

When evaluation makes a difference

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GOVERNMENTS routinely rely on evaluation to decide on investment projects in areas ranging from transport and energy to education and social protection. But are the evaluation techniques used adequate for judging the sustainability of the investments and policies in question? For the most part, since evaluations are typically partial and narrow in their focus, for example, on short-term economic growth, they are likely to give inadequate if not misleading signals for the needed directions in the highly inter-connected world that we live in.

A case in point is when a partial evaluation of deregulation, currently in vogue all across the world, might end up giving the policy direction high marks because it improves the ease of doing business, even though it dilutes environmental protection. A fuller evaluation, on the other hand, might show that the damages from environmental destruction and aggravation of climate change in an increasingly fragile ecology eventually hurts long-term growth and the well-being of people and the planet.

The UN's Sustainable Development Goals (SDGs) provide a starting point to expand the evaluative focus from short-term growth to long-term welfare. SDGs are 17 goals pertaining to poverty, the environment and climate, human and social development. More significant than each of these goals in isolation is the interlinkages among them. For example, studies document the impact of corruption and weak governance in aggravating illegal logging and deforestation. The resulting environmental destruction and climate change, in turn, hurt the poor the most, and hence weaken the goal of greater social inclusion.

Asia has experienced the poverty and distributional impacts of socio-economic crises. We have seen in the 1997 Asian financial crisis the disproportionate damages on the well-being of lower income classes. The poor were hit harder, and they took longer to recover. The same story was repeated in the 2007-08 global financial crisis that started in the United States. The sources of these crises have been inadequate financial regulations or macroeconomic imbalances driven by short-term goals at the expense of the long term.

While we may all agree that a broader focus beyond short-term growth adds great value, the rub is the difficulty, including the politics, of doing so in practice – and in time when decision-makers need the results. To help address this tension, we need to bring together all the tools of evaluation at hand. To a considerable extent, three existing approaches in evaluation, with needed extensions, can

be relied upon: impact evaluation, cost-benefit analysis and objectives-based evaluation.

Impact evaluation can serve as a valuable way in which to gauge the causal effects of a programme, be it providing vaccination to the population or social protection to the low-income strata. Having the results of such evaluations at hand can also improve the chances that effective programmes are continued, regardless of changes in political leadership in a country, as has happened with conditional cash transfers (that promote greater social inclusion) in Brazil, Mexico or the Philippines.

Cost-benefit analysis too has a growing role to play in enlarging the focus of evaluation. For example, assessment of growth could give special attention to the timeframe over which its impacts are assessed in order to ensure that greater sustainability is rewarded. Cost-benefit analysis could also apply distributional weights to ensure that income disparities are addressed along with growth effects.

Extensions of objectives-based evaluation can show the importance of considering growth plus climate impacts as opposed to just short-term growth alone. Project analysts would do well to routinely include in project documents a statement of the climate risks and impacts. Singapore has been including line budget items to confront the dangers of climate change, but these investments would likely need to rise enormously going forward.

South-east Asia's stakes are increasingly high in strengthening evaluation and making the right investment and policy decisions. Poverty levels are sharply down but inequality has been on the rise, placing a priority for policies of inclusion. With longer lives and rising dependency ratios, there is a premium on raising the productivity of the labour force. The region is also at the forefront of climate disasters raising the urgency for climate adaptation and mitigation.

The bottom line is that if growth and well-being are to be sustained in South-east Asia, evaluations that considered one sector at a time now need to assess the effects across sectors. Goals that were entirely focused on immediate growth need to give way to considerations that go beyond short-term growth. And it will pay for evaluation tools to adjust to this need of the hour.

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The UN's Sustainable Development Goals (SDGs) provide a starting point to expand the evaluative focus from short-term growth to long-term welfare. SDGs are 17 goals pertaining to poverty, the environment and climate, human and social development. PHOTO: REUTERS