Canadian International Development Agency | Agence canadienne de développement international

Impact Assessment of Selected

CIDA Inc. Investments in Infrastructure

Canadian International Development Agency
200 Promenade du Portage
Gatineau, Quebec
K1A 0G4
Tel: (819) 997-5006
Toll free: 1-800-230-6349
Fax: (819) 953-6088
(For the hearing and speech impaired only (TDD/TTY): (819) 953-5023
Toll free for the hearing and speech impaired only: 1-800-331-5018)
E-mail: info@acdi-cida.gc.ca

Canada

Executive Summary

Purpose of the Study

This report presents the results of field evaluations of CIDA INC projects undertaken during 1999 by the firm of Goss Gilroy Inc. as one element in CIDA's Infrastructure Services Performance Review. The purpose was to provide, to the extent possible, an in depth assessment of the development results of four CIDA INC infrastructure projects chosen from the twelve studied during Phase one. The field impact assessment also provided lessons learned on the use of evaluation techniques (document reviews, case studies, key informant interviews, site visits) in an effort to assess project results at the outcome and impact level.

Methodology

The study methodology involved a structured review of the files and documentation on each project at CIDA INC in Ottawa supplemented by interviews with the Canadian firms involved. This preliminary review then became the basis for intensive field examinations of each of the four CIDA INC infrastructure projects chosen. During the field evaluation missions, study staff visited field installations, reviewed commercial and other data on-site with project partners and interviewed a wide range of commercial stakeholders, project partner organizations, local officials and community members. The four projects are described in table 1. below:

Table: 1 Project Sample for Field Evaluation Missions

Sector	Country	Canadian Company	Project Name, CIDA INC Number and Duration
Energy	Philippines	CCL Mini-Hydro	Bubunawan Falls Mini-Hydro 43004 Dec. 1992 to Feb 1994 46520 Feb. 1994 to Nov. 1995
Energy	Egypt	CAE Electronics	Alexandria – Automation of Electricity Distribution 45689 Oct. 1993 to Oct. 1994 47731 Feb 1996 to Oct. 1998
Water and Sanitation	Benin	Techni-Eau Inc.	FORAG/Techni Eau Inc. Water Supply 40697 June 91 to Sept. 91 44243 Nov. 93 to March 95
Information and Communications	China	Harris Communications (Montreal)	Shenzen Joint Venture in Microwave Radios 41544 Jan 1993 to Mar 1993 44595 Mar. 1993 to Apr. 1995

Evaluation Findings

The key evaluation findings are as follows:

Results

1. ***Joint venture partners and developing country clients*** of Canadian firms in the projects supported by CIDA INC experienced a range of significant beneficial results across the output, outcome and impact spectrum. These results were concrete and verifiable and resulted most significantly in improvements in their technical and managerial capacity and in their competitive position in the market.

2. At the same time c***ommunities and service users*** experienced concrete and verifiable output and outcome level results in such areas as short and long term employment generation, increased revenues and, most importantly, in the quality and reliability of infrastructure services. At the level of impacts the results of three of the four projects as experienced by local communities and service users are more hypothetical and more difficult to verify.

3. Results at the ***national level*** are again more theoretical and harder to verify than results at the firm or local community level. They include modest additions to national capacity in the sector; establishment of local suppliers of either equipment or services to meet the needs of the sector on a national scale; and, demonstration effects for policies such as encouraging small scale renewable energy. Further, national level results are usually modest in scale when measured against the sum total of investment and activity in the sector.

   Development Factors

   Relevance/Appropriateness

4. All four of the projects assessed during Phase Two were consistent with the national policies and priorities for the development of their particular infrastructure sector. Similarly, all four projects showed evidence of the appropriate assignment and use of human resources from both the Canadian firm and the joint venture partner or client agency in the developing country. The primary developmental relevance of the projects is in the area of *capacity development and technology transfer*.

   Cost Effectiveness and Sustainability

5. The four projects were found to be cost effective from the perspective of CIDA INC in that relatively modest CIDA INC contributions (with the exception of the CAE project in Egypt) were associated with much larger investments by local and foreign investors. In addition, market pressures in the domestic markets of the joint venture projects appear to encourage partners to control costs to the extent practical. Similarly, in general terms the projects were assessed as reasonably sustainable. All four were able to generate sufficient revenues to cover operating costs.
   Management Factors

6. All four of the projects provide evidence of the Canadian firms' **commitment to partnership** in pursuit project success. For the two joint ventures, the Canadian firms have shown creativity and commitment in developing and sustaining the partnership. In the one wholly owned subsidiary, the Canadian firm (and its global parent) acted quickly to secure the future of the joint venture by buying out their local partner when that became necessary. Finally, in the one project where the relationship was a straight service-provider to client relationship, the Canadian partner has shown a willingness to include significant technology transfer components in its project.

7. Creativity on the part of Canadian firms involved in the four projects reviewed has included such aspects as persistence in assembling the appropriate partnership team; innovative conversion of services to equity in the project; integrated technology development and production across the partners operations; and, integration of host country staff into Canadian operations.

External Factors

8. The projects reviewed have successfully adapted to constantly changing external environments over their lifetimes. These changes have included increased competitive pressures, delays in sector reform, setbacks in the climate for financing the projects, and regulatory changes. Projects have been guided in their response to the changing environment by the commercial logic of the markets in equipment and services in which they operate. While responding to the needs of the market, they have had little capacity to address key IS themes and issues such as poverty alleviation and equity.

Infrastructure Review Themes and Issues

Equity and Access

9. Project participants were largely unable (with some small exceptions) to influence the design and orientation of projects to either address equity issues or to increase impacts on poverty. They were constrained by the requirement to generate an adequate return on the project investment and to remain competitive in the local or regional markets in which they were competing.

10. The extent of the impact of CIDA INC projects on equity and on poverty appears to be highly dependant on the sector in which the project can be classified. For example, the water supply project in Benin (in co-operation with the national water program and with support from a range of donor agencies) had an impact on accelerating the access by rural villagers to reliable supplies of potable water. For the other three projects however, indirect impacts on equity and poverty were either very modest in scale or subject to many intervening factors (such as national pricing policies).

Capacity Development

11. Joint venture partners and client agencies experience the most direct results of the projects and the most important of these are in the area of capacity development. Each of the four projects reviewed had important technology transfer and capacity development results at the output, outcome and impact levels for the partners concerned. In most cases the capacity development and technology transfer results of the projects were likely to prove sustainable over the longer term. Because of their need to respond to local and regional commercial realities, combined with an openness on the part of Canadian partners to transfer technology and increase the value added component in local processes, these projects represent particularly suitable vehicles for capacity development.

Policy Dialogue

12. In none of the four projects visited, were assessment team members able to find evidence that the CIDA INC project had been linked to a dialogue with the national government on sectoral policies and priorities. CIDA's bilateral program in Egypt seemed to provide an opportunity for such a linkage given its strong energy sector component but this opportunity was not actualised, perhaps due to the need for CAE to remain focused directly on the requirements of the Alexandria project.

Results Measurement

13. It is important to distinguish between reporting relating directly to the CIDA INC contribution on the one hand (which is generally provided by the four projects reviewed but with a focus on the commercial benefits to Canada) and the reporting of developmental results on the other. Developmental results in the countries of the projects are reported anecdotally and without the identification and monitoring of indicators at the output, outcome, and impact level. As a result, project reports do not provide a reliable guide to the developmental results of these projects. CIDA INC staff do make follow up visits to projects but they are not able to access results monitoring data since it is not systematically collected by the firms involved.

Recommendations

1. CIDA (Performance Review Branch and CIDA INC) should consider the possibility of undertaking further field studies to determine best practices for assessing developmental results (including impacts), with a focus on results relevant to the eventual Infrastructure Services Policy. While the methodology for this study was based on CIDA's Framework of Results and Key Success Factors, there appears to be considerable scope for testing and improvement. One of the products might be guidance to firms using INC in the area of data collection.

2. CIDA INC should develop a monitoring and reporting format which requires Canadian and partner firms to report early on development results at the output and outcome levels. This format could take advantage of reporting formats developed for geographic and NGO programs, and could be a collaborative activity including PRB, INC and Canadian firms.

3. CIDA should review current procedures for linking projects supported by INC with CIDA bilateral programs in a specific country and/or Poverty Reduction Strategy Papers and Comprehensive Development Frameworks, where appropriate and relevant.