

# POLICY EVALUATION IN FRANCE : A TENTATIVE EVALUATION<sup>1</sup>

Rémy Prud'homme<sup>2</sup>

July 27, 2008

## I – Introduction

Public policy evaluation is as old as public policy, but it has for long been informal and embryonic, for at least three reasons.

First, the development of policy evaluation was for decades slowed by the idea that policy decisions were always, by definition, at the service of the "general interest". Public opinion has always known that it is not necessarily the case, but economists had to wait for the Public Choice school to realize it. We now know that politicians and bureaucrats are like everybody else, primarily focused on their own selfish interests, and that the public policies they decide and implement do not always serve well the general public, and therefore deserve scrutiny and evaluation.

Second, the public sector used to be rather small (10-20% of GDP at the beginning of the XXth century), and government failures could be tolerated. Now that the public sector is much larger (40% of GDP in many countries, more than 50% in France), this is no longer possible, and efficiency-enhancing mechanisms have become necessary. It is by now widely realized that policy evaluation plays in the public sector the role played by the market in the private sector.

Third, for a long time, public policies were relatively simple, with a limited number of objectives and instruments. Evaluation was then largely a matter of common sense (or at least was seen as such). This is no longer the case. Public policies have become complex, with many stakeholders, indirect as well as direct (and often counterintuitive) outcomes, long term as well as short

---

<sup>1</sup> This paper has been prepared for the World Bank

<sup>2</sup> Professor (emeritus), University Paris XII

terms impacts. Relating policy instruments to policy objectives - a basic component of policy evaluation - has become a technique, some would say an art, that cannot be assumed to be mastered by the average journalist or politician.

It is interesting to see how these changes have affected the practice of policy evaluation in France. In France, as elsewhere, policy evaluation takes many forms and is changing rapidly. Two distinctions are essential. First, the distinction between *ex ante* and *ex post* evaluations. Second, the distinction between evaluation of policies in general and evaluation of investment projects. Public investment appraisal, also called cost-benefit analysis, has historically been the most developed and sophisticated dimension of public policy evaluation, and it remains a key part of it.

## II - Public investments evaluation in France

### *Ex ante Evaluations*

France has a long tradition of public investments closely associated with the role of two important and prestigious State Corps of engineers: ingénieurs des Ponts et Chaussées (Engineers of bridges and roads) and ingénieurs des Mines (Mining Engineers). The first was created before the French Revolution, the second at the time of the French Revolution. They have attracted the best students in the country<sup>1</sup>, and have enjoyed a virtual monopoly of top positions in the civil service, in State-owned enterprises and also in private enterprises, at least in the areas of infrastructure, energy and industry. They were responsible for major decisions in transportation, urbanization, housing, energy and industry, at a time when the role of elected politicians was not as important as it is now. They developed evaluation techniques to help them choose "good investments" from the general interest viewpoint. It is hardly an exaggeration to say that they invented project evaluation. In 1848, Jules Dupuis, an ingénieur des Ponts, faced with the problem of comparing the costs of

---

<sup>1</sup> To put it simply, every year the best 300 students are admitted to Ecole Polytechnique on the basis of mathematical skills. After two or three years they are ranked. Those ranked 1 to 10 go to Ecole des Mines (Graduate School of Mining), to become ingénieurs des Mines. Those ranked 11 to 40 go to Ecole des Ponts (Graduate School of Bridges) to become ingénieurs des Ponts. Needless to say that mining and bridges play a minor role in the curriculum of these schools and an even more minor role in the carriers of these engineers.

constructing a bridge and the benefits of a non-tolled bridge, developed the notion of the consumer's surplus that is still at the heart of the standard cost-benefit analysis of transport projects. During and after World War II, Maurice Allais, an ingénieur des Mines, made contributions on public investment in energy (and on many other economic issues) for which he obtained, many years later, a Nobel prize in economics. Slightly later, Marcel Boiteux, a mathematician, director of Studies, then CEO of Electricité de France, the power monopoly, developed the theory of optimal pricing for a monopoly with decreasing marginal costs and a budget equilibrium constraint<sup>1</sup>, rediscovering the powerful insights of Ramsey on optimal taxation (hence the notion of Ramsey-Boiteux pricing). All these engineer-economists were favorable to project evaluation, and in a position to practice or to impose it in France.

Where do we stand now ? It seems that cost-benefit analysis prescriptions and methodologies have been formalized and refined, but that the impact of CBA has seriously declined.

In principle, CBA is required for all major public investment projects. This is in particular the case for transportation projects (that make up a sizable part of public infrastructure investments). A 1982 Law on Transport makes it very clear. The powerful ministry of Equipment (now called of Sustainable Development), a stronghold of ingénieurs des Ponts, issues handbooks or directives explaining how such *ex ante* evaluations should be conducted. A key point is that these directives indicate the values of the parameters to be used: the values of time (note the plural), the value of life (to be taken in account when valuing the social cost of accidents), the values of local pollution, the value of CO2 emissions, the social rate of discount. Deciding on these values is essential and contentious. Similar values must be used for all projects for selection purposes, and by different ministries (for long the values used by the ministry of Finance differed from the values used by the ministry of Equipment). In 2000, a commission, chaired by Marcel Boiteux, was entrusted the task of producing reasonable and acceptable values, which were endorsed later by the various ministers involved. From time to time, other commissions are created to discuss or revise the value of some parameters. In 2005, a commission

---

<sup>1</sup> The prices of the various goods produced by the monopoly should be equal to their marginal costs multiplied by coefficients inversely proportional to the elasticity of demand of these various goods.

revised the social rate of discount to be used (from 8% to 4%), and in 2008 another commission revised the value attached to CO2 emissions. All is in place therefore for a widespread use of project evaluation in France.

Yet, there are reasons to believe that the role of project evaluation has declined in France in the past two decades.

A first reason is decentralization. Many projects that used to be decided by the central government are now decided by regional or local governments. Project evaluation is legally compulsory and widely practiced at the central level, but not at the regional or local level. At the letter level, the technical skills and/or the political will to undertake investment appraisals are often absent. Overall, the domain of project evaluation has been shrinking in France in past decades.

A second reason relates to what has been called the "optimism bias" of many evaluations. Admittedly, *ex ante* evaluation is a difficult art: there are great uncertainties relative to the costs of complex undertakings and to how much they will be utilized in the future. But these uncertainties do not explain the fact that costs are usually underestimated and benefits overestimated, as demonstrated by Flyvberg. This "optimism bias" is not specific to France, and is probably even less important in France than in other countries. But it exists in France, and might even be increasing.

It raises a question essential to evaluation: who are the evaluators? In France, project evaluation is undertaken by the entity that promotes the project: by SNCF and RFF for rail projects, by Voies Navigables de France (French Rivers and Canals Company) for canal projects, etc. In many cases, these entities, although 100% State owned, enjoy a large and growing autonomy. They have their own agenda, their own public relation services, and function like lobbies. They naturally believe in the social usefulness of their activities. They are usually heavily subsidized, and know that the consequences of a wrong investment will be borne by the taxpayers, at a small cost to the agency. The temptation to "improve" the evaluation they are asked to prepare is great, and not always resisted. In principle, the evaluations prepared by the promoters of a project are overseen by civil servants, and this sets limits to excessive distortions. But the asymmetry of information is blatant. On the one hand, you have these large, well staffed, project promoters, who know very well the context and the details of "their"

project, and can afford the best consulting firms to "justify" a "positive" evaluation. On the other hand, you have a handful of civil servants who have competence but lack time and data. The problem is compounded by the growing complexity of megaprojects. This author sat in a commission that examined the cost-benefit analysis of a 6 billion dollars canal prepared by and for one of these public agencies. He felt like being a judge in a trial with only the prosecutor, without defense lawyers. And concluded that project evaluation (at least for large projects) should be conducted in an adversarial fashion, with consultants paid to "defend" the project and other consultants paid to criticize it, and independent judges to arrive at a fair conclusion.

A third reason is politicization. For good or bad, the time when public investment decisions in France were primarily made by technocrats is largely gone. Nowadays, elected politicians, who have their own ideas as to what is good for the country (or their next election), are less inclined to listen to the outcomes of project evaluations. In principle, it is only fair and democratic that elected politicians have the final word on major public investments, after considering the project evaluations prepared. However, in practice, when evaluations are systematically overruled by political considerations, they become useless. In 2002, a new government came to office. There were 23 major transport investment projects in the pipeline (more than could be financed). The new prime minister asked a group of six high level civil servants (three from the ministry of Finance and three from the ministry of Equipment) for an evaluation of these projects. They worked hard, utilizing and updating existing evaluations, and did an excellent job. Some projects, they showed, had a high internal rate of return, other projects much lower ones<sup>1</sup>. On December 2003, the prime minister convened an inter-ministerial meeting at which all but one of these 23 projects were "decided" (how they will be financed remains unclear).

In summary, therefore, although *ex ante* project evaluation has a long history and unified rules in France, its importance has probably declined in recent decades.

---

<sup>1</sup> The language used, particularly for bad projects, was extremely prudent and moderate. « This project does not appear to be a top priority and should probably be put on an active hold, until further information renders it even more attractive than it is now » actually meant, and was understood to mean : « This project should be abandoned right away ».

---

## *Ex post Evaluations*

Very much the opposite can be said of *ex post* project evaluation. The French civil servants were forward-oriented. They had decisions to take and welcomed the help and protection offered by *ex ante* evaluations, particularly administration-controlled evaluations. But they were not interested in backward looking evaluation, and unwilling to devote time or resources to it. For them, *ex post* evaluations would either show that they had taken the right decisions and in that case be useless, or show that they had been wrong and in that case be harmful.

Things are beginning to change in this respect, in part thanks to the law. The 1982 Law on Transport that makes *ex ante* evaluation of large projects compulsory also prescribes *ex post* evaluations of these projects, although it does not specify when (i.e. after how many years) these *ex post* evaluations are to be made. For about two decades, this prescription was largely ignored, and only a handful (four, I believe) of evaluations were conducted. Then, the Conseil Général des Ponts et Chaussées, the Inspectorate body of the ministry of Equipment, decided that the law had to prevail, and started to undertake these *ex post* evaluations. Presently, four or five evaluations per year are produced, and posted on the web site of the ministry of Equipment. They have two important features.

One is that they are produced by the Agencies in charge of the project, under the surveillance and control of the Conseil Général des Ponts. Just as in the case of the *ex ante* evaluations. This is not entirely satisfactory. These Agencies are obviously tempted to embellish their record. *Ex post* evaluations should not be self-evaluations. The surveillance of the Conseil Général des Ponts is effective and imposes a reasonable degree of fairness. But one can think that a sharper distinction between evaluators and evaluatees is desirable. At the World Bank, for instance, *ex post* project evaluation is systematically conducted by a special department of the institution.

The other is that these evaluations are primarily aimed at finding out what if anything went wrong in the *ex ante* evaluation. Were cost estimates correct? Were traffic forecasts correct, and when not why? Is it because GDP growth was not what was assumed, or because the assumed elasticities turned out to be wrong? The objective or the usefulness of these *ex post* evaluation is not so much to find out whether the project was a good one, but whether the *ex ante* evaluation was well done. It certainly

contributes to the improvement of *ex ante* evaluation practices.

### III – Public Policy Evaluation in France

Projects are only one component (albeit an important one) of policies. To put it simply, there are four main instruments of policies, the four "I"s: investments (that is projects), interdictions (laws and regulations that prohibit or limit actions and decisions of economic agents), incentives (taxes or subsidies that increase or decrease the cost of various goods), and incantations (plans and programs and pronouncements that indicate directions and might create a consensus). In France as elsewhere, a number of bodies and institutions are involved in the *ex ante* or *ex post* evaluation of policies thus defined. In many, not to say most, cases, analysis and studies mix the *ex post* and *ex ante* dimensions: they start with an evaluation of past policies and conclude with an evaluation of future policies. The contribution of six institutions or groups of institutions is presented and discussed (shall we say: evaluated?) hereafter. Institutions are examined by increasing order of independence relative to the public administration, beginning with bodies internal to each ministry, and concluding with think tanks and universities.

#### *Ministries Inspectorates*

Most French ministries have developed in-house evaluation capabilities. They take the form of Planning departments and of ministry Inspectorates. Planning departments routinely undertake studies of current policies and of proposed, envisaged or planned policies, at the request of the minister, but also often at their own initiative. Such evaluations are usually not made public. Ministry Inspectorates are somewhat more independent. Their functions include evaluation of past policies, and occasionally of future policies.

The importance, sophistication, and independence of these various in-house evaluation bodies vary greatly from one ministry to another. They are particularly strong in the ministry of Economy and Finance, and, as mentioned above, in the ministry of Equipment. But in recent years, ministries like the ministry of Education or the ministry of Social Affairs, where evaluation capabilities used to be low, have greatly developed their analytical skills. In many cases, the development of data bases and statistics related to the policy area of each ministry, has played a

key role in the development of evaluation practices. Although there can be statistics without evaluations, there cannot be evaluations without statistics. It is interesting to note the role played here by the powerful and highly qualified National Statistical Office (INSEE): the chief statistical officer of each ministry is always seconded by the National Statistical Office, to ensure quality and uniformity of statistics produced.

#### *Planning Commission, ad hoc Committees, and Evaluation Committees*

*Commissariat Général du Plan* - For nearly half a century, France had a Planning Commission (*Commissariat Général du Plan*). Its activity can be described as *ex post* and *ex ante* evaluation. The five-year plans that were issued were not binding, not even for the government. They were the support, if not the pretext, for policy evaluation and consensus building. The Planning commission itself was lightly staffed (about 50 professionals). Every five years, it created about twenty commissions covering the most important policy topics of the day (from energy to regional policy to labor issues). Each commission consisted of about 30 people from the various ministries involved, industry, trade unions, parliament, academia, with a chairperson and one (or two) *rapporteur(s)*<sup>1</sup>. Members were designated *intuitu personae* by the prime minister, for their competence and not as representatives of interest groups (although of course the composition of each commission tried to be a balanced representation of various viewpoints). Nobody was paid. Each commission would meet about once a month for two years and the *rapporteur* produce a report that was an evaluation of past policies and of future possible policies. This was an exercise in consensus building. The various commission reports were published, and carried some weight. They were also consolidated into a single document, that was the plan. After 1990, the Planning Commission ceased to produce plans, but it continued to create, on an ad hoc basis, commissions that would investigate or evaluate various policies.

*Conseil d'Analyse Stratégique* - Over the course of time, the prestige of the Planning Commission declined. In 2005, it was abolished, but immediately replaced by a Council of Strategic Analysis (*Conseil d'Analyse Stratégique*) that fulfils similar functions. It also creates commissions or committees that prepare reports on

---

<sup>1</sup> This author was *rapporteur* of the commission on regional policies for the 8th plan.

various issues, evaluating current and possible policies. To take an example, it published recently an important report on energy policies.

*Ad hoc Commissions* - In addition, the French government, like many other governments, has often created ad hoc commissions or committees to evaluate policies and produce recommendations. These commissions usually include a mix of senior civil servants, businessmen, trade union leaders, politicians (often including mayors), academics, journalists. They are always non-partisan. Their reports are published. Their recommendations are non-binding for the government, but they carry some social and political weight and cannot be ignored completely. As examples, one could cite the commission on nuclear electricity in the 1970ies that studied and prepared the French civil nuclear program<sup>1</sup>. Or in 2007-8, the commission (chaired by Jacques Attali) that evaluated the obstacles to growth and how they could be removed.

*Comité Interministériel de l'Evaluation and Conseil National de l'Evaluation* - In 1990, the government created an interministerial committee on Evaluation, assisted by a scientific committee. It can be discussed under the heading of the French Planning Commission, because it was housed at this institution and functioned very much like it, by means of specific ad hoc commissions created to evaluate particular policies. It had no staff (it relied on the Planning Commission staff) and not much money. Its interministerial character was supposed to ensure that the topics selected and their treatment went beyond the approach a single ministry, and its scientific committee was supposed to guarantee that appropriate and reliable methodologies would be applied. It was a failure. The interministerial committee met only three times, then topics were selected by the prime minister's office. In eight years only a dozen evaluations were completed. They never achieved the visibility and authority of Planning Commission reports. The process was perceived as administration-centered and cumbersome<sup>2</sup>. And it is true that it was controlled by the government, that the reports

---

<sup>1</sup> This author was a member of this commission, as an independent academic.

<sup>2</sup> In 1992, DATAR, the regional policy Agency, wanted this author's team at the university Paris XII to undertake an evaluation of the environmental consequences of its policies. DATAR thought it would be a good idea to do it through the Interministerial Committee, to get its seal as well as some additional funding. We therefore applied. The procedure were so cumbersome and time consuming that after many meetings, many applications and many months, DATAR and us gave up. DATAR gave us a research grant, we did the evaluation, which was then published in an academic journal.

---

were aimed at the ministries concerned more than at the general public, and that the ad hoc committees created were dominated by representatives of ministries. There was little or no value-added relative to what was achieved by the standard ad hoc commissions. The failure was so obvious that in 1998 the Interministerial Evaluation Committee was abolished.

It was immediately replaced by a National Evaluation Council (*Conseil National de l'Evaluation*) that functions in a very similar fashion. It is also housed at the Planning Commission, has no full-time staff, responds to the prime minister's office, and creates committees to investigate policies at the request of various ministries. It is discrete. It may have improved the working of these ministries, a valuable objective, although we have no hard proof of it, but it has not achieved visibility and authority. Its site is not updated.

#### *Council of Economic Analysis*

In 1997 was created a prime minister's council of economic analysis (*conseil d'analyse économique*). It is different from the US council of economic analysis. It consists of about 30 members. They are all economists, designated by the prime minister on the basis of their competence (which is widely recognized), in a non partisan fashion. About half of them are university professors, the remaining are chief economists in banks or enterprises, with only a few from ministries. Most of them are macro-economists, known for their work in finance, international trade or labor. The chairman, who is appointed by the prime minister (and politically not too distant from him), selects policy issues and commissions reports from members or non members. Draft reports are read and commented upon by the council who also designates a referee. Final drafts are presented to the prime minister and published, together with the referee's comments<sup>1</sup>. They are published under the name of their authors and do not commit the council, although they are "council's reports", which means their seriousness and quality is guaranteed by the council. Members and authors of reports are not paid.

The council has been rather active. To date, in about ten years, it produced 75 book-long reports. Many of them can be considered as policy evaluations, looking at past policies and discussing future policies. These reports have generally been well received, i.e. widely quoted in

---

<sup>1</sup> This author, who is not a member of the council, in cooperation with Michel Didier, a member, wrote such a report in 2007 (on *Transport Infrastructure, Mobility and Growth*).

the media and read in the ministries concerned. Because they are written by one author (or two or at the most three authors), they are more clear and frank and readable than reports produced by a commission (that must to a certain extent reflect diverse and possibly conflicting views expressed in the commission's discussions). Because they are written by authors who are recognized specialists in the topic and who have worked and done research in the field for a long time, they have a density that an evaluation report prepared by a rapporteur who is only specialized in evaluation might lack. Because they have the seal of the respected council of economic analysis, they have, for the media and the general public, a priori credibility and authority.

### *Parliament*

The two chambers that make up the Parliament, the Senate and the House of Deputies, have always been, in principle, involved in evaluation. Before voting a law, one would expect that they evaluate the consequences of the policies embodied in the law. In practice, however, their activities in this domain have for long been modest. This is in part because in France laws have always been initiated and prepared by the executive more than by the legislative. This is also because many members of Parliament lacked the necessary skills and time required for effective evaluations. In the past decades, things have been changing.

In both the Senate and the House, members of Parliament want to be more involved in policy formulation, and to exercise greater control and influence on the executive. In 1982, they created a Parliamentary Office of Scientific and Technological Choices Evaluation (*Office parlementaire d'évaluation des choix scientifiques et techniques*). Then in 1986 a Parliamentary Office of Public Policy Evaluation (*Office parlementaire d'évaluation des politiques publiques*). These offices never took off, probably because they were not sufficiently funded and/or because they failed to attract staff of a sufficient caliber. There is nothing like the US Office of Budget Evaluation in France, a non-partisan, well-staffed institution at the service of members of Parliament.

What is developing as a growing and effective evaluation tool are special reports on a large number of topics prepared by or for Parliamentary commissions. In both chambers, members of Parliament are (as in most countries) organized in commissions (Finance commission, Family and Social Affairs commission, etc.) that examine

draft laws, including the budget law. To this effect, they often entrust one or several Senator or Deputy to prepare a report on a special topic. They can and do conduct hearings. They are helped by Senate or House staff members of a reasonably good quality who actually write these reports, under the guidance and control of the Members of Parliament in charge. The parliamentary reports thus produced are published and put on the net. They can be seen as policy evaluations. They usually examine in detail, with a critical eye, the past and present policies, and discuss what future policies could and should be undertaken. The views expressed are not politically oriented or biased: their authors know that this is a condition for the report to be used by their fellow members of Parliament.

#### *Court of Accounts (Cour des Comptes)*

The Court of Accounts (*Cour des Comptes*) is an important and respected institution. The Court, as its members refer to it, was created by Napoleon I to audit State accounts, and make sure that public money was not misled. It is very well staffed, and attracts some of the brightest products of the French academic system. The Court is entirely independent from the government, as its members have the status of magistrate, and life appointments. A significant number of them are seconded to ministries or public enterprises in high level positions, or go into politics (Jacques Chirac is an example); they can always come back to the Court when they want or if they have not been reelected. For 200 years, the *Cour des Comptes* has been auditing the accounts of the public administration, including those of local governments, and of public enterprises. Its yearly report on public accounts, which denounces mistakes and mismanagement, is widely commented by the media, and feared by administrators.

For long, the Court refrained from policy evaluation. It saw itself as an accountant, not as a consultant. In part, this was out of respect for the prerogatives of elected politicians: by the virtue of their election, their decisions were right and would not be criticized. As long as things had been done legally, the Court would not object.

In recent years, the Court has been entering the field of policy evaluation, with prudence and moderation. It was not sure this was not exceeding its mandate (a serious sin for magistrates). And it was ill-prepared for it. Court members were more lawyers or accountants than

economists or social scientists. Some of its first evaluation-looking reports were rather weak. This author remembers a report published in the late 1990ies in which the Court expressed its greatest concern about the debt of the (then largely public) highway companies. This debt, the Court asserted, could never be repaid. Six years later, these highway companies were privatized, and the market valued them - with their debt - at about 30 billion US dollars. More recent reports (on French airport policy, or on French ports policies) seem much better informed.

It is too early to "evaluate" the contribution that the court of Accounts will make to policy evaluation in France. The court is well placed to make an important contribution. Its - well deserved - reputation of independence and of seriousness is a major advantage. The inquisitiveness and intelligence of its staff is another. On the other hand, the Court seems keen to evaluate any policy (from rail policy to cancer policies to university libraries policies, to take the subjects of recent reports), and it is not sure it can muster the expertise needed to evaluate in depth such diverse topics.

#### *Think Tanks and Universities*

In many countries, particularly in the US, many policy evaluations are carried out by think tanks and academics (and often by academics working temporarily in think tanks). Institutions like the Brookings, or Resources for the Future, or the Urban Institute, or the Heritage Foundation, to name but a few, are basically engaged in policy analysis and evaluation. Each employ large numbers of full time highly qualified researchers usually with a strong academic background and/or often a practical experience of policy formulation or implementation. They produce reports, often published as books, that analyze in depth the policies followed in their areas of expertise. The quality of these evaluations ensures their success - in the media, if not always in policy formulation. In addition, many academics, mostly in economics, planning or government, undertake research on policies and write articles and books that contribute greatly to debates on policy evaluation, both in terms of substance and in terms of methods.

There is unfortunately very little of that in France. There are hardly any properly funded think tanks. The only exceptions (Office Français de Conjoncture Economique, funded by the government, and REXECODE, funded by business) are focused on short-term macro-economic forecasting, an important area indeed, but distinct from

policy evaluation. Other institutions that are tempted to call themselves think-tanks are under-funded and usually consist of one or two analysts (often competent or bright) who commission outside experts to write reports. The picture is not much better with universities. Most academics are, and want to remain, quite afar from the real world of policy. They consider applied economics (or sociology or government) as an inferior brand of economics, and prefer theoretical economics, a more abstract, sophisticated, and worthy brand. As a consequence, there are few academics involved in actual policy evaluations. Things might be beginning to change. For instance, the Toulouse School of Economics, that attracted the late Jean-Jacques Laffont and Jean Tirolle, and with them a significant number of good economists, and the Paris School of Economics, now led by François Bourguignon, are much closer to the world of business and of public policy. They are beginning to contribute to policy evaluation in France, and there is no doubt that they will contribute more in the future.

#### IV – Lessons from the French Experience

What lessons can be drawn from this review of the French experience and practices in policy evaluation for a country like Chile? It seems that this experience can help provide answers to a series of questions that a country trying to develop an evaluation system must face.

##### *Ex Ante or Ex Post ?*

A first question is: should evaluations be *ex ante* or *ex post*? The answer is: both. Obviously, what matters for decision making are *ex ante* evaluations. Only *ex ante* evaluation can improve the decision making process and the quality of decisions taken. *Ex ante* evaluations are therefore necessary. As a matter of fact, no decisions are taken without some idea of what their outcomes are likely to be, that is without some form of *ex ante* evaluation. The issue therefore is to improve these evaluations, to make them more explicit, more formal, more systematic, and more useful.

It does not follow that *ex post* evaluations are less important. For one thing, they improve our understanding of the policy area considered, of what functions and what does not, of the response of agents to incentives and prohibitions, of what policy objectives are achievable and non achievable, of the instruments which are effective and those which are not. In that sense, ex post evaluations are

very useful to design policies or projects. Then, *ex post* evaluations can contribute greatly to *ex ante* evaluations. *Ex post* evaluation is difficult enough, because we have to compare what happened to what would have happened in the absence of project or of policies. But *ex ante* evaluation is even more difficult, because of the many uncertainties attached to the future. Analysts learn how to make *ex ante* evaluation by practicing *ex post* evaluations, just as a surgeon learns his trade in the practice of dissection. Finally, one should not see policies as a simple sequence of *ex ante* evaluation, decision, implementation and *ex post* evaluation. In reality, policies are a complex and continuous process. Decisions are not written in stone. Depending on their effectiveness and on the changing context, they can be (and are, and should be) modified, rather than abandoned or replaced. This involve constant reappraisal (ie more or less explicit *ex post* evaluation) and adjustments (based on more or less explicit *ex ante* evaluation).

### *Projects or Policies ?*

A second issue is whether evaluation should focus on projects, particularly investment projects, or on broader policies ? Here again, the answer is: on both. These two types of evaluation are not substitutes. It can be argued that policy evaluation is more important, because project evaluation relates only to one instrument of policies. Better look at the whole than at the part. But this is only one side of the argument.

It is true that project evaluation is narrower, but it is also deeper. Cost-benefit analysis is by now a well grounded and well defined technique, even though its implementation is not always simple. It can, in principle, yield a serious answer to an admittedly limited but in practice important question: will this particular investment contribute to the general welfare and by how much? And, in retrospect, did it contribute? Countries that develop are to a large extent countries that invest wisely.

Broad policy evaluation is not a technique but an art. It yield vaguer answers to more important questions. What are (or were) the objectives of the policy? Are they (were they) the right ones? What instruments are to be (were) selected to reach these objectives? How will they be (have they been) implemented? Will they achieve (have they achieved) their objectives? Are there contradictions between the instruments selected? It is, by nature, difficult to answer such questions. The answers given will

always depend upon the analyst, and are likely to be more qualitative than quantitative. Efforts can and must be made to reduce the subjectivity of broad policy evaluations, by specifying methods and trying to be as quantitative as possible. But there are limits to what will be achieved.

It would be a pity to chose one approach at the expense of the other. They do not deliver the same insights. They are both necessary, and even complementary. The technique complements the art, as in painting. Project evaluation can be seen as the hard core component of policy evaluation.

#### *One Evaluation Institution or Many ?*

A country trying to develop evaluation might ask whether it is better to have one institution in charge of it, or many? The French experience suggests: many. In France, efforts were made to create Central Evaluation Offices. They have failed. One reason is that such an Office was necessarily close to the central government, putting in jeopardy its independence (or the reputation of independence) which is crucial to the credibility and efficiency of evaluation. Another is that evaluations are very diverse. This diversity goes much beyond the simple typology (*ex ante* v. *ex post*, project v. policy) suggested here. Evaluations do not fall easily into the simple mould that a Central Evaluation Office tries to impose, like a Procrustean bed. Then, as discussed below, such a central office will never have the skills and knowledge required to conduct evaluations in very diverse areas.

What is needed in any country is to develop a culture of evaluation. This cannot entirely be done from the top. There must be a milieu of evaluators and evaluation institutions, at both national and sub-national level, for both macro and micro issues. Think tanks and universities must play a key role in this development (unlike what happens in France).

#### *Evaluation Specialists or Area Specialists ?*

Should evaluations be undertaken by people knowledgeable about evaluation or by people knowledgeable about the domain to be evaluated? Our answer is: by area specialists.

This may not be quite true for project evaluation. Cost-benefit analysis is a technique that can, once mastered, be applied to most investments. Someone who has

done cost-benefit analysis of transport projects can more or less undertake cost-benefit analysis of education projects. The nature of the benefits differ, but how to identify and value them can quickly be learned.

Not so for policy evaluation. It requires a deeper understanding of the policy area to be evaluated. A transport economist, who can evaluate a transport policy, identify what is important and what is not, compare with international experiences, etc., cannot overnight evaluate a health policy. He has to become a health specialist first. This is one of the reasons why Central Evaluation Offices do not fare well. They are staffed with evaluations specialists only, who know little about the areas in which they undertake or supervise evaluations. They try to compensate by putting the emphasis on complex and abstract "methodologies". But methodologies are not a substitute for an understanding of the issues<sup>1</sup>.

#### *In-house or External ?*

Should policy evaluations be conducted within the agencies responsible for a policy or an investment, or by institutions external to such agencies? The answer is : by external institutions.

There are two arguments in favor of in-house evaluations. One is that the quality of the evaluation will benefit from the knowledge of the area accumulated in the agency. The other is that the conclusions of the evaluation will more easily be taken into consideration if they come from the agency itself than if they come from an external body, potentially considered as an enemy.

These arguments are weak. It is true that, in some cases, knowledge and information on an area are concentrated in the agency in charge<sup>2</sup>. This is particularly

---

<sup>1</sup> The Russian philosopher Zinoviev tells the story of two people walking in the countryside. One is a methodologist, the other a zoologist. They are discussing the topic of the day : the sex of rabbits. At this moment appears a rabbit. The methodologists stops and thinks and says : « if he runs, it is a male, if she runs it is a female ». The zoologist runs after the rabbit, catches it, and identifies its sex.

<sup>2</sup> France faced such a problem when it tried to evaluate rail track maintenance, a 4.5 billion US dollars per year issue. It turned out that the only people knowledgeable about rail track maintenance in France were people from SNCF, the former rail monopoly who is in charge of rail track maintenance on behalf of RFF, the owner of the tracks. Their evaluation was bound to be highly favorable to SNCF practices. The solution found was to ask two highly respected Professors from Ecole Polytechnique Fédérale de Lausanne, in

---

true when the agency has a policy of secrecy and information retention, which is not uncommon. The quality of an evaluation does depend upon the information available, but it also depends upon the will of the evaluator to use this information in a fair and critical fashion. This will is often missing in in-house evaluations. Agencies are rarely keen to criticize themselves. Self-evaluation is not the best type of evaluation.

Similarly, while it is not false that in-house changes proposals might be more implementable than external proposals, implementability is also a matter of political will, which is itself a function of outside pressure. Here lies the advantage of an external evaluation. Its content is not only directed to the agency, it is also directed to the general public, which include the government, political parties, lobbies, the media and public opinion in general – agents that are likely to use the conclusions of the evaluation and to ask for policy changes.

In any case, most ministries and agencies practice (often informally) in-house evaluations. This is fine, and they should be encouraged to do it systematically. But it does not serve the same purpose as external evaluations.

#### *Consensual or Adversarial Processes ?*

Another issue concerns the evaluation process: should it be entrusted to one wise evaluator, or to several conflicting evaluators presenting different viewpoints. In the above discussion of the French experience, we argued for the latter. A case can be made for adversarial processes, as in any trial.

Many evaluations are complex or very complex. This is true of large projects, and even truer of many policies. There is something to be gained by having the promoters of a project arguing *for* it, marshalling evidence and analysis explicitly aimed at "proving" that it is a good project, and simultaneously a defense lawyer arguing *against* the project, trying to demolish the arguments of the promoters and to emphasize hidden costs of the project. Such a process is costly (both parties have to be paid), and it assumes an independent judge or jury that listens to the conflicting arguments, and passes a final judgment on the proposed policy. But such a process might

---

Switzerland, to undertake the evaluation. Their report was excellent and very useful.

---

be more realistic than a consensual approach that assumes that there is only one truth and that an independent evaluator will necessarily find it, without being captured by the promoters (or the opponents) of a project. For large projects costing billions or tens of billion US dollars, or for major policies, it is probably a process worth considering.

To conclude, it must be emphasized that evaluation is itself a changing process. In every country, the problems to be evaluated will change, the institutions in charge will evolve, the evaluating skills will improve, the societal demand for evaluation will increase. The main quality of an evaluation system must be its flexibility. It must be designed to change with all these contextual changes.