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# Introduction

Japan Bank for International Cooperation (JBIC) is a government-affiliated financial institution which was founded on October 1 1999 through the merger of the Export-Import Bank of Japan (JEXIM) and the Overseas Economic Cooperation Fund (OECF). Its main objectives are to provide lending that contributes to the following:

- Promoting Japan's exports and imports and economic activity overseas and helping to stabilize the international financial order (international lending and related operations).
- Promoting social and economic development and economic stability in regions of developing countries (overseas economic cooperation operations).

JBIC is responsible for undertaking Japan's bilateral governmental loans (ODA Loans) in the "overseas economic cooperation operations", among Japan's Official Development Assistance (ODA), to support a wide range of development projects and other endeavors in developing countries.

In the course of its operations, while providing the loans to meet the diversified needs of developing countries, JBIC is laying emphasis on follow-up of the development projects it finances, in the form of ex-post evaluation and post-monitoring. This point is in line with the "Medium-term Policy on ODA" which was announced by Japanese Government in August 1999. The promotion of ex-post evaluation was also stated as an important element of JBIC's project implementation and operation in the Medium-term Strategy for Overseas Economic Cooperation Operations, which were prepared by JBIC itself in December 1999. The main objective of ex-post evaluation activities is to make as much use as possible of the experience and lessons gained from past projects in future projects. It is essential for the efficient and effective implementation of ODA projects, and its importance has been rising in recent years.

JBIC's ex-post evaluation aims not simply at investigating the effects generated by individual projects, but also at using the diverse body of evaluation records and experience built up in all previous projects and thereby helping to build up the kind of high-quality development aid that brings sustainable development. Therefore the findings of ex-post evaluation surveys are used as feedback both inside and outside JBIC in an effort to make effective use of the report. In particular, as enhanced ability on the part of the borrowers (governments and executing agencies in developing countries) is essential for efficient and effective ODA projects, these reports are published in English-language editions so that they can be shared widely.

This "Ex-post Evaluation Report for Japan's ODA Loan Projects 2000" is an anthology of the reports for ex-post evaluations implemented in 1999. The most notable points of ex-post evaluations in 1999 were the increased number of evaluations, the expansion of third-party evaluation (increased number of such evaluations commissioned and greater diversity in the parties commissioned to conduct them) and the use of some of the evaluation reports in theme-based evaluations (evaluation by theme). This report comprises summaries of each of the evaluation reports. Separate full-text versions of each report are available on the JBIC homepage.

This is the first ex-post evaluation report after JBIC was founded, and I would like to take this opportunity to thank all those who have been involved in our ex-post evaluation activities to date for their ongoing support and cooperation. I also hope that everyone will continue to provide us with his or her opinions and suggestions in order to keep our ex-post evaluation work at the highest standard we can achieve.

Yozo Sakai  
Director General  
Project Development Department

# EX-POST EVALUATION REPORT FOR ODA LOAN PROJECTS 2000 (SUMMARY)

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# I Ex-post Evaluation by JBIC

## 1. Purpose of Ex-post Evaluation

Japan's economic assistance takes many forms. Japan Bank for International Cooperation (JBIC) has committed most all Japan's ODA loans to developing countries. To date, JBIC has assisted large numbers of projects in developing countries, primarily for economic and social infrastructure development, by providing ODA loans.

In addition to the provision of loans, JBIC aims to enhance the quality of aid to developing countries by conducting its ex-post evaluation of projects which have been completed using ODA loans. Ex-post evaluation compares the implementation, operations and maintenance of projects against the initial plans to discover how the project was conducted, whether it has yielded the anticipated benefits, and other aspects to test the project retrospectively. The primary objective of this inspection work is to gain an understanding both of the factors behind the successes of each project in implementation, operations and maintenance and effects, and of the problems faced. From this understanding, we can draw lessons which will feed back to assist us in the formation, appraisal, implementation and post-monitoring of new projects. These lessons will enhance the effects of our aid to developing countries in the future, and further advance the accountability through disclosure of findings.

## 2. Ex-post Evaluation Work of JBIC

JBIC began conducting ex-post evaluations of ODA loan projects in 1975. After entering into the 1980s, a special section was established in 1981 to deal with the ex-post evaluation work in line with the increasing number of projects completed with ODA loans. Through reorganizations conducted in the past, the ex-post evaluation works of ODA loan projects are currently implemented by the Evaluation Division, Development Assistance Operations Evaluation Office, Project Development Department. Over the years JBIC has striven to steadily build up a body of evaluation experience, and establish evaluation methods. As a result, the number of projects subjected to ex-post evaluation between the start of the program and the end of 1999 is over 660.

JBIC has endeavored to publish the content of its ex-post evaluation investigations so that they should be understood and recognized as widely as possible. The results are released in the form of "Ex-post Evaluation Reports for ODA Loan Projects".

For the convenience of our readers, the summaries of each evaluation report are included in this report. Full-text report editions are published separately. The advance of data communications now allows us to publish the full-text report editions on the JBIC homepage (URL <http://www.jbic.go.jp>), where they can be accessed freely.

## 3. Ex-post Evaluation in the Context of Project Cycle

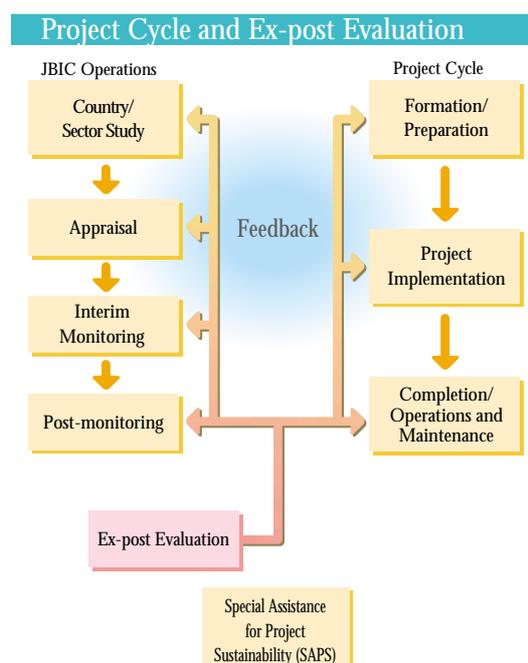
### 3.1 Flow of Development Projects and Ex-post Evaluation

The flow of projects subject to ODA loans from JBIC is shown in the chart. The process leading to provision of an ODA loan starts with a detailed appraisal to determine based on a request by the developing country whether or not the proposed project is a suitable subject for an ODA loan. The appraisal is multi-faceted in approach, covering the project's necessity, urgency and validity of its implementation, operations and maintenance. Project implementation begins if JBIC decides, as a result of the appraisal, to provide the loan and the project is completed after a certain period of time. Ex-post evaluations will be performed for completed projects.

### 3.2 Post-monitoring and Ex-post Evaluation

Some projects require long periods of time before their effects are manifested, accordingly ongoing follow-up at regular intervals is required after project completion to observe the effects and whether or not they are sustainable. As for the projects which require improvement are confirmed in this phase, the possibility of providing additional assistance should be considered, provided the developing country handles the situation to the best of its abilities.

The examination of operations and maintenance conditions, and



additional assistance provided should the need arise, is termed "post-monitoring". The aim of post-monitoring is to grasp the status of operation and maintenance of a project after its completion, and to maintain or enhance its benefits by considering suitable countermeasures when a necessary improvement is observed. As part of its post-monitoring work, JBIC conducts regular investigations to keep track of the status of completed projects. These investigations are combined with SAPS (Special Assistance for Project Sustainability) and rehabilitation grants to sustain and extend project effects.

#### (1) Special Assistance for Project Sustainability (SAPS)

SAPS is one of the intellectual assistance with an aim to execute a detailed field survey, followed by proposals of specific solutions or improvements when the existence of a problem which impairs the project effects or prevents its improvement becomes clear. The operations and maintenance of completed projects is the responsibility of the developing country concerned, but if the results of ex-post evaluation of a specific project indicate the necessity of some improvement measures and the developing country requests assistance with the implementation of such measures, they will be implemented following consideration of the necessity and urgency of the assistance.

#### (2) Rehabilitation Grant

When changing circumstances affect a completed project, necessitating additional funding, rehabilitation grants can be provided as grant-type financial aid in cases where it would be difficult to use an ODA loan for reasons such as urgency, profitability and scale. The rehabilitation grant scheme was introduced in 1998, and the grants are implemented in close cooperation with JICA.

## 4. Types of Ex-post Evaluation

Since FY 1999, JBIC's ex-post evaluations have been grouped into the classifications listed below according to the executing body and the content of the evaluation.

#### (1) Evaluations by JBIC

##### (i) Evaluation by Theme

These evaluations focus on a certain theme (regional development, environmental considerations, social development etc.) and are carried out by the JBIC staff, using the knowledge and experience of the external experts and agencies.

As a variation of evaluation by theme, there are three evaluation types as follows.

- "Impact survey" which evaluates multiple projects together to grasp overall effects on a certain region or sector.
- "Joint evaluation" which is implemented with other aid agencies or other parties (jointly evaluating a single project)
- "Mutual evaluation" (in which each agency evaluates the counterpart agency's projects)

These evaluation types are employed as appropriate.

##### (ii) Project Evaluation

JBIC staff evaluate all aspects of a project. As a general rule, a field survey is conducted.

##### (iii) Evaluation by Representative Offices

The evaluation implemented by the local representative office of JBIC. The JBIC office conducts the evaluation work including the field survey, and the participation of local specialists and research organizations may be requested as needed.

#### (2) Evaluation by External Third-parties

A "third-party evaluation" is one in which the evaluation is commissioned from a specialist person or institution from a point of view that only such an evaluator can provide. Having ex-post evaluations conducted by evaluators with specialist knowledge can be expected to yield profound observations, particularly in the area of project effects. Furthermore, by having projects evaluated by observers other than JBIC staff, the evaluation is made far more objective. Therefore JBIC is working to expand third-party evaluations by commissioning them from evaluators such as researchers at universities and other institutions, members of the press, administrators, specialist engineers, and NGOs.

In cases where the evaluations delivered by the specialist or institution differs from that made by JBIC, both views are included in the report, with JBIC views labeled as such.

Third-party evaluations conducted in 1999 are listed below in section III.1 "Third-party Evaluation Projects and Introduction of Their Contributors".

## 5. Selection of Projects for Ex-post Evaluation

Projects for evaluation are selected from those completed projects meeting the priority criteria listed below, with care to maintain a balance

between regions, countries and sectors.

- (1) Projects able to provide valuable hints and lessons for the implementation of future ODA projects.
- (2) Projects which have large and measurable impacts in their sectors or regions.
- (3) Projects which fit specific research themes.
- (4) Projects concerned with environmental and social development.

## 6. Points to be considered in Ex-post Evaluation

JBIC evaluation compares the implementation and operation of the project with the original plan, and aims to confirm retrospectively whether or not the project is yielding the anticipated benefits. The main specific factors which are examined are listed below.

### (1) Project Scope:

The planned content of the project and the actual results are compared. If there are changes, the reasons for changes and the validity for changes of contents are analyzed and evaluated.

### (2) Implementation Schedule:

The dates of starting and completion of construction and the duration are compared between the plan and the actual results. If there are delays, the causes and countermeasures attempted are analyzed and evaluated.

### (3) Project Cost:

Planned and actual costs are compared by items of expenditure. If there are differences, they are analyzed and evaluated.

### (4) Project Implementation Scheme:

The system adopted by the developing country's executing agency, the role of consultants, the forms of contracts with consultants and other aspects are analyzed and evaluated to gauge their impact on the project implementation.

### (5) Operations and Maintenance:

The appropriateness of the operations and maintenance scheme are analyzed and evaluated from the aspect of securing sustainability of the project.

Data illustrating the current operating status (e.g. work rate, production volume etc.) are analyzed and evaluated by comparing the recorded results with the original plan. The operation and maintenance situation are also evaluated. Furthermore, if the managing body employs a self-supporting accounting system, additional study of its financial capability will be performed as needed <sup>1</sup>.

### (6) Project Effects and Impacts:

The socio-economic effects of the project are analyzed and evaluated on the basis of (6) Operations and Maintenance above. Moreover, the internal rate of return (IRR)<sup>2</sup> is required in some cases for that project effects and impacts can be quantifiable.

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<sup>1</sup> If, as the result of analyses and evaluations, insufficiencies in the financial or management capabilities are suspected, JBIC may provide support to raise these capabilities through SAPS. If the executing agency or managing body of the project is a government office, its operating costs normally depend in their entirety on the national budget, so that the executing agency itself is not the subject of financial analysis, even though the analyses of internal rate of return for individual projects are made.

<sup>2</sup> Internal rate of return (IRR): One of the indices of profitability, which is the discount rate to make the present value of the project's benefits equal to the present value of its costs. In the case of post-evaluations, the cost (achievements) required for the project's implementation and the profits (projections based on achievements of several years after start of operation) obtained for the entire period of the project's operation (project life). There are two types of IRR: the economic internal rate of return (EIRR) that measures social benefit of the project from the viewpoint of the national economy, and the financial internal rate of return (FIRR) that measures profitability of individual projects, in other words FIRR obtained based on the profits of the project's executing agency. They are used with distinct meanings depending on the nature of the project (depending on the project, it may also be possible to obtain both). However, in many cases qualitative aspects that cannot be quantified are also involved. Moreover, in some cases it may be difficult to obtain the rate of returns based on the nature of the project, (for instance in social development projects, medical care projects, education projects, environmental projects, etc.), and in such cases, the rate of return is not calculated.

## II

## Features of This Report

### 1. Third-party Evaluation Projects and Introduction of Their Contributors

Seven third-party evaluations were carried out in FY 1999, as introduced briefly, their summaries and contributors below.

(1) For the "Eastern Seaboard Development Plan Impact Evaluation" in the Kingdom of Thailand, Professor Yasutami Shimomura of the National Graduate Institute for Policy Studies was asked to carry out evaluation on ownership in the developing countries and effective use of aid from the political economic point of view.



#### **Mr. Yasutami Shimomura**

Born in Tokyo in 1940. Graduated from Keio University, Faculty of Economics. Completed master course of Business Administration, Graduate School of Columbia University. Entered Overseas Economic Cooperation Fund (OECF) in 1972. Dispatched to the Central Bank of Indonesia and was assigned as a representative in OECF Offices of Jakarta, New Delhi and Bangkok. Became a professor at Saitama University in 1992 and Hosei University in 1999. Worked as Chief Representative at OECF Bangkok Office during an initial period of implementing Thai "Eastern Seaboard Development Plan" between 1985 and 1988. Authored "Thinking at the Site of ODA" and others.

(2) For "Hengshui-Shangqiu Railway Construction Project" in the People's Republic of China, Dr. Lin Jiabin of the Development Research Center, State Council, PRC was entrusted to carry out evaluation primarily on economic development effects which the Hengshui-Shangqiu Railway brought about along the railway line as a part of Beijing-Kowloon Railway.



#### **Mr. Lin Jiabin**

Born in Beijing in 1957. Graduated from Qinghua University, Civil Engineering Department in China. Entered University of Tokyo, Graduate School as a student dispatched by Chinese government and majored in regional planning. After completion of master and doctor course of the Graduate School, studied at CTI Engineering Co. Ltd. as a trainee of the Association for Overseas Technical Scholarship and engaged in research at UN Regional Development Center for five years from 1990. Has been a research fellow of Development Research Center, State Council, PRC since 1995, and currently Vice-Director of Development Strategy and Regional Economic Research Department at the Center. Specialized in regional development.

Authored in Chinese "Cooperation and Development Strategies in China Toward the 21st Century" (jointly authored), "Big Trend of Chinese Economy in the 21st Century" (jointly authored), and in Japanese "Vicissitudes of Concept for Road Development Effects", "Regional Divide and Role of National Land Policy Contributing to its Correction", "National Land Development Policy in China and National Land Planning Administration" etc.

(3) For the "Yangtze River Four-Bridge Construction Project" in People's Republic of China, Mr. Nobuhiro Mori of Koei Research Institute, Ltd. and Mr. Toshisada Katsurada of Alphaten Co., Ltd were entrusted to carry out the evaluation based on the comparative analysis of the Four-Bridge Construction Project mainly from the view point of planning, implementation, operations and maintenance, and effects and impacts.



#### **Mr. Nobuhiro Mori**

Born in Chiba Prefecture in 1948. Graduated from Hokkaido University, Faculty of Engineering. Engaged in construction supervision of hydraulic power plants and dams. Currently a research director of Koei Research Institute, Ltd. Engaged in ex-post evaluations on roads, electricity, bridges, water supply and sewage in Indonesia, Thailand and other countries. Specialized in project evaluation and economic financial analysis. Authored "Research Study on Economic Analysis and Evaluation of Project"(JICA), "Q & A ; Everything about Japan's PFI" (Toyo Keizai Shimposha) etc.



**Mr. Toshisada Katsurada**

Born in Tokyo in 1944. Graduated from Kyoto University, Graduate School, Faculty of Engineering. Specialized in traffic planning and economic analysis. President of Alphaten Co., Ltd. Has been engaged in development studies including preparation of master plans of road and bridge projects by JICA in Malaysia, China, Indonesia, Colombia etc. Presented many papers on urban road traffic at civil engineering meetings and seminars.

(4) For the “Batangas Port Development Project” in the Republic of the Philippines, Dr. Emma Porio of Ateneo de Manila University was entrusted to carry out evaluation focusing on problems involving relocation of residents and its measures.



**Dr. Emma Porio**

Professor of Social Anthropology Department, Ateneo de Manila University in the Philippines. Acquired master degree of anthropology at Ateneo de Manila University (1976) and Ph.D. of Sociology at University of Hawaii (1988). Has gained many experiences in research and studies on urban poverty, development and relocation of residents in Southeast Asia primarily in the Philippines and working as a consultant in World Bank, the United Nations etc. Authored many writings including “Partnership with the Poor, Pathways to Decentralization, Urban Children in Distress”, “Urban Governance and Poverty Alleviation in Southeast Asia” etc.

(5) For the “Tourism Development Program” in the Kingdom of Thailand, Mr. Masaharu Shinohara of the International Tourism Development Research Center was entrusted to carry out evaluation on the implementation status of the overall project, operation and maintenance status of the sub-project in the relevant area based on a field survey as well as effectiveness on Thai tourism sectors.



**Mr. Masaharu Shinohara**

Born in Gunma Prefecture in 1955. Graduated from University of Tokyo, Faculty of Engineering Dept. of Civil Engineering and completed master’s course of Dept. of Technology, Stanford University. Worked at the Ministry of Transport, currently Director of International Tourism Development Research Center. Engaged in tourism studies in the Philippines, Indonesia, Lebanon, Tunisia etc. Specialized in research and studies on tourism development.

(6) For the “Rural Electrification Project” in the Islamic Republic of Pakistan, the local NGOs, the “National Rural Support Programme” and “Ghazi Brotha Taquiati Idara” that are skillful in conducting interview surveys with residents, were entrusted to carry out third-party evaluation specifically on the project effects and impacts.

(7) For the “Monterrey Water Supply and Sewerage Project” in the United Mexican States, Associate Professor Shunji Matsuoka of Hiroshima University, Graduate School, Dept. of International Cooperation Research was entrusted to carry out evaluation from five viewpoints: validity, degree of goal achievement, efficiency, effect and independent development.



**Mr. Shunji Matsuoka**

Born in Hyogo Prefecture in 1957. Graduated from Osaka University of Foreign Studies, Faculty of Foreign Studies, completed doctor course of Dept. of Economics Research, Graduate School of Kyoto University and a scientific doctor (environmental planning) at Hiroshima University. Was also a visiting professor of Malaya University, visiting research fellow at American University etc. Specializing environmental economics, project evaluation theory and international environmental cooperation theory, had experience as a coordinator in JICA training course “The Sustainable Development and Environmental Resources Administration Policies”. Major papers included

“Economic Growth in the Developing Countries and Environmental Problems: Does Environmental Kuznets Curve exist?” by Shuji Matsuoka, Reiji Matsumoto and Ikuho Kawauchi, “Environmental Science Journal 11(4)” pp.349-362, 1998, Matsuoka, S. et al., “Sustainable Use of Environmental Resources: Ecology and Economy in the Resource Economics,” Journal of International Development and Cooperation, Vol.1, No.1, pp61-85, 1995 etc.

## **2. Enhancement of Feedback**

One of the most important objectives of ex-post evaluation is to provide the project executing agency with feedback of evaluation results and make beneficial recommendations concerning improvements to the operation of the project concerned and to the implementation of future projects. JBIC prepares an English version of all ex-post evaluation reports, which are presented to project executing agencies. Field seminars are conducted in cases where it is particularly necessary to deepen the understanding of the evaluation results among many of the people concerned, such as the staff concerned in executing agencies and borrower governments. Among the ex-post evaluations of the projects included in this report, a feedback workshop was held in Thailand in August 1999, and a feedback seminar in Vietnam in June 2000 concerning the Thai “Eastern Seaboard Development Plan Impact Evaluation”.

In some cases, this kind of feedback activity inspires the borrower country to plan new projects in line with the suggestions contained in the ex-post evaluation report.

## **3. Introduction of Evaluations by Theme**

As mentioned in “1.4 Types of Ex-post Evaluation”, the forms of evaluation were revised from FY 1999, with some evaluations being “evaluation by theme” based on a specified theme.

The evaluations by theme conducted in FY 1999 and their themes are as follows:

- (1) China “Yangtze River Four-Bridge Construction Project”: Impact of bridge construction on the surrounding areas
- (2) China “Guanying Multi-purpose Dam Project (1) – (3)”: Relocation of residents
- (3) China “Hengshui-Shangqiu Railway Construction Project (1) – (4)”: Development effects along the railway lines
- (4) China “Fujian Province Zhang Quan Railway Construction Project”: Capabilities of self-governing communities in China
- (5) The Philippines “Batangas Port Development Project”: Relocation of residents
- (6) The Philippines “ASEAN-Japan Development Fund(AJDF) for Republic of the Philippines Category B, Industrial and Support Services Expansion Program”: Promotion of small and medium businesses
- (7) Papua New Guinea “Agriculture Development Project”: Social economic effects
- (8) Thailand “Small Scale Industry Promotion Program (SSIPP) (I) and (II)”: Promotion of small and medium businesses
- (9) Thailand “Tourism Development Program”: Regional and social development
- (10) Thailand “Eastern Seaboard Development Plan Impact Evaluation”: Regional economic development
- (11) Vietnam “Rehabilitation Loan”: Regional development-type project evaluation
- (12) Mexico “Monterrey Water Supply and Sewerage Project”: Evaluation based on five items, DAC Evaluation Criteria



## Content of This Report

### 1. Evaluation reports included in this Report

The results of all evaluations (By Theme, Third-party, Project, and Representative Office-conducted Evaluations) reported in the fiscal 1999 are included in this report except a third-party evaluation (environmental monitoring and pollution control policies) of Map Ta Phut Industrial Complex Construction Project.

(The third-party evaluation of Thai Map Ta Phut Industrial Complex Construction Project was included in the last year's report)

### 2. Summary of the Ex-post Evaluation in fiscal 1999

The number of evaluations reported in fiscal 1999 amounted to 38, and the total number of projects subject to the evaluation was 59 (since one evaluation can cover more than one project).

Distribution of the 59 projects by geography shows that the great majority of projects are located in Asia. Adding to the fact that many of the recipients of JBIC loans are in Asia, the project selection was influenced by the availability of information on the projects after completion. As a matter of fact, this is a regular trend every year.

Classification by Sector/Region of Projects Evaluated in fiscal 1999  
(Number of projects in parentheses)

Sector/ Region	Asia	Middle East	Africa	Central & South America	Others	Total
Electric Power and Gas	4 (5)	3 (3)				7 (8)
Transportation	11 (20)					11 (20)
Telecommunications	2 (2)	1 (1)				3 (3)
Mining and Manufacturing	3 (8)					3 (8)
Agriculture, Forestry and Fisheries	4 (7)					4 (7)
Irrigation and Flood Control	2 (2)			1 (1)		3 (3)
Social services	4 (8)			1 (1)		5 (9)
Others	2 (1)					2 (1)
Total	32 (53)	4 (4)	0 (0)	2 (2)	0 (0)	38 (59)

\*Two projects in the "Others" are a commodity loan of the Vietnam "Rehabilitation Loan" and Thailand "Eastern Seaboard Development Plan Impact Evaluation".

The numbers by sector for "Eastern Seaboard Development Plan Impact Evaluation" are as follows; Electric power and gas:1, Transportation: 6, Mining and manufacturing: 3 and Social services: 4.

# Description of Terminology

## Basic Terms of Development Assistance

### 1. Loan Agreement (L/A)

A contract made between the lender and the borrower, after an Exchange of Notes (E/N) is concluded between the donor and recipient governments. The L/A defines the detailed procedures, the rights and responsibilities of the involved parties, and all other matters regarding the loan.

### 2. Exchange of Notes (E/N)

An E/N is a form of written agreement exchanged between governments, or between a government and an international institution. An E/N on foreign aid is an inter-governmental (or government-to-multilateral) written agreement that defines the content and conditions. The E/N is made between the full representative of the donor government (usually the ambassador to the recipient country) and the counterpart government. This is followed by an official note in return by the latter to the effect that his/her government agrees to the content and conditions stated in the former note.

### 3. General Untied

This is a type of condition on procurement of goods and services. Under the general untied condition, the countries from which a recipient is permitted to procure are now open to all countries and areas.

### 4. Partial Untied /LDC Untied

This is another type of procurement condition. "Partial untied" or "LDC untied" means that the procurement of goods and services is restricted to all the developing countries and the donor country (which is Japan in the case of Japan's ODA). In addition, all "the countries in transition" have also been possible procurement sources for the partial untied ODA loans since February 1997.

### 5. Master Plan (M/P)

This is a plan for regional or sectorial development in a developing country. An M/P should clearly state the activities and the priorities among them, with reference to the circumstances of the economic and social development, and any conditionality or restriction, of the country. A master plan (M/P) must also be consistent with the higher-level national and regional development plans. In general, a master plan is essential to the planning of an individual project and the feasibility study (cf. the next section).

### 6. Feasibility Study (F/S)

This is a prerequisite study on technical and economic feasibility of an ODA loan by an executor (or a subcontracted consultant). The F/S is essential for the executor to formulate the project and seek the funding sources. The creditor regards the F/S as significant material for a lending decision. The F/S should include market surveys, technical studies, budget plan and economic evaluation of the project.

### 7. Engineering Service (E/S) Loan

This is a form of an ODA loan that JBIC extends. An E/S loan is extended to research and designing activities of a project, after a F/S and before construction. The items to be covered by E/S loans include revisions of F/S results, detailed designs and preparation of bidding documents. However, providing an E/S loan does not automatically guarantee extending a loan for the subsequent construction phase. A loan decision on a construction facility is made separately, at the completion of the E/S loan.

### 8. Detailed Design (D/D)

A designing plan is used in the preparation of bidding documents and serves as the most important guide in the implementation of the actual construction works. At the completion of the F/S, the executor (or a consultant commissioned by the executor) prepares/gathers the

study materials necessary for the implementation of construction works, considers construction methods and produces the design plans and specifications. The detailed design requires site investigations, surveillance, analysis and other detailed works.

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## 9. BOT (Build, Operate and Transfer)

This is a project scheme with the transfer of ownership from private to public sectors after an operational period. In a BOT project, a private enterprise (typically a project company) builds and operates the project facility, and transfers all the project assets to the government or a public entity. The advantages of the BOT scheme are: that the recipient government does not owe any debt for construction and operation. It is also expected that the private sector operates the project more efficiently than the public sector, and that transfer of technology is available for the recipient country. The key criteria of BOT projects will be whether the invested funds will be recovered during the operational period.

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## 10. JBIC Guidelines on Environmental Considerations in ODA Loans

JBIC drafted the Guidelines in October 1989, with reference to the recommendations of the OECD Board of Directors, to check whether environmental measures in development projects are being conducted effectively and efficiently. A revised edition was published in August 1995 and this version was adopted by JBIC in December 1999. The Guidelines include checklists of environmental matters, such as pollution and problems in the natural and social environments, for 17 sectors to be financed or invested in. The borrower should consider the environmental issues on the checklist at the planning stage before applying for a JBIC loan. JBIC appraises each item on the list in line with the Guidelines, and sets policies on countermeasures that should be taken. The Guidelines are also distributed to the executing agency and other related parties in the borrower country, to encourage consideration of environmental issues at the project planning stage.

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## 11. Project Completion Report (PCR)

This is a report that the executing agency should submit to JBIC at the project completion, to clarify the development status. JBIC utilizes the basic information therein for more efficient ex-post evaluation and post-monitoring after the project completion.

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## 12. Cost Underrun/Overrun

This covers the status that the amount of actual cost falls short of, or exceeds, the initial estimation respectively.

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## 13. Man Month (M/M)

This concept is generally used in service contracts, particularly for consultants. It is the unit of human resources and the duration required to perform a service. One specialist working for one month constitutes one man month (M/M).

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## 14. Two-Step Loan (TSL)

This name is commonly used for a "financial intermediary loan" which is provided to strengthen sectors such as manufacturing or agriculture. The funds are disbursed first to a financial intermediary institution within a developing country, then sub-loaned to multiple end-users. It also enhances the financial system of the country through the administration of the loan.

The projects for which the sub-loans are provided are called "sub-projects".

## **Agencies around the World in the Development Assistance Field**

### **1. Japan International Cooperation Agency (JICA)**

JICA is a special governmental agency that was established in August 1974 by the Japan International Cooperation Agency Act to contribute to social and economic progress in developing countries and elsewhere, and to promote international cooperation. It carries out a wide range of international cooperation projects, the content of which can be broadly classified as follows: (i) Project-Type Technical Cooperation, (ii) Dispatch of Japan Overseas Cooperation Volunteers (JOCVs), (iii) Support for Grant Aid Programs, (iv) Development Studies, (v) Recruitment and Training of Qualified Personnel, (vi) Emigration and (vii) Emergency Disaster Relief

### **2. World Bank**

World Bank was established in December 1945 as an international development finance agency, based on the Agreement of the International Bank for Reconstruction and Development adopted at the Allied Powers Conference on Currency and Finance held at Bretton Woods in July 1944. The aim was to aid the post-war reconstruction and economic development of the member countries, but by now it is effectively an agency for aid to developing countries. In order to accommodate the varying stages of development and financial needs of developing countries, the World Bank Group comprises the following five agencies; (i) International Bank for Reconstruction and Development (IBRD), (ii) International Development Association (IDA), (iii) International Finance Corporation (IFC), (iv) Multilateral Investment Guarantee Agency (MIGA) and (v) International Center on the Settlement of Investment Disputes

World Bank had 181 member countries as of 1999. Japan joined in August 1952. The headquarters of World Bank is in Washington D.C.

### **3. Asian Development Bank (ADB)**

This is an international development finance agency established to encourage economic growth and development in the developing countries of the Asia-Pacific region. ADB was established in 1966 based on the agreement at the 21st General Meeting of the Asia-Pacific Economic Council (now ESCAP) in 1965. As of May 1999 the ADB had 57 member countries (including 16 countries from outside the region). Its operations include loans for development funds, loan guarantees, investment, promotion of mutual economic systems for the effective use of resources, and assistance to enlarge intra-regional trade and technical assistance. The headquarters is located in Manila. Japan is the largest contributor to the ADB.