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The Evolution of Development Concerns in Public Sector Projects[1]: From Simplicity to Complexity with What Impacts?

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ABSTRACT

Development projects are the primary vehicle for transforming development plans and strategies into actions i.e., they are the main instruments for implementing solutions to development problems. Over the past six decades, shifts in development thinking at the international level have had profound influence on plans and projects in developing countries. This paper traces these paradigm shifts and outlines the modern development story in the past 60 years in decade steps starting in the 1950s. It traces how the evolving concepts of development influenced project design and management of public sector projects, focusing on key project development concerns in each decade. It is evident that Project Design and Formulation have changed dramatically overtime. Development concerns have multiplied, expanded, and become more complex as the world's development experience progressed and evolved. A moot point is whether projects today are more effective resulting in better outcomes and impacts. The paper concludes that there is some evidence to indicate that contemporary projects, though more complex in design and involve more time and cost in preparation, have resulted in better development outcomes.

[1] Public sector projects refer primarily to government projects funded through Official Development Assistance (ODA)

Introduction

Development projects are the primary vehicle for transforming development plans and strategies into actions. Shifts in development thinking over the past six decades have greatly influenced the emphasis of national development plans and projects. Various authors have traced the shifts in theories of development over the decades showing how these shifts influenced political and economic changes (Kothari and Minogue 2002; Willies 2005; Pieterse 2010). Other authors have similarly reviewed the evolution of development thinking with greater focus on the role of international development organizations (Meier 2000; Jolly 2005; Yusuf 2009). Few have reviewed the influence of development thinking as it relates to the formulation and delivery of public sector projects, which is the focus of this paper. The paper traces the paradigm shifts that have taken place over the past six decades and addresses the question whether public sector projects today are more effective than in the past in solving development problems.

The paper largely focuses on the public sector projects funded through Official Development Assistance (ODA) , which usually goes through a rigorous process of design and appraisal. For the purposes of this paper, project development refers collectively to step 2 (Project Preparation) in Baum's (1982) Project Cycle, or steps 2 (project formulation, preparation and feasibility analysis) and 3 (project design) in Rondinelli and Aspy's (1976) Project Planning and Management Cycle. A project development concern is defined as a critical element that needs serious consideration when developing a project proposal.

Six Decades of Development Thinking

Modern development of nations can be traced to a period of nation states receiving their independence from their colonial masters beginning in the mid-1940s. While it is evident that development thinking did not evolve in a linear or sequential manner over the last six decades, when countries earned their independence, neither did development theory or strategy neatly end to be replaced by a "better" one. Rather, development thinking emerged and re-emerged and even co-existed at certain periods. However, there are some ideas that dominated and were adopted more widely during a given period, partly because they were propounded by more influential development thinkers at the time.

For the purposes of discussion, development thinking over the last 60 years may be conveniently categorized into six themes referred to as the 6Cs of development thinking: the

Conspicuous Fifties; the Confident Sixties; the Complex Seventies; the Confusing Eighties; the Cautious Nineties, and the Millennium Conundrum.

The Conspicuous 50s

Modernization theories, defined as employing the productive resources of a society to advance the living conditions of its people, dominated development approaches in the 1950s. Development was equated with the "Modern", which meant viewing development in economic terms and advocating interventions such as industrialization, urbanization and the application of technology and scientific principles.

This thinking was partly a reflection of what was occurring in the world at that time. A large number of former colonies gained independence from their colonial masters in the 1940s and 50s, spurring state-led development. Indonesia (1945) and the Philippines (1946) started the process of decolonization, followed by India and Pakistan in 1947 and Sri Lanka in 1948. The newly independent countries eagerly pursued national development with the establishment of public institutions and construction of physical infrastructures. Their major development concern was financing. Newly independent countries addressed their development gap through the relentless quest for economic growth, facilitated by development aid.

Under the banner of modernization, the decade was characterized by large-scale, capital-intensive, infrastructure-oriented public sector projects. Projects were mainly located in urban areas – highly visible symbols of modernization. The successful post-war reconstruction and modernization of Western Europe, aided by the Marshall Plan[2], provided a credible model for economic growth and led to a consensus at that time that the key to economic development was the massive injection of capital. This was thought to compensate for the lack of internal savings and investment within newly independent countries (Todaro and Smith 2006).

The creation of international organizations i.e. the Bretton Woods institutions[3] (1944) and the United Nations (1945) had partly addressed the need for development financing. With the

[2] According to Sorel and Padoan (2008), the Marshall Plan (April 1948 to September 1951), officially called the European Recovery Program (ERP), consisted of the provision of development financing by the United States of US$17 billion over four years (although only US$11.8 billion were actually used). The Marshall Plan also encouraged the establishment of counterparts in European currencies and facilitated the creation of the Organisation for European Economic Cooperation (OEEC), to foster European unity. The OECC was superseded by the Organisation for Economic Cooperation and Development (OECD).

[3] Known as the Bretton Woods Institutions, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) were formally established in 1945.

success of the European Recovery Program tucked under its belt, the International Bank for Reconstruction and Development (IBRD) was able to turn its focus from the emergency reconstruction of Europe to its long-term mandate of assisting the economic development in member countries in Africa, Asia and Latin America (Jolly et al. 2004).

With the private sector and civil society still weak in terms of development pursuit, the newly independent countries favored the interventionist state as the key instrument in pursuing development, as the market failures experienced in the early 1930s were still fresh (Ranis 2004). State interventions focused on centralized planning and programming of development projects. Planning models focused on the flow of resources, financed by domestic funds and supplemented by foreign capital. Little attention was given to changes in systems or the application of technology in both agricultural and non-agricultural sectors. Development strategies involved a strong state role in the marketing of inputs and outputs and in the planning of production and the allocation of resources (FAO 2000).

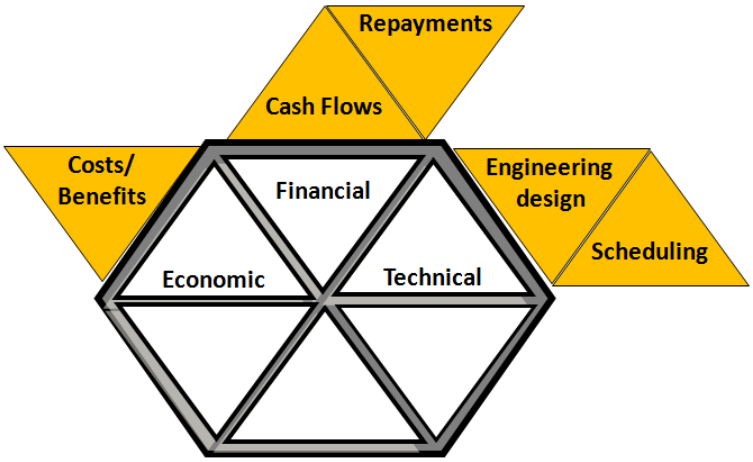
Public sector projects in the 50's were dominated by transportation and power projects. In 1949, almost 70 percent of the IBRD development funds were earmarked for transportation projects (mainly shipping and railroads) while 20 percent went to power projects. By 1959, infrastructure projects increased substantially to capture 80 percent of funding with power sector projects increasing by more than half (IBRD 1949; IBRD 1959). Thus this decade could be aptly called the Conspicuous 50s with reference to the kind of public sector projects supported.

The primary criteria used by policy makers for project selection were visibility, verifiability and potential productivity, which were mainly satisfied by the large – scale, import – intensive and large investment projects such as dams, power plants, ships and roads (Kapur et al. 1997). Infrastructure projects were heavily engineering oriented. Engineers and technicians were tapped not only in project development but also in management. However, engineering and technical skills and management competencies were not readily available in most developing countries at that time. Consequently, public sector projects in the 1950s were generally designed and supervised by foreign consultants endorsed by multilateral and bilateral organizations, executed by foreign contractors and managed with the help of expatriates (Baum 1982).

The five project development concerns of the decade were simple and clustered under three broad areas: technical, financial and economic aspects (Figure 1). The types of public projects were identified by the state. These projects were mostly infrastructure-oriented,

designed to establish new productive processes (in the case of roads, telecommunications or manufacturing) or systems (in the case of railways or power).

Figure 1. Project Development Concerns, 1950s



In terms of design, emphasis was on the formulation of individual projects, particularly self – liquidating projects, following a specified project approach. Project designs, prepared mostly by foreign consultants, followed linear work processes with top-down controls.

Although there were other concerns such as the lack of competencies of local staff in project development and management, these were not given much attention. One reason for this is because funding agencies were often heavily involved in project development, diminishing the importance of project appraisal. Project implementation, however, was left mainly to the borrower by donor/funding agencies. The main concerns were technical feasibility and financial and economic viability, which were determined using cost-benefit analysis. Net Present Value (NPV) and Economic (EIRR) and Financial (FIRR) Internal Rates of Returns were the indicators of project worth used.

The Confident 60s

The philosophy in the 1950s of capital injections for third world development did not achieve the desired development impact and the rural areas remained untouched by development. The expected "trickle down" of benefits did not occur. The increasing urban – rural inequality was gradually recognized. Modernization theories (such as industrialization, massive infusion of

capital, and others) were still the dominant development paradigms in the 60s, albeit Rostow's stages of growth model took center stage. This growth model argues that countries passed through a series of stages before attaining development[4]. The model gained popularity among policy makers as the linear stages of growth model was still aligned with the idea of massive injection of capital towards modernization.

Confidence during the decade increased as thirty-three more former colonies gained independence and these countries favored the interventionist state as the key instrument in creating the *"preconditions of development"* (Ranis 2004). Their desire to chart their own courses was reflected in the formulation of their national development plans. However, with the dearth of competent local planners, national development plans were heavily influenced by the thinking and perceptions of experts from international or donor organizations, which provided technical assistance in development planning. This influence, together with the problems of paucity of existing baseline data, inadequate capabilities or skills in planning and insufficient funds for planning resulted in "unrealistic" plans that were difficult to achieve (Jolly et al. 2004). As these plans were translated into projects, problems in project management and implementation arose, particularly since project implementation was left primarily to the inexperienced officials of borrowing countries.

The challenges resulting from the new found independence of more developing countries highlighted the need to broaden the flow of development assistance. In 1960, the World Bank created the International Development Association (IDA) to focus on long – term projects with low interest and grace periods to assist the poorer countries. In fact, IDA credit with tenure of 40 years, translated into about 86 percent grant.

Several more regional and bilateral development agencies came into being. In 1961, the United States Agency for International Development (USAID), Swedish International Development Authority (SIDA), Overseas Economic Cooperation Fund (OECF) and Kuwait Fund for Arab Economic Development were established while the Kreditanstalt für Wiederaufbau (KfW) was designated as the German development bank for capital assistance. The following year, Japan established the Overseas Technical Cooperation Agency (OTCA) which was integrated into the Japan International Cooperation Agency (JICA) in 1974.

[4] Rostow's stages of growth are: traditional society; preconditions for take-off; take-off; drive to maturity; and age of high mass consumption.

Other development agencies established were the Norwegian Agency for International Development or NORAD (1962), African Development Bank (1964), Asian Development Bank (1966), and Canadian International Development Agency or CIDA (1968). The Development Assistance Group (DAG) under the Organisation for European Economic Co-operation (OEEC)[5] was also formed in 1960 as a forum for consultations among aid donors on assistance to less-developed countries (Führer 1996). Likewise, the UNDP (1965) was formed out of the merger of the United Nations (UN) Expanded Programme of Technical Assistance and UN Special Fund, and was intended to provide expert advice, training, and grant support to developing countries, as well as encourage the protection of human rights and the empowerment of women in all of its programs.

As sources of funds diversified, opportunities for development financing expanded. But the procedures for accessing international development funds varied and the borrower countries needed to familiarize themselves with different administrative procedures and processes for projects making project development more complex.

Optimism intensified with the United Nations' declaration of the 1960s as the first Development Decade, pushing expectations for rapid results (Jolly 2005). Although, the goal of development was still inclined towards the accumulation of physical capital or income growth, the First Development Decade highlighted the growing recognition that knowledge, skills and human capacities were as important for development as income. It also focused on the need for more investments in human capital.

Further, the worsening hunger and malnutrition at the start of the decade led to the creation of the World Food Programme (WFP) in 1961 and the conduct of the World Food Congress in Washington, DC three years after. These developments highlighted an increasing focus on agricultural productivity, which coincided with the growing realization that despite the remarkable economic growth achieved by many developing countries, not all people enjoyed the benefits of higher GDP and that improvements in living conditions did not come automatically from higher economic growth. This situation was evidenced by wider income disparities between rural and urban areas within countries and between developed and developing countries and higher incidences of poverty and hunger. Thus, raising agricultural productivity became an

[5] The OEEC was later renamed the Organisation for Economic Cooperation and Development (OECD) to underscore its new dimension of international cooperation.

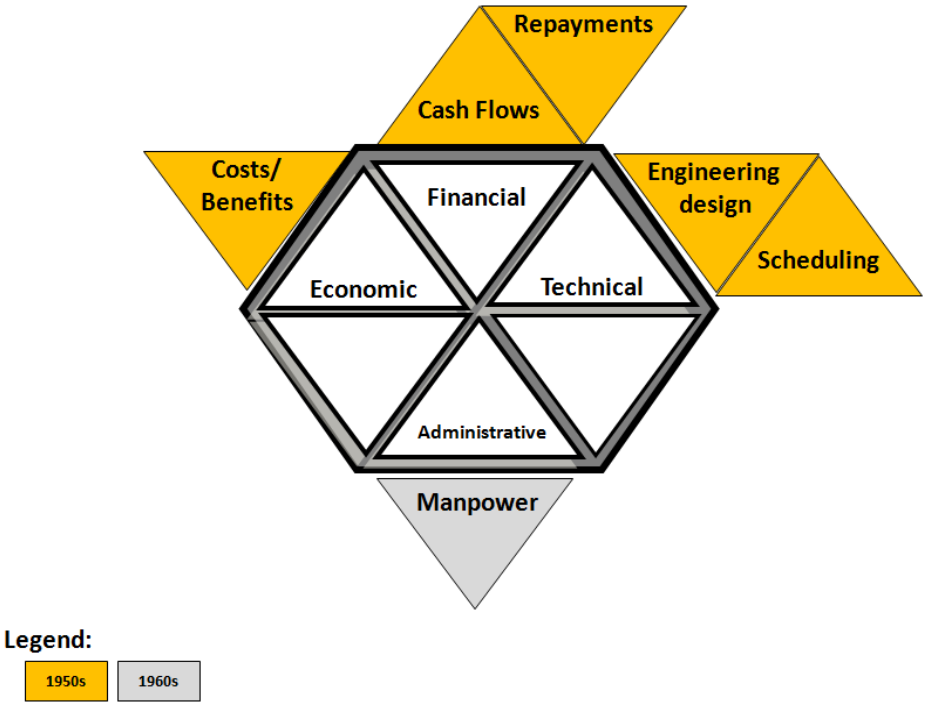
important instrument to alleviate rural poverty and underpin economic and social development while reducing the incidence of hunger (FAO 2000).

With intensified focus on agricultural technology, rapid advances came, making possible the Green Revolution in the mid-1960s. The Green Revolution, the spectacular improvement that increased yields of major food crops (i.e. rice, wheat, maize) particularly in Asia, was characterized by the fast dissemination of high-yielding varieties, and a technological package that included expansion of irrigation facilities and improved moisture utilization, increased use of fertilizers and pesticides and farm management skills. The Green Revolution helped turn heavily populated food-deficit countries into self-sufficient producers in just a few years and averted a major food crisis in Asia. It likewise offered hope for development in rural areas, which had not been possible then due to stagnant agricultural productivity. It was also a response to two main development issues of the time i.e. food security and urban-rural disparity.

The project development concerns of the 1960s remained almost similar to the 1950s. The bias towards industrial and physical infrastructure projects was still evident. From 1961 - 1969, transportation and power projects dominated the total projects of the World Bank Group amounting to 33 percent and 28 percent, respectively while loans for agriculture projects were only 12.3 percent (IBRD 1969). However, it was during this decade that the concern on rural development was highlighted with the latter half of the decade witnessing the expansion of financing for agriculture. The total World Bank lending for agricultural projects in 1969 reached $367.3 million, double that of 1968 and three times the average of the previous five years, although a third of the projects were for irrigation infrastructure.

The main addition to project development concerns was the focus on the availability of manpower, under the broad area of administrative concerns of development projects (Figure 2).

Figure 2. Project Development Concerns, 1960s



While the fifties focused on power and transportation infrastructures, the sixties emphasized economic infrastructure development with social infrastructure such as schools, universities and hospitals. Donor agencies started lending to the education sector in this decade to modernize education systems and maximize its contributions to economic growth in less developed countries. An important paradigm shift in project development and management resulted out of the implementation of education projects. Previously, large-scale engineering-heavy projects followed a strict implementation schedule where often one project was a pre-requisite to the next. With the design of education projects, the practice of lending for a number of sub-projects implemented simultaneously started. This practice encouraged an integrated rather than a piecemeal approach to project development (Brohman 1996). This approach was commonplace in other sectors like agriculture and rural development as well.

The Complex 70s

The social indicators for developing countries coming into the seventies were greatly troubling: life expectancy was only 30 years (half of industrialized countries), 50 percent of economically active population was unemployed, 700 million illiterates lived in Africa, Asia and Latin America, of which 40 percent were women, 15 percent suffered from hunger while 50 percent

were undernourished (UNDP 1971). A series of economic shocks rocked the early 1970s introducing elements of instability i.e. the de facto devaluation of the US dollar; the sharp price hikes of petroleum (1972 and 1974); and the large grain production shortfalls and soaring food prices (FAO 2000). Consumer prices of food items rose globally, causing hardships for the poor and reducing the level of nutrition, particularly of vulnerable population groups.

The realization that development is a total process began, generally acknowledging its inherent complexity and multi-dimensionality (Dichter 2003). The prevailing development model of linear-stages of growth fuelled by massive injections of capital started to fade and the competing theories of structural change, dependency theory and minimum basic approaches took over. Amidst this scenario, calls for the "*dethronement of the GNP*"[6] reverberated in the development community fueled by the disillusionment in economic growth as the sole means to attain poverty reduction, pushed by the realization of the ineffectiveness of the trickle-down approach and driven by the recognition for policies that directly address sharp disparities in income and assets (Yusuf and Stiglitz 2001).

The major development challenge shifted from having low GNP to increasing unemployment. As data started to become available, it provided hard evidence on the widening income disparities, limited employment growth, and rapid population growth, which according to some experts confirmed an already lingering thinking rather than a new consensus (Kapur et al. 1997). Corollary to this, economic growth in developing countries was being closely linked with the performance of the agricultural sector primarily because the sector employed the majority of the workforce and because the poor were concentrated in rural areas.

No longer was income the sole goal of development but twin goals emerged: raising growth rates; and enhancing the capabilities of the poor. Serious attention on the distribution of income, extent to which income poverty was being reduced, and the extent to which public income poverty, i.e., the distribution of public goods, was being addressed, came to the fore in the late 70s (Ranis 2004).

One factor that pushed this twin goal in the international development agenda was the arrival of Robert McNamara[7] as head of the World Bank in 1968. McNamara supported the view

[6] The term was used by David Morse of ILO in 1970 during a speech at the 7th Cambridge Conference on Development.

[7] Robert McNamara became President of the World Bank from 1968 – 1981, after serving as Secretary of Defense of the United States.

that development lending should explicitly and directly address poverty reduction. This view contrasted with the prevailing consensus that poverty reduction is simply an indirect consequence of economic growth. By 1973, the World Bank began its "poverty-oriented" lending with the Integrated Rural Development Projects for Small Farmers and started the dual measure of progress (Kapur et al. 1997). The Bank started to make poverty tangible by providing numerical information on the extent and depth of poverty (World Bank 1979).

On the other hand, the International Labour Organization (ILO) led the shift in the focus on unemployment with its broader examination of the meaning of employment through its World Employment Program (WEP) in 1969, a comprehensive analysis of ways to reduce poverty, which in turn led to strategies of redistribution with growth and basic needs. The basic needs approach[8] advocated the provision of basic needs for the poorest segments of society by government and aid agencies (Willies 2005). The basic needs approach, received attention for a while but failed to get mainstreamed because of weak theoretical foundations (Ranis 2004). However, the discourse on basic needs generated significant support for the provision of education and health as a means to improve living conditions and increase the earning capacity of the poor (Yusuf 2009).

A succession of pioneering international conferences were conducted during the decade, highlighting development issues such as environment and development (1972)[9], hunger and world food problems (1974)[10], population growth (1974)[11], women in development (1975)[12], human settlements (1976)[13], and science and technology (1979)[14].

[8] Basic needs recognized that there are non-monetary dimensions that influence poverty. The five main basic needs were defined as food, health, water and sanitation, education, and shelter.

[9] The 1972 Stockholm Conference on the Human Environment first broached the topic of the relationship between the environment and human development.

[10] In 1974, the first World Food Conference was held in Rome by the UN Food and Agriculture Organization (FAO) in the aftermath of the devastating famine in Bangladesh. The Conference proclaimed that *"every man, woman and child has the inalienable right to be free from hunger and malnutrition in order to develop their physical and mental faculties."*

[11] The Third World Population Conference, organized by the United Nations, was held in Bucharest, Romania in August 1974 and was attended by representatives of 135 countries to debate on the relationship between population issues and development.

[12] The first World Conference on Women was held in Mexico City from June 19– July 2, 1975 was part of a larger United Nations program, which developed over the Decade of Women (1976–85), and included the drafting and of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

[13] In 1976, the United Nations held the first conference on the issue of physical and spatial organization of human life on the planet in Vancouver, Canada. The conference was called Habitat: United Nations Conference on Human Settlements.

[14] The 1979 UN Conference on Science and Technology for Development highlighted the growing recognition of the role of technology in development.

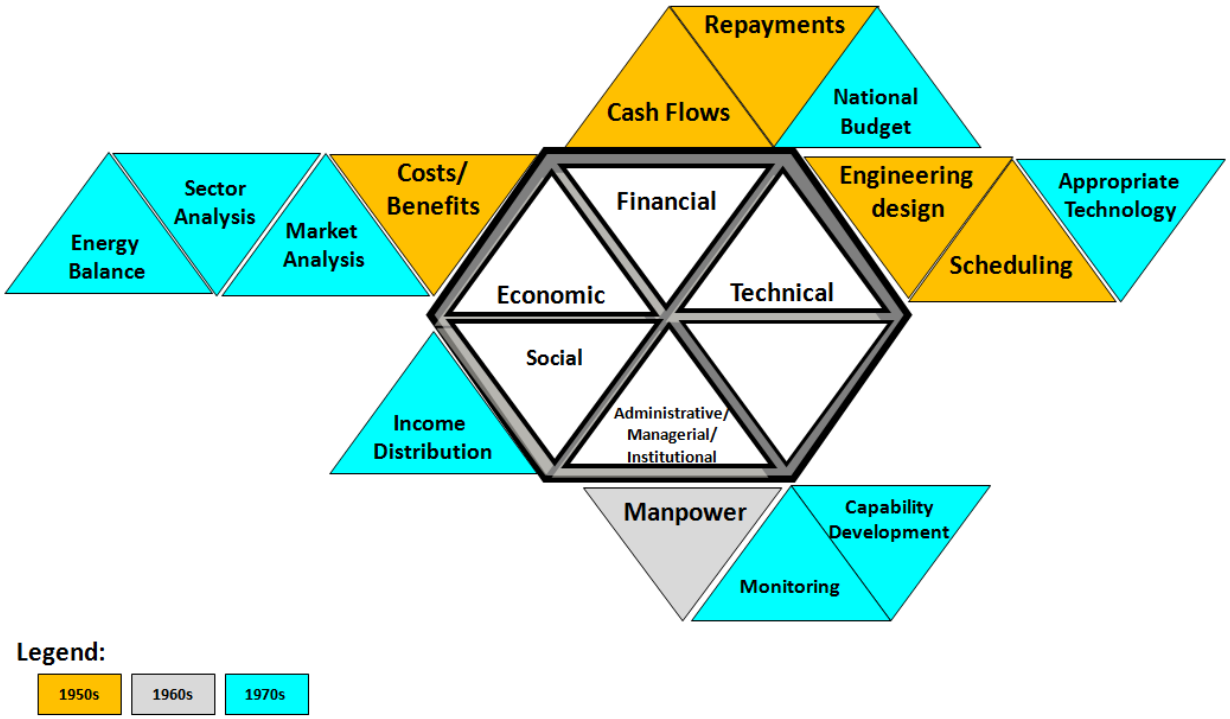
Two major shifts in directions of international investment policies in the 1970s emerged: the shift to a sector framework for project lending; and the shift to growth with equity goals (Rondinelli and Palia 1976). Dissatisfaction in the progress of macro-economic planning and project-by-project investment strategies shifted emphasis to multi-purpose and integrated projects. Thus, emphasis on the transportation and power sector was reduced in favor of provision of basic services and improvement of income distribution. Reflective of this shift, total cumulative projects funded through the United Nation's Special Fund reached $1.4 billion for 1,430 projects, indicating the increasing share of projects in the agriculture and social sectors compared to the previous bias on infrastructure projects in the utilities and transportation sectors (UNDP 1971).

The US Agency for International Development (USAID) projects exemplified the focus on projects towards increasing income redistribution and reducing unemployment through food and nutrition, population programming and health and human resource development (Rondinelli and Palia 1976). The World Bank projects followed the trend and shifted to "poverty-oriented lending" and expanded its scope of project loans to place priority on new lending areas such as population, tourism and special projects, which included integrated water and urban projects. As a result, the amount made available for development projects increased dramatically from $711 million in 1961 to $2,186 billion in 1970 and over $10 billion in 1979 (World Bank 1970).

The decade also witnessed the shift from industrial and physical infrastructure projects to projects that targeted the poorest groups of society. For instance, the United Nation's Special Fund primarily used for pre-investment work reflected the prevailing development paradigm of building national capabilities in support of national production focus of infrastructure projects.

This decade may suitably be termed the Complex 70s because projects were no longer solely about financial and technical viability but included multifarious social objectives. In this decade, eight project concerns were added to the previous six (Figure 3). Under the broad area of economic concerns – market analysis, sector analysis and energy balance emerged.

Figure 3. Project Development Concerns, 1970s



Concerns relating to the national budget and appropriate technology were added under the financial and technical aspects, respectively. Monitoring and capacity development became additional features under the Administrative/Managerial/Institutional concerns. A new broad area also emerged i.e. social aspects, with income distribution as its main concern.

Economic appraisal received greater attention as evidenced by the publication of many books and manuals on project appraisal and evaluation during this period. More sophisticated approaches to project appraisal were developed. The OECD (1968) Manual on Industrial Project Analysis in Developing Countries served as a major reference for project appraisal although the UNIDO (1972) Guidelines for Project Evaluation which came out four years later provided a more comprehensive analytical approach. Little and Mirrlees (1974) pioneered social cost-benefit analysis.[15] Another popular book at that time was Mishan's cost-benefit analysis (1971).

Many of the public sector projects were still infrastructure-oriented (including agriculture and education projects) making engineering designs and scheduling critical technical concerns. In 1979, the UN Conference on Science and Technology for Development highlighted the role of

[15] Little and Mirrlees wrote the Social Cost-Benefit Analysis in Volume II of the OECD Manual and also authored the book Project Appraisal and Planning for Developing Countries, Basic Book, NY, 1974

technology in development. The prevalent thinking was that implanting technologies from industrialized countries to developing countries was easy. This thinking was later debunked in favor of the use of appropriate technology. Because many developing countries suffered from resource imbalances in the seventies, the national budget was considered as one of the concerns when developing public projects.

Greater attention was given to the training of local project personnel as well as the development of local resources and institutions (Baum 1982). Attention to project post-evaluation still received little attention at this time although project monitoring was emphasized. The additional concerns however, did not diminish the attention given to the fundamental financial and technical concerns.

Environmental concerns were first broached in the Stockholm Conference on the Human Environment in1972, which explored the relationship between the natural environment and human development. However, environment and gender and development entered mainstream project development literature only in the 1980s.

The Confusing 80s

The eighties began in a period of economic distress brought about by the second oil shock in 1979, the world recession that decelerated economic growth of industrial countries; stagflation, and resource imbalances in many developing countries. These economic shocks precipitated the debt crisis in several developing countries. In August 1982, Mexico stunned the financial world by declaring its inability to pay its foreign debt. Similar announcements were made by Latin American debtor-countries such as Brazil, Venezuela, Argentina, and Chile. The prospect of massive defaults posed grave problems for creditors such as the United States and IMF. By the mid-1980s, debt fatigue began to surface and debt relief rather than debt restructuring was advocated.

The economic problems of the decade (i.e., growing fiscal deficits and inflation) were largely attributed to the state's mismanagement of finances and to the weaknesses of excessively sheltered publicly-owned financial institutions. Skepticism on state-led growth prescriptions, the loss of confidence on import substituting industrialization and state-led regulations in stimulating growth allowed the resurgence of neoclassical beliefs on market – oriented growth and motivated calls to reduce state interventions.

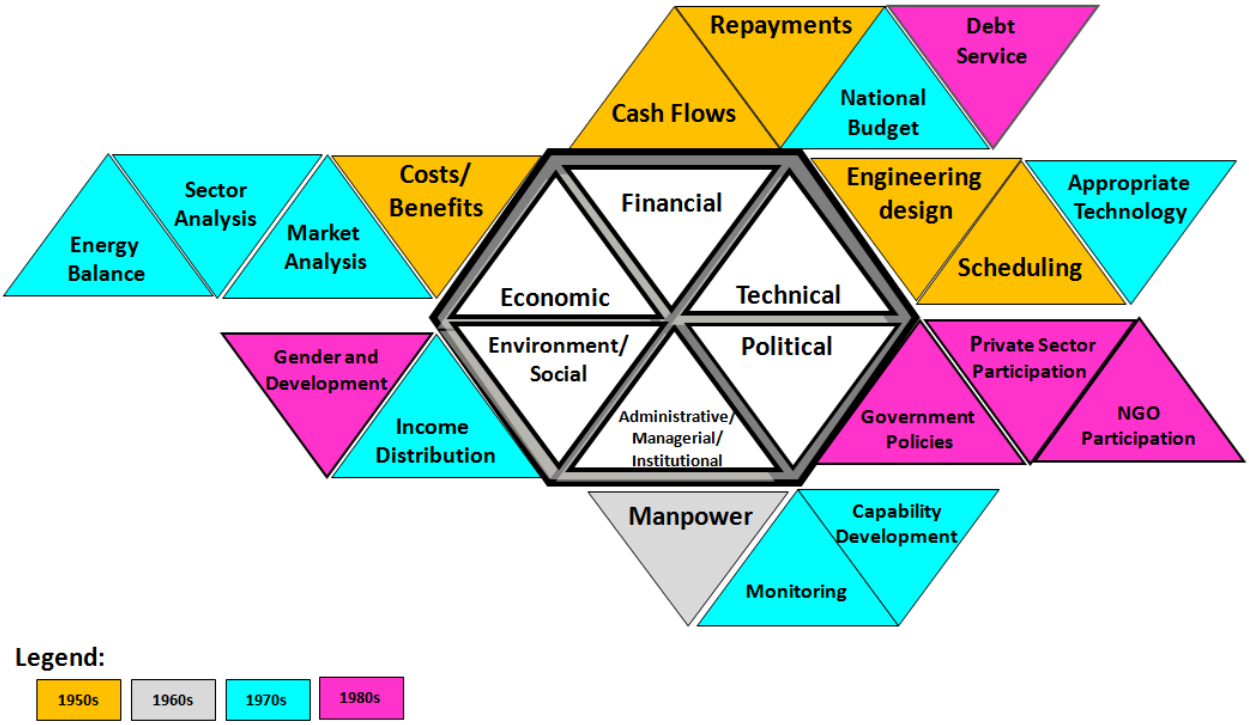
Amidst this scenario, neoliberalism (i.e., focus on market solutions) returned to mainstream development. The Bretton Woods institutions responded to the deepening economic crises of the previous decade with a set of policy reforms favoring market instruments and solutions, operationalized through Structural Adjustment Programs (SAP). Its objectives were primarily to stabilize economies and to institute structural adjustments towards three goals – reducing inflation, correcting imbalances in deficits and restoring economic growth (Jolly 2005).

The market solutions emphasized efficiency but many inefficient public sector projects were uncovered. Public sector projects became notorious for being too costly, too complex and too difficult to implement. Poorly designed projects failed to achieve their broad objectives fanning a growing clamor to replace public monopolies with more efficient market-based systems (Brohman 1996; Yusuf 2009). Market-based solutions to development challenges paved the way for the participation of the private sector in development work.

Unfortunately, the shift to market solutions de-prioritized equitable growth and poverty alleviation programs resulting in increased unemployment as well as poverty (Yusuf 2009). The realization that structural adjustments exacted a heavy social price and the escalating protests of non-government organizations (NGOs) resulted in an alternative policy framework. Adjustment with a human face was promoted by the United Nations Development Programme (Jolly 2005).

The confusion in the 80s was precipitated by the recognition of the mounting power and influence of NGOs even though they had been undertaking development work on their own for decades particularly as humanitarian relief organizations. Project development concerns increased to 19 by the 1980s, with one new broad area emerging — Political concerns (Figure 4).

Figure 4. Project Development Concerns, 1980s



In terms of financial viability, concerns on debt service capacity of borrower-countries were highlighted because of the large public debts incurred by many developing countries during this decade. Large debts impede the capacity to pay of a borrower-country, particularly since public sector projects in the social and environmental sectors are not expected to generate sizable profits.

Three political concerns emerged: government policies, NGO participation, and private sector participation. As development projects were no longer the domain of public organizations, the impact of government policies on projects became a vital concern. For instance, existing protectionist pricing policies in the agricultural sector could contradict interventions of agricultural development projects undertaken by the private sector.

Private sector participation in development was emphasized in the 1980s, as greater focus was placed on project efficiency to counter the perceived inefficiencies of state institutions. Larger roles were given to the private sector and NGOs in the development, implementation and management of projects. Previously, development projects were mainly identified by the state borrowers.

The sea change event of the 1980s however was the growth in NGO power and influence. The watershed of NGO influence was the controversial Narmada Dam project in India. As reported in the BBC News Online in 2000, the multi-million dollar project (in 1979) involved the construction of some 3,200 small, medium and large dams along the Narmada River estimated to displace more than 200,000 people and cause damage to the fragile ecology of the region. The project met strong opposition from the women of the communities who undertook the "chipko" method in opposing the project. "Chipko", meaning to hug or to embrace in affection, became globally famous as an example of Gandhian environmental action and the image of women embracing trees became an icon of the environmental movement (Hardiman 2003).

The anti-dam protests forced the World Bank to withdraw from the Narmada project in 1993 followed by several other international financial institutions, citing human and environmental concerns. The construction of Sardar Sarovar dam was also stopped. Chipko has inspired a series of protests since then.

Before 1985, multilateral development banks (MDBs) had little or no relationships with NGOs. Later, MDBs began to engage NGOs as private-sector partners in managing social services for the poor, even established NGO desks to review projects or creating NGO committees to conduct consultations on various issues although they had no power to direct the consultation agenda or extract real commitment for safeguards or policy changes (Edwards 2009). This legitimization of NGOs increased the number of local NGOs working in different communities and sectors (Dichter 2003).

The mainstreaming of sustainable development in the 80s was also influenced by NGO work from two key events: the establishment of the World Commission on Environment and Development in 1982; and the publication of the Brundtland Commission Report. The 1987 Brundtland Commission Report, Our Common Future, highlighted environmental-related development challenges and produced the most popular definition of sustainable development emphasizing intergenerational equity. Recognizing the growing importance of the environment, the MDBs began including environmental assessments in their appraisal of development projects (Yusuf 2009).

The growing NGO influence, supported by various empirical studies and improved data collection and generation, resulted in diversified development issues in the international agenda. Gender and Development (GAD), which placed greater awareness of the ways in which gender

is linked to development, replaced the WID approach as problems in implementation surfaced (e.g. multiple burden of women) revealing gaps in the approach (Miller and Shahra 1995).

The Cautious 90s

Neoliberalism remained the dominant development paradigm in the 90s but by mid-1990s, reliance on market solutions was questioned as the expected economic benefits was not delivered. Failure of growth was mostly ascribed to weak or missing institutions in developing countries and emphasis shifted to the need to establish strong domestic institutions and policies. Institutional failures referred to failures in securing property rights, enforcement of contractual obligations, market failures and its remedies, missing markets, lack of efficacy of regulation, lack of effectives of enforcement mechanisms, capacity failures and failure to deliver expected results (World Bank 2002).

NGO influence in shaping the international development agenda was marked in the Earth Summit in Rio de Janeiro in 1992, when they collectively generated enough public pressure to push through agreements on controlling greenhouse gases (Khator and Fairchild 2006). The NGO Jubilee 2000 also pushed for a dramatic reduction in the debts of the poorest countries towards the end of the decade.

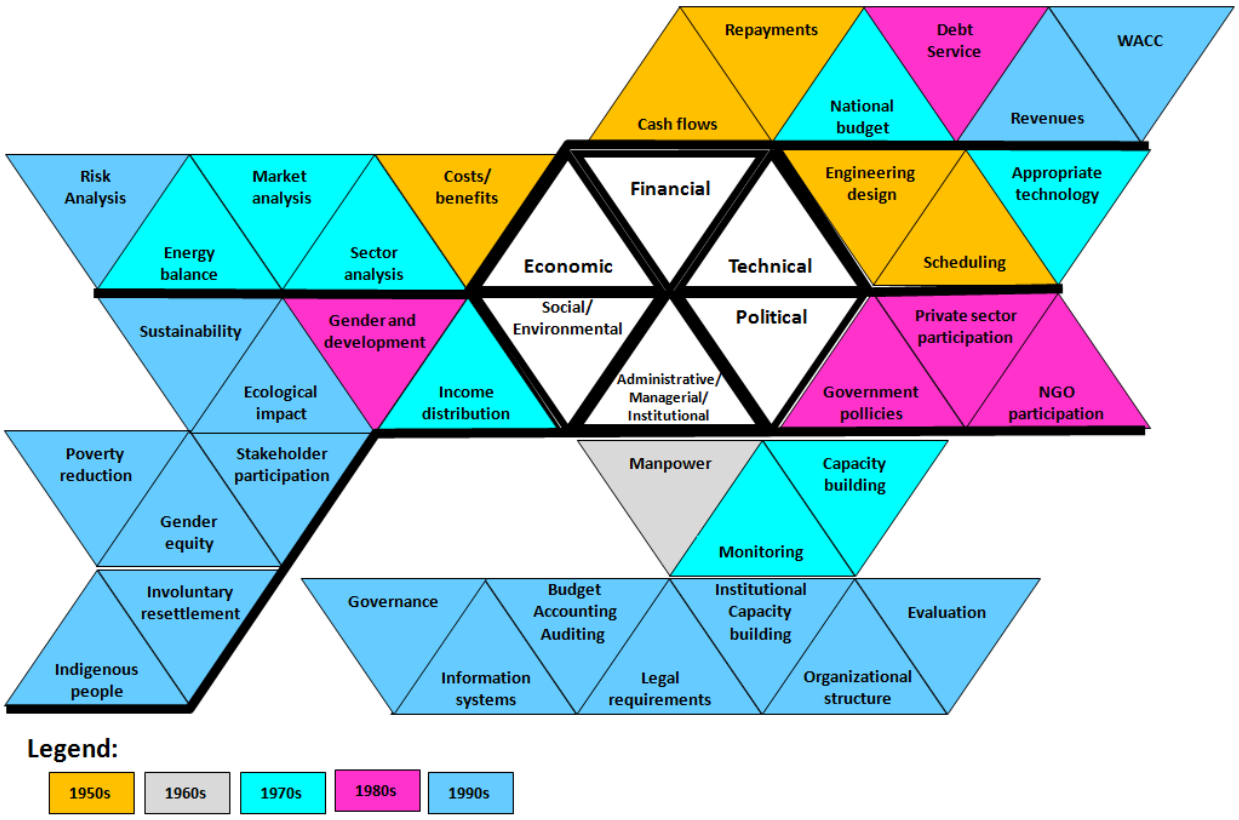
NGOs and civil society groups (CSOs) likewise began to participate in public governance, largely criticizing governments and development organizations because of the social imbalances created by the structural adjustment programs of the 80s. The string of protests and criticisms made MDBs and national governments become more cautious in their operations and activities and led them to embrace participatory development as a strategy. In particular, the World Bank and the other MDBs adopted a new strategy of inclusive and sustainable development, recognizing CSOs as "*partners in development*" (Yusuf 2009). MDBs also began to be more conscious of the impact of development projects on poverty and the environment. Thus the decade can be aptly called the Cautious 90s.

Sensitivity to NGO/CSO criticisms and the pressure to link projects outputs to development outcomes and impact were seriously manifested in project formulation and design as 17 new project concerns were recognized bringing the total to 36 (Figure 5). Environmental aspects became another broad area during this decade.

The 1990s was characterized by greater recognition of the growing uncertainties in the project environment and the need for sustaining project outputs and outcomes after project completion. Risk analysis was given more attention in the conduct of economic analysis as well as the use of weighted average cost of capital (WACC) in the conduct of financial analysis. WACC became vital in projects that were integrated or had multiple-components funded from different sources.

Past experience also revealed the recurrent issue of inadequate provision of operation and maintenance (O&M) funds for completed projects by governments and executing agencies (EAs), which decreased the probability of project sustainability (ADB 2000). The problem of generating project revenues came to the fore. This was addressed by the trend of incorporating cost recovery mechanisms in projects through the institution of user fees or tariffs.

Figure 5. Evolution of Project Development Concerns, 1990s



Social project development concerns expanded to include five more. Poverty reduction became an overarching goal of development, embraced by all international development agencies. As understanding about poverty deepened, its measurement moved beyond income indicators. In 1990, the World Bank introduced the international poverty line of US$1 a day as a means to standardized measurement of poverty and allows cross-country comparisons (World Bank 1990). In 1997, the Human Development Report 1997 introduced the Human Poverty Index (HPI), which was an attempt to bring together a composite index of the different features of deprivation in the quality of life.

MDBs incorporated social safeguard policies during the decade to address social risks and impacts of investment projects. Safeguard policies of the MDBs are intended to prevent and mitigate undue harm to people in the development process. Social Impact Analysis (SIA) became a requirement in almost all development projects. Social analysis requires projects to assess impacts on marginalized groups of people such as women and indigenous people (IP) and people involuntary settled.

Stakeholder participation arose out of the recognition that government and the funding agencies were no longer the only key actors in development projects. Stakeholder participation at different stages of the project cycle, particularly in the development phase, was emphasized. A consensus also emerged on the positive impact of stakeholder participation in building enhancing sustainability by fostering broader ownership of development projects and its results.

Ecological impact and sustainability were added under environmental concerns. Environmental safeguard policies were also drawn by MDBs to address environmental risks and impacts of investment projects. Environmental Impact Analysis (EIA) became a requirement for project appraisal of all development projects to identify ecological impact of projects and possibly to prevent or mitigate it. The concept of sustainability in projects moved beyond financial concerns to encompass the natural environment within which projects are implemented.

Public management in the 1980s, including management of public sector projects, came under attack as a result of corruption practices and inefficiencies in government. Thus, in the 1990s, “reinventing government” and “new public management” popularized ideas about making governments more efficient and business-like. Reinvention pointed to the need to radically revise rules and systems of government operations such as in structuring organizations, in budgeting, accounting and auditing, in the hiring and training of personnel, in procurement, in setting

realistic organizational objectives, and in addressing issues of accountability (Cohen and Eimicke 1995).

In project management, this focus translated to the need for greater capacity building, more efficient monitoring and reporting systems and more stringent auditing requirements, among others. Project administration and management shifted from being merely focused on efficiency to a focus on effectiveness.

A vital turning point in the decade is the emphasis on project evaluation as a means to determine development project impact. Many impact evaluation studies were undertaken in the 1990s, which increased knowledge and understanding about development impact. This also increased demand for project management information systems since there was a greater need to collect data and information required for accurate evaluation of project results.

The Millennium Conundrum

The new millennium was heralded by great progress on several fronts. Three decades ago, less than a third of the world's countries were democracies. By the end of the 1990s, the proportion has risen to more than 60 percent. Further, less than 40 percent of the world's population three decades ago lived in urban areas; 25 years in the future, nearly 90 percent of urban dwellers will be living in developing countries (World Bank 2002).

Clearly, development efforts have had some impact. Average incomes more than doubled in developing countries from 1965 to 1998 and the number of people in extreme poverty was reduced to half. Yet, poverty remains a great enigma of the 21st century. The term the Millennium Conundrum thus characterizes the great achievements of the last six decades vis-à-vis the persistent development challenges that still exist.

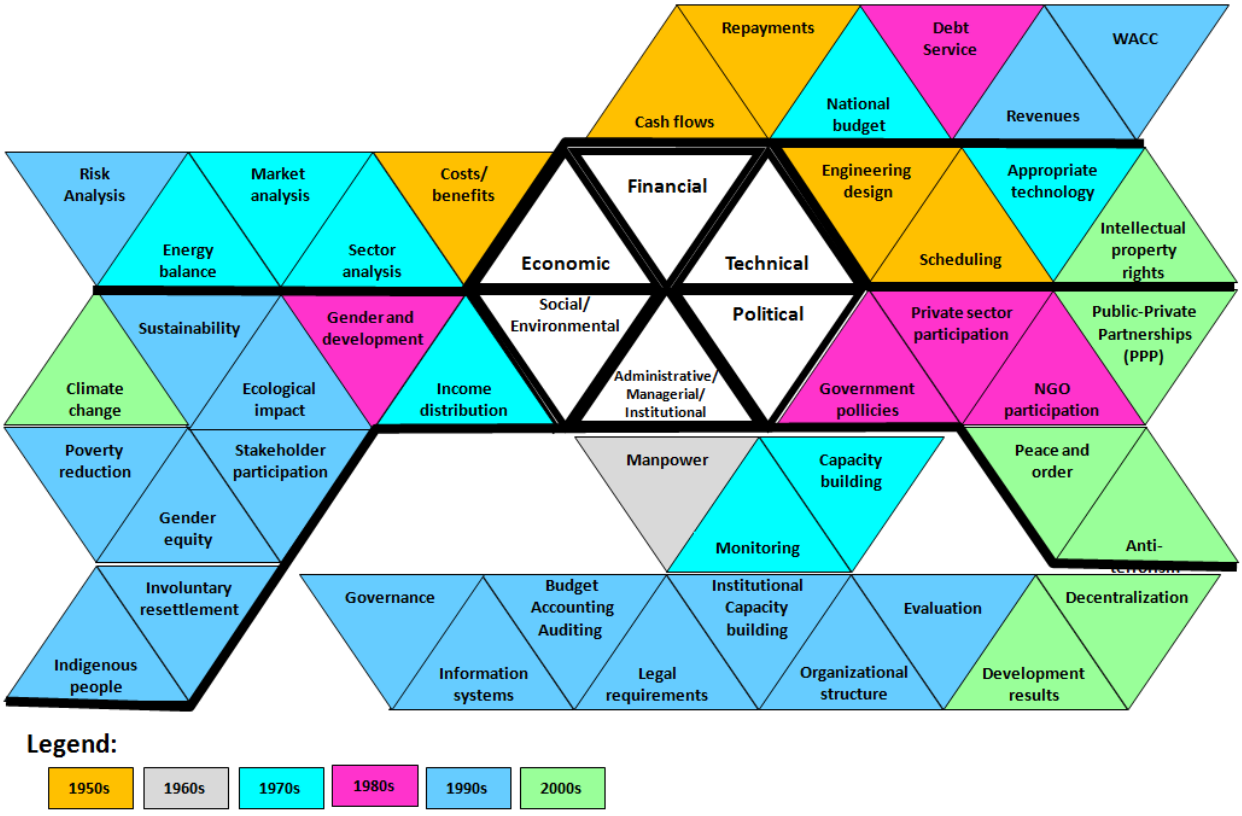
Seven key project concerns rose to recognition in the first decade of the new millennium (Figure 6). Intellectual property rights, a concern under the broad area of Technical aspects, have become an important development concern and in fact, now straddle many sectors.

Additional project concerns that emerged under the broad area of Political aspects include concerns on Public-Private Partnerships (PPP), peace and order and anti-terrorism. PPPs, i.e. forging alliances with the private sector, emerged as a strategy to broaden development financing and counter the declining resources for socio-economic growth. A recent estimate noted that the

cost to finance necessary infrastructure in some developing countries would reach US$4.7 trillion over the next 10 years (ADB 2008).

Projects became concerned with disturbances in peace and order as well as internal conflicts within developing countries because these increase risks in project implementation and even to lives of some project implementers. In the same vein, the growth in terrorism activities also brought adverse effects on economic activities which in turn increased the need for security and insurance in development projects.

Figure 6. Evolution of Project Development Concerns, 2000s



Under the broad area of Administrative/Managerial/Institutional concerns, decentralization and a greater focus on development results were recognized. Decentralization called attention to the need to design projects in a way that provides greater decision-making, responsibilities and accountabilities to local authorities in the management of their resources. In

September 2000, the United Nations Millennium Declaration[16] led to the formulation of the Millennium Development Goals (MDG)[17], which is a global initiative to harmonize development results. The increased emphasis on development results also led to the formulation of Managing for Development Results (MfDR)[18], a project management strategy that highlights the use of performance information to improve decision-making.

Climate change became a feature under environmental concerns as its impact on development was heavily felt on project implementations. Project designs need to consider the impact of the increasing frequency of natural disasters attributed to climate changes on projects. Recent natural calamities on a global scale have illustrated how easily nature's actions can destroy years of development efforts.

The transition of project development concerns — from simple to complex — in the formulation and design of projects began in the 1950s with five concerns, with more concerns being added every decade. The 1990s can be considered a turning point as 17 project development concerns were recognized, mainly on the broad areas of social aspects and administrative/managerial/institutional aspects. The addition of six project development concerns in the 2000s brought the overall total to 43 concerns: 4 technical; 6 financial; 5 economic; 6 political; 12 administrative/managerial/institutional; 7 social; and 3 environmental concerns (see Appendix 1 for a complete list of project concerns).

From simplicity to complexity: what impacts?

After sixty years of development experience and as project development concerns grew from five major concerns in three broad areas in the 1950s to the current 43 project development concerns in six broad areas, the moot question is: "*are public sector development projects more effective today in addressing development problems than in the past?*" To find answers to this question, the study examines the results of impact evaluations, and seeks evidence from quality at entry and stakeholder participation aspects.

[16] The Millennium Declaration was adopted by 189 nations and signed by 147 heads of state.
[17] The eight specific MDG goals are: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development.
[18] MfDR traces its origins in the 2002 Monterey Conference on Financing for Development held in Mexico.

Project Impact: Evidence from Impact Evaluations

Project evaluations were non-existent in the 1950s and 1960s, intermittently conducted in the 1970s and 1980s, and only given serious attention in the 1990s. In the early 1990s, more rigorous evaluations were started by multilateral development banks (MDBs) and bilateral organizations, which had established their respective independent evaluation departments or offices. These organizations have made concerted efforts to determine the development impact of projects and programs.

Longitudinal studies on the performance of public sector projects (one involved projects from 1970s - 1996[19] and another from 1968 – 2002[20]) revealed that the percentage of development projects rated successful deteriorated during the 1970s, reached rock-bottom in the early 1980s, and only started to improve in the 1990s (OED – ADB 2005; 2008). Another study[21] found that 75 percent of public sector reform (PSR) projects received an overall outcome rating of at least "moderately satisfactory", and almost half of these received a rating of "satisfactory" or higher (World Bank 2008).

Country factors (e.g. economic performance, development priorities, quality of governance, and strength of institutions) were cited as determinants of project success reviewed under these studies. In terms of sector performance, the highest rated projects related to transport, energy and industry sectors (with an average of 80 percent success rate). In contrast, success rate of social infrastructure projects averaged 62 percent, while agricultural projects averaged 44 percent. In addition, high project ratings in some sectors were attributed to well-defined technical solutions, presence of strong local institutions with well defined functions, and the possibility of direct cost recovery from users. Low ratings were attributed to poor quality of project design resulting in overoptimistic forecasts of benefits and failure to properly identify and mitigate risks typically faced by projects.

Other regional development banks likewise highlighted some improvement in their project success rates over time (Inter-American Development Bank[22] 2011; African

[19] About 84% or $108.4 billion of ADB's cumulative lending by end of 2004 was for public sector projects. The report was based on an analysis of 968 projects evaluated and rated through project completion reports (PCRs) and/or project performance audit reports (PPARs).

[20] The study reviewed 1,106 projects approved from 1968 to 2002 and evaluated up to 2007.

[21] The study reviewed 238 public sector reform (PSR) projects that closed during the years 1999 – 2006.

[22] Based on its evaluability criteria, it noted that 87 percent of the Country Project Documents were rated satisfactory or highly satisfactory and that highly satisfactory operations rose to 41 percent in 2010 (from only 3 percent in 2008 - the baseline year and 22 percent in 2009).

Development Bank[23] 2011). Most bilateral organizations also claimed improved attainment of project outcomes based on results of ex-post evaluations (ODE-AUSAID 2010; DFID 2010; JICA 2010).

However, the results of development agencies' summaries of their own evaluations should be noted with caution since evidence may contradict these claims and many factors can affect the attainment of development outcomes (Clements et al. 2008).

For instance, another study showed that attainment of project outcomes were affected by the "crisis" decade (IEG-World Bank 2010). Examining portfolio outcomes (as opposed to project by project evaluation), the study revealed that the share of World Bank projects rated as satisfactory or better[24] declined: 80 percent in 2007, 79 percent in 2008, down to 76 percent in 2009. A further examination also found that although project ratings remained positive over a 10-year period (comparing two five year periods 2000-2004 and 2005-2009), the average ratings of projects have started to decline in the latter period. It is interesting to note that the study also found that projects that were well-prepared (i.e., were able to anticipate risks) and implemented by experienced project management teams were able to effect development outcomes despite pressures created by the global crises.

Achievement of positive results are sometimes challenged as in the case of the Inter-American Development Bank, which highlighted the improved performance of projects it funded based on rigorous quality at entry evaluations (IDB 2011). It noted that 87 percent of Country Project Documents that were rated satisfactory or higher increased to 41 percent in 2010 (from only 3 percent in 2008 - the baseline year and 22 percent in 2009). However, a subsequent review[25] contradicted this claim, emphasizing that in reality, 88 percent of the approved IDB projects have weak to non-existent evaluability[26] dimensions and flawed project designs were cited as the main culprit (OVE-IDB 2010). It further noted that only 12 percent of IDB projects reviewed could be reliably assessed for the results produced.

[23] Based on quality-at-entry performance measures, the African Development Bank (AfDB) reported 77 percent of its operations were rated satisfactory.
[24] Measured in terms of three-year moving averages.
[25] OVE reviewed each approved IDB project in 2001, 2005 and 2009 (with 160 projects approved for nearly $16 billion) and reported findings that largely contrasted with the IDB management.
[26] Evaluability typically involves looking at whether a proposed operation is designed with: a good identification and diagnosis of the problem to be solved; a good explanation of why the proposed operation is the best solution to the problem; adequate treatment of the associated assumptions and risks; clear definition of project objectives; and a robust monitoring and evaluation framework that provides good output and outcome indicators, baselines and methods.

The debate on whether public sector development projects actually result in positive outcomes is also underpinned by methodological and operational issues pertaining to the conduct of impact evaluations.

After about two decades of evaluation experience, it was observed that many impact evaluations[27] mainly provided qualitative insights into project processes but lacked assessment of outcomes against explicit and policy-relevant counterfactuals (Ravallion 2008). Many of the evaluation results are distorted by methodological issues in evaluations associated with the provision of counterfactuals, which include: attrition, confounding, selection bias, spillover, non-compliance and impact heterogeneity (ADB 2006).

For instance in 2009, a study of 296 impact evaluations revealed that only "*39 percent used a survey, only 9 percent reported on a comparison group, and only one used an experimental design involving randomized assignment*" (USAID 2012). The study also noted that lack of credibility, rigor and sources of evidence for sustainability and impact of projects and programs were attributed to a weakened mandate for evaluation in the mid-1990s, combined with the lack of capacity on evaluation and a decline in the overall number of staff to implement evaluation requirements (Clapp-Wincek and Blue 2001; Weber 2004).

Problems with methodology also highlight the difficulty that impact evaluations have in attributing development impacts to the positive outputs and outcomes of projects (Jones et al 2009). The utilization of evaluation results also add to problems. For instance, it was noted that World Bank evaluation reports continue to document in detail weaknesses of projects overtime but that the same findings are repeated from project to project (Levine and Saveoff 2006). This is true in the case of other MDBs as well.

On the other hand, some of the operational issues associated with evaluation include: the lack of solid technical knowledge on evaluation tools; mismatch between the evaluation methodology with specific projects/programs; inadequate planning and designing of an M&E component at the start of project implementation; and insufficient and limited resource support for evaluation during implementation (ADB 2006).

In addition, few governments or public institutions have actually conducted comprehensive evaluations of public sector projects primarily because of the high costs it entails,

[27] Defined as the assessment of a program's performance in attaining its defined objectives against an explicit counterfactual, such as the absence of the intervention (Ravallion 2008)

the technical complexities and analytical rigor required and the considerable time needed for such work. Also, findings from evaluations can be politically sensitive and thus, are not pushed. It is also difficult to conduct evaluations in the absence of reliable benchmark information.

Project Impact: Evidence from Project Preparation and Design Practices

Quality at entry (i.e., the quality of project preparation) has been repeatedly cited as an important determinant of project success (OED – ADB 2008; Denizer et al 2011; IDB 2011; Limodio 2011). The paper thus reviews project quality-at-entry as a factor affecting development impacts of projects and attempting to shed light on the question whether complexity affects project impact.

As projects become more complex, project preparation and design in practice have become constrained by multiple intervening factors foremost of which are time and cost factors. In a review[28] of ten large-scale, integrated projects in India, it was found that most of the projects included to varying degrees some form of social assessments, institutional analysis and resettlement and rehabilitation components as part of project preparation (Vedeld 2001). Substantial time and input were expended in the preparation phases because the conduct of broad-based and direct primary as well as secondary beneficiary participation took much time and effort often involving repeated processes. This was however viewed positively by Vedeld (2001), emphasizing that project designs that address stakeholder participation (through conduct of social and institutional analysis) can more systematically and effectively trigger greater acceptance, involvement and ownership of complex projects. Khwaja (2009), predating Vedeld's findings, noted that better project-level designs involving stakeholders reduce community-level constraints to successful project performance, enabling "good" projects to occur even in "bad" communities**.**

However, this view was not shared by Barbu (1997), who regarded the increase in project preparation activities as somewhat negative from a cost efficiency perspective. The author acknowledged that overall quality of entry of World Bank projects has improved steadily since the mid-1980s, but this was accompanied by a steady increase in the average unit cost of the

[28] The study involved a review of 10 large-scale, complex and integrated projects funded by World Bank involving several sectors, many institutional stakeholders and beneficiaries, and large intervention zones. The projects averaged project costs are about US$270 million (Vedeld 2001).

appraisal process in the 1990s. The increase in appraisal cost was attributed to the longer time required for project preparation as appraisal requirements became more stringent necessitating the conduct of prerequisite studies (e.g. Poverty Impact Assessments (PIA), Environmental Impact Assessments (EIA), and Social Impact Assessment (SIA) that includes impact on gender, involuntary resettlements and indigenous peoples) as part of ex-ante evaluation.

A more balanced view was offered by Denizer et al (2011, 23), who after arriving at a conclusion that there is a robust partial correlation between higher preparation costs and eventual low project outcome ratings, explained that "*the high preparation costs might reflect undue initial project complexity or limited country ownership, or various other factors that cannot be overcome despite considerable resources being devoted to preparation*".

How much does project preparation cost? No ready answer is available. Generally, it is estimated that project preparation costs range around 5 – 10 percent of total project investment (MDB Working Group on Infrastructure 2011). But this straightforward estimate is more applicable to the traditional infrastructure projects which utilize standard efficiency measures (i.e., ratio of output to input). In reality, there are many factors that affect the total cost of project preparation and no single standard can be used.

The sizes of projects, its complexity (i.e., having single or multiple objectives) its geographic location, as well as the type of sector (i.e., whether transport, energy or agriculture) all affect the costs of project preparation. Country factors also affect total cost of project preparation (e.g. cost of hiring technical experts). If local experts are not available on the project site, there may also be a need to engage international experts, which increases the project preparation costs. Costs are also generally higher for green projects while repeat projects are less expensive because it can utilize existing studies instead of conducting new ones.

In effect, the range of actual project preparation costs varies so much that it would be very difficult to peg even rough estimates. It can range anywhere from US$100,000 such as that of a renewable energy project[29] to US$600,000 similar to a water supply and sanitation system

[29] GEF. Request for Project Preparation Grant (PPG) for the Project Wind Hybrid Power Generation (WHyPGen) Market Development Initiatives. December 2009, http://www.thegef.org/gef/sites/thegef.org/files/gef_prj_docs/GEFProjectDocuments/Climate%20Change/Indonesia%20-%20(3953)%20-%20Wind%20Hybrid%20Power%20Generation%20(WHyPGen)%20Marketing%20D/01-05-2010%20PPG%20revised.pdf

project[30], or to US$1,650,000 such as that of a road project[31]. The actual total preparation costs are too diverse.

Nevertheless, comparing project-by-project cost of preparation may be a futile effort. Easterly and Williamson (2011) notes that project-related information from most MDBs "*are likely not standardized*" because of the differences in understanding of what constitutes administrative and overhead costs. Further, information on actual cost of project preparation cannot be really ascertained not only because of lack of available data but also because of the absence of systematic effort to measure such information (Easterly and Pfutze 2008).

Project preparation is also confounded by politics. Evidence is provided that some loans approved by MDBs were influenced by political expediency or approval culture (Horta 2006; Kilby 2006; 2009; 2011) This practice has affected the quality of project preparation as "*Rushing a project to the World Bank's board of approval could undermine quality by limiting consideration of alternatives and local needs during the identification process, leaving insufficient time to develop a full project plan and creating a disincentive for a critical appraisa*l" (Kilby 2011, 2).

The recent move towards Sector-Wide Approaches (SWAps)[32] is in fact expected to further decrease attention on the preparation of good quality projects. Recent experience on SWAp has revealed that focus has been on coordination among development partners and delivery of interventions. This has decreased attention to the need for technically sound projects and project outcomes because the spotlight is on the sector (Easterly and Freschi 2010).

Project Impact: Beneficiary Perspectives

Evaluation findings have repeatedly underscored that attainment of development outcomes is significantly enhanced by greater participation of beneficiaries during project preparation. But current innovations in communications and information technology have also facilitated

[30] ADB-funded Technical Assistance project entitled Lao People's Democratic Republic: Preparing the Small Towns Water Supply and Sanitation Sector Project (Financed by the Japan Special Fund), Project Number: 36339, November 2006

[31] ADB-funded Technical Assistance project entitled Republic of Indonesia: Preparing the Regional Roads Development Project (Financed by the Japan Special Fund). Technical Assistance Report. Project Number: 38479. March 2008.

[32] SWAps is as a management approach by which development partners (i.e. government and donors) collaborate to support a sector's development or reform programs that are based on a county's long-term vision and development plan.

increased public participation in other stages of the project cycle particularly in project implementation.

The Accountability Mechanism[33], a feedback and problem-solving mechanism, are designed to enhance development effectiveness and project quality by providing a mechanism for beneficiaries or stakeholders to voice out complaints or point out non-compliance at any time during a project's implementation phase (i.e., project and operational levels). The World Bank introduced this mechanism for private sector projects in the late 1990s while ADB was the first to implement such a system in public sector projects in 2003 (ADB 2011). Other MDBs soon followed with their own versions of the accountability mechanism.

Given this mechanism to affect project development outcomes, do stakeholders' participate? Evidence available is limited but informative. From 2004 to 2011, ADB received 13 complaints about projects it had funded, of which 13 were eligible for full investigation (ADB 2011). Also, four out of five projects were subjected to a Compliance Review Panel as a result of feedbacks received. On the other hand, the World Bank Inspection Panel received a total of 73 requests (within the period 1994 - 2011), of which 32 were eligible for investigation. Despite a portfolio nearly four times the size of ADB, the World Bank's average is only two cases a year.

Based on the experience of ADB, the road transport sector received the most number of complaints and the top three complaints were about resettlement, provision of information and consultation and participation (ADB 2011). It is interesting to view the concentration of complaints in road transport projects vis-à-vis the transport projects' success in attaining project outcomes (i.e. rated satisfactory or higher) based on evaluation results. Do more complaints mean that transport projects are poorly designed? Or do more complaints mean that the active participation of stakeholders contribute to the success of transport projects in attaining development outcomes?

It is clear that the institution of the accountability mechanisms enables stakeholders and beneficiaries to better participate in the project implementation. However, there is still a need to undertake studies to establish the correlation between the project ratings of transport sector projects and the active participation of its stakeholders.

[33] The counterpart of ADB's Accountability Mechanism is called by different names e.g. Inspection Panel in the World Bank, Independent Consultation and Investigation Mechanism in the Inter-American Development Bank and Independent Review Mechanism in the African Development Bank.

In contrast, the African Development Bank (AfDB) received only six cases within an eight-year period (2004 – 2011), of which two underwent full compliance review while Inter-American Development Bank (IDB) received 15 cases within a ten-year period (2002 – 2011). This situation, however, does not readily lead to the conclusion that there are fewer problems with projects funded by AfDB and IDB. It may also point to the possibility that the stakeholders and beneficiaries affected by the projects lack awareness about the mechanism or have low trust in the system. In this case, the need for better stakeholder awareness and confidence building is imperative to ensure that the accountability mechanism in place is properly utilized.

Epilogue

Project development concerns have grown from five key concerns under three broad areas — technical, financial and economic of the fifties to the current 43 key concerns with six broad areas of concerns — technical, organizational/institutional, social and environmental, financial, economic, and political. This shift has inevitably made project development more complex, and more difficult to prepare as it requires more time and financial and human resources. But has the shift from simple to complex projects been paralleled by increasing success in attaining project outcomes and impact?

The existing evidence is sketchy. The results of development impact of projects provide a contrasting picture of performance. On the one hand, there is evidence that certain projects have truly succeeded in attaining their objectives (albeit narrow) particularly in certain sectors (i.e. transport, energy, others) and in selected developing countries with well established economic and political systems. On the other hand, evidence also exists that factors in the complex development environment continue to exert pressure on projects, resulting in failures to attain development outcomes.

It must be pointed out, however, that current methodological and operational issues bedevil the conduct of impact evaluations casting shadows on the results. But it is imperative to balance these issues with the view that impact evaluations have only started to be mainstreamed in the 1990s. Evaluation methodologies are still evolving, experiences growing and practices improving. The current attention to development results by the development community gives hope that better evaluation methodologies and practices are forthcoming. This adds to the

optimism that more systematic and comprehensive studies to determine development impact of projects will be undertaken in the future.

The increasing complexity of the development environment has demanded that project designers consider the 43 project development concerns spelled out in the paper. Addressing these 43 key concerns inevitably results in the need for longer time involved in project preparation as well as higher costs. It is undeniable that the costs of preparing development projects have increased over the past six decades and some view this as an indicator of inefficient project preparation. Yet, most development advocates uphold the greater benefits derived from conducting broad-based stakeholder consultations (especially for large projects) and from the conduct of pre-requisite studies (e.g., EIAs, SIAs), which are time consuming. These activities increase stakeholder ownership and participation, which in turn increase projects' chances of attaining development outcomes. Therefore, the need to properly manage the trade-off between increasing costs and time with attainment of development results is crucial.

Attainment of project development outcomes and impact has been enhanced by the high standards of accountability, transparency, openness, and public participation that have been put in place to guide project development and management. Participation of stakeholders in project implementation has been ensured through the institution of accountability mechanisms. These elements were hardly considered in project development prior to the 1990s.

The paper concedes that solid data is not available to directly support the conclusion that contemporary projects have become better at achieving development outcomes over the past six decades. It has only made inferences from the current data available. This emphasizes the critical need for better collection of data and generation of information that would allow comparisons as well as more studies to clearly determine projects' contribution to development impact.

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Appendix 1. Summary of Evolution of Project Development Concerns

Decade	Technical	Financial	Economic	Political	Administrative/ Managerial/ Institutional	Social	Environment	Total Concerns
1950s	• Engineering Design • Scheduling	• Repayments • Cash Flows	• Costs/ Benefits					**5**
1960s					• Manpower			**1**
1970s	• Appropriate Technology	• National Budget	• Sector Analysis • Market Analysis • Energy Balance		• Capability Development • Monitoring	• Income Distribution		**8**
1980s		• Debt Service		• Government Policies • NGO Participation • Private Sector Participation		• Gender and Development		**5**
1990s		• Revenues • WACC	• Risk Analysis		• Organizational Structure • Institutional Capacity building • Budget/Accounting/Auditing • Information Systems • Legal Requirements • Governance • Evaluation	• Stakeholder Participation • Poverty Reduction • Involuntary Resettlement • Gender Equality • Indigenous people	• Ecological impact • Sustainability	**17**
2000s	• Intellectual Property Rights			• Public-Private Partnership (PPP) • Peace and Order • Anti-terrorism	• Decentralization • Development Results		• Climate Change	**7**
	4	**6**	**6**	**6**	**12**	**6**	**3**	**43**

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