three, and to 26 people in Japan International Cooperation Agency has a staff of 26 [OECD, 2010]. Australia requires an external evaluation for all the projects over AUD 3 million [Bazeley, 2011]. In Austria this threshold lays at €1 million [Austrian Development Cooperation, 2009]. New Zealand uses the indicator of risks along with finance volume to estimate whether a project should be evaluated or not [New Zealand Aid Programme, 2011].

In addition to internal evaluation mechanisms, some countries have external institutions. In the United Kingdom, the Independent Commission for Aid Impact reports directly to parliament. Its work is driven by several principles, including the interests of intended beneficiaries should come first, what matters is not always easily quantifiable and value for money does not always mean the cheapest option [Independent Commission for Aid Impact, 2011]. In Sweden, evaluation functions were taken away from the development agency and given to the specially created Swedish Agency for Development Evaluation [OECD, 2010]. In a similar way, the German Institute for Development Evaluation [undated] was created as a part of the structural reform of German aid system in 2012.

ODA effectiveness can be evaluated on several levels: the project or program level, the policy or strategy level, and the level of all ODA. Countries are increasingly undertaking comprehensive independent reviews. In 2011, the Australian government commissioned such a review, which recommended that financing for multilateral institutions be based on clear grounds [Commonwealth of Australia, 2011]. One year later, an assessment of all multilateral delivery channels of Australian aid was made [AusAID, 2012]. One of the assessment criteria was that the multilateral organization’s mandate must correspond with Australia’s national interests. The United Kingdom carried out a similar assessment to ensure that it gets maximum value for money from its contributions to multilateral organizations [Department for International Development, 2011].

Existing evaluation systems mostly assess the positive impacts of ODA projects and programs on recipient countries. However, the global financial crisis gave donors an opportunity to discuss those benefits openly.

The Netherlands is actively discussing how to focus its aid on its business interests. The Ministry of Foreign Affairs thinks that such possibility exists but emphasizes that considerations of development assistance should remain the guiding principle. In order to show that the existing system already benefits the Dutch economy, the ministry commissioned a study by the University of Göttingen, well known for its methodology for assessing bilateral aid impacts on donor exports. The study analyzed data from 1962 to 2012 and found that each euro of Dutch bilateral aid generates €0.70—€0.90 in terms of increased exports and adds value of €0.40—€0.55 to the Dutch economy for each euro spent [Ministry of Foreign Affairs of the Netherlands, 2014].

Japan also decided to supplement its effectiveness evaluation toolkit, but unlike the Netherlands it turned to political benefits and was more systematic. After its 2010 annual review pointed to the fact that development aid is an instrument of diplomacy, Japan added the “evaluation from diplomatic viewpoints” to its list of criteria. The criterion consists of two components: diplomatic importance and diplomatic impacts. How the evaluation from diplomatic viewpoints should be carried out is not yet determined, although several examples are given
Diplomatic importance can include such elements as the importance of diplomatic relations with the recipient, importance of the recipient in light of Japan’s foreign affairs (international peace and prosperity) and the importance of assistance in bilateral relations [Ministry of Foreign Affairs of Japan, 2013]. It can also refer to political considerations (strengthening and deepening the bilateral relationship measured, for example, by number of mutual visits of high-level officials or by geopolitical importance) or social considerations (shared common values) [International Development Centre of Japan, 2014].

Diplomatic impact can refer to the effects on bilateral diplomatic and economic relations, the contribution to a favourable impression of Japan, support for Japan at international meetings and the promotion of regional stability. It can also include political considerations (stability and sustainable development, contribution to enhancing Japan’s international presence, support for Japan’s international position), economic considerations (progress toward a market economy and economic relationship measured by trade volumes), social considerations (public recognition of volunteer activities, attitudes toward Japan and the Japanese, expert recognition of Japan’s ODA and the promotion of friendship with Japan), and others considerations such as exchange programs or assistance in the case of disaster. Mostly qualitative methods are used to evaluate diplomatic aspects, including interviews with stakeholders in Japan and abroad.

**Evaluating Development Assistance Effectiveness by South-South Donors**

In contrast to the DAC members, South-South donors base their evaluation system initially on the recognition of the principle of mutual benefit. For many South-South donors, evaluation is not systematic. When it happens, it considers mostly inputs, activities and some outputs such as budget disbursements [United Nations Development Programme (UNDP), China, and Goss Gilroy Inc., 2014]. Long-term impacts and results are seldom evaluated. For example, Brazil does not require its partners to evaluate completed projects, something that would be very unusual for traditional donors. Brazil has also distanced itself from the Paris Declaration and now is developing its own evaluation manual for its agencies involved in South-South cooperation.

China is also in the early stages of forming its evaluation system. It will focus mostly on the degree of readiness and the quality of projects, rather than on the impacts on intended beneficiaries. The Ministry of Commerce and the Export-Import Bank of China evaluate their own large-scale projects, usually by engaging an independent consulting firm in an open bidding process [UNDP, 2014].

As a part of the ongoing reform of China’s development assistance, measures administering foreign aid came into force on 15 December 2014. They establish the role of the Ministry of Commerce as the lead coordinator of ODA projects. The ministry standardizes processes and strengthens management at every stage of project implementation, introduces anti-fraud measures, creates statistical systems and develops assistance evaluation system [Dunbar, 2014; UNDP, 2014]. The creation of evaluation and monitoring systems should contribute to increased transparency. Some steps in this direction have already been taken: in 2014, China released its second white paper on foreign aid, which describes in detail the composition and main directions of China’s ODA [UNDP, 2014].

The lack of a systematic approach by South-South donors can be partially explained by a decentralized system of project and program implementation, and also by the fact that evaluation policies and guidelines that prescribe a particular approach are yet to be developed. At the same time, it would wrong to assume that all South-South donors strive to regulate this area.
Indeed, the existence of prescribed norms and approaches to evaluation would not be appropriate for donors that attach special value to relationships with partner countries. Evaluation should be carried out based on principles jointly developed with the partner country. Also, evaluation criteria should recognize the donor’s benefit from such partnership [UNDP, 2014].

**Evaluating Development Assistance Effectiveness by the USSR and Russia**

The issue of creating a system to evaluate development assistance was topical for the USSR and remains so for modern Russia as a donor.

One of the main principles of Soviet assistance was declared mutual benefit. Benefits and effectiveness of such cooperation for recipients were hardly called into question. Features such as short terms for implementation, technical complexity and training local staff based on the Soviet experience of industrialization so they can take over operations were recognized even by western experts [Goldman, 1962]. However, there was no project and program evaluation in the modern sense.

The benefits for the Soviet Union were much harder to estimate. There was no accepted methodology for such assessment, although a methodology to assess the economic efficiency of foreign economic relations was developed. It correlated the profits received above a threshold of normative profits of 15% and expenditures by the USSR economy that included losses due to diverted funds [Akademiya nauk SSSR, 1989]. However, this methodology could have assessed costs and benefits in the case of a loan repayment rather than highlight the benefits from international cooperation or grants.

There has been no comprehensive evaluation of development assistance results in Russia to date, nor is there a system for evaluating projects. The urgent need for such a system can hardly be overstated. The experience of many donors shows that intuitive assumptions that disbursements guarantee the achievement of results are often far from reality.

In 2007, Russia’s Participation in International Development Assistance Concept listed a number of criteria for evaluating development assistance evaluation and even proposed that the suspension or cancellation of assistance in case of low effectiveness [Ministry of Finance of the Russian Federation, 2007]. In 2012 the government commissioned research on creating a system to monitor and evaluate the effectiveness of ODA based on clearly defined and qualitatively measurable criteria. The results would be used to plan ODA activities so as to achieve specific political and economic goals in the international arena [Russian Federation, 2012]. The results of this research and its practical application are not known.

In 2014, the Russian government approved the Concept of the Russian Federation’s State Policy in the Area of International Development Assistance. It adds two criteria to the ones from 2007: promoting a positive perception of Russia as a donor in the recipient state, as well as in other donor countries, and the achievement of results comparable to or exceeding the results of similar development assistance projects [Ministry of Foreign Affairs of the Russian Federation, 2014a]. The criteria partially overlap with five DAC criteria for evaluating development assistance: achieving the planned result of assistance corresponds to the DAC requirement for

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7 Criteria included the achievement of the planned outcome of the ODA and the contribution of ODA to the outcome, ODA cost/benefit ratio, sustainability of positive impacts, justifiability of the types of assistance provided in the context of the general development assistance policy, contribution to the development of bilateral political and other interactions between recipients and Russia, and the expected and unexpected benefits from the ODA [Ministry of Finance of the Russian Federation, 2007].
effectiveness, the cost-benefit ratio relates to the DAC requirement for efficiency and the criterion of sustaining a positive effect relates to the DAC requirement for sustainability.

Most of the criteria defined in the 2014 Concept statement apply to specific projects and programs in regard to achieving their objectives. The attainment of high-level goals related to specific political and economic goals could be assessed by three out of eight criteria [Russian Federation, 2012]. Those criteria are the contribution to bilateral cooperation between the recipient and Russia in the political and other fields, the relevance of the assistance to the general ODA policy, and the promotion of a positive perception of Russia as a donor country in the recipient and in other donor countries.

Russia channels a substantive part of its development assistance through multilateral institutions, which apply their evaluation procedures to the projects. However, no external or internal evaluation of multilateral or bilateral projects supported by Russia is evident. While such evaluation might have taken place, its results are not publicly shared. Since state programs have been introduced in budgeting procedures, every ministry must provide performance indicators that assesses the activities at a level higher than the project level. In regard to development assistance, only one indicator — the level of ODA compared to gross domestic product — was present in the Ministry of Finance state program and was omitted later on. Current tracking mostly takes the form of reporting on the completion of projects or operations rather than evaluating them.8

It would be productive for Russia to use its international experience in creating a multi-level evaluation system. By doing so it would, first, ensure the evaluation of the effectiveness of individual projects and, second, understand whether the underlying ODA goal has been achieved. In both cases, evaluation would serve the objective of moving from opinion-based decision-making to evidence-based policy.9

Conclusion

Most donors assess the positive impacts of their ODA on the socioeconomic development of recipient countries when they evaluate their aid projects and programs. The declared goals of ODA are to fight poverty, support sustainable development, promote respect for human rights, and ensure peace and security. Yet the political and economic interests of donors never cease to play an important role. The global financial crisis narrowed the gap between words and actions, as many donors need to justify their ODA budget to their taxpayers. Not only are the goals of ODA changing, but the criteria for evaluating its effectiveness are also being reconsidered. Attempts are being made to assess the political and economic effects for the donor country itself. However, only a few traditional donors manifest these changes, so it is still early to detect a common trend. South-South donors are only now beginning to develop their evaluation systems based on mutual benefit.

Russia, although not new but still an evolving donor, can and should use all the benefits provided by a multi-level ODA evaluation system. Such benefits are manifold. First of all, evaluation provides decision-makers with information that enables them to improve current and future projects, programs and policies. Taking part in an evaluation can be a valuable experience for the project’s developers and implementers, and would enable them to distinguish

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8 For example, the director of the Department for International Financial Relations of the Ministry of Finance of the Russian Federation once noted that it was not necessary to commission an in-depth study to say that by delivering grain, flour and food Russia had fed 100,000 children in Africa [Zykov, 2011].

perceptions of a project’s value from real facts. The fact of having an evaluation possesses a symbolic value that suggests accountability and the importance of the program [Grasso, Morra Imas and Fostvedt, 2013].

There are at least two conditions for transforming the efforts to create an evaluation system into more effective and efficient ODA. The first is the evaluation must be objective. This is usually achieved by having the evaluation carried out by independent evaluation institutions, commissioning external evaluations and involving representatives of recipient countries. However, involving external consultants does not always guarantee objectivity. Due to the limited number of experts available, many consultants are regularly involved in evaluations and so their willingness to be hired again can affect their impartiality. The most important intention is for the institution or country to detect weaknesses in its ODA systems and not be afraid to admit them. Second, a feedback loop is needed so those who develop and implement ODA programs are informed and can implement changes as needed. Again organizational culture is important. The availability of the information alone does not guarantee that it would be used or even read. For example, one third of the World Bank’s policy reports have never been downloaded from its website [Doemeland and Trevino, 2014].

A remark made in 1987 about Soviet development assistance is still pertinent today: “One cannot make goal-oriented positive steps to improve the efficiency of cooperation with developing countries without knowing what exactly it is and without having reliable means of its qualitative estimation” [Gankovskiy, 1987, p. 4]. It is a fact that the impact of Russian ODA needs to be constantly monitored, accounted for and evaluated from the viewpoint of recipient countries, but it is also important to evaluate the potential for achieving Russia’s foreign policy goals. Indeed, only the understanding that ODA serves Russia’s interests and is not just a fashion accessory of rich countries’ foreign policy can guarantee the sustainability of its ODA financing and the greater predictability and effectiveness of that ODA for Russia’s partners.

References


