

Chapter 2

Priority Issues of Project Evaluation

Taking into consideration the government's ODA evaluation policy and evaluation-related trends prevalent among other aid agencies, JBIC plans to expand upon the following issues, in conjunction with its own Medium-Term Strategy for Overseas Economic Cooperation Operations and its Performance Measurement for Strategic Management.

1. Achieving Ex-post Evaluation of All Projects

Starting in fiscal 2000, JBIC has been striving toward the goal of implementing ex-post evaluation for all the completed projects financed by ODA loans. As of fiscal 2000, there were over 900 ODA loan-sponsored projects that had been completed, some of which have not been put through the ex-post evaluation process. By fiscal 2001, however, all applicable projects, among those that had been completed two or more years earlier, has been subject to ex-post evaluation.

Changes in Percentages of Projects Covered

Fiscal Year	No. of Projects Subject to Evaluation * (Aggregate)	No. of Projects Evaluated during the Fiscal Year **	Evaluated Projects (Aggregate)	Percentage of Projects Covered (Aggregate)
1999	852	59	662	78%
2000	910	110	772	85%
2001(current)	928	156	928	100%

* Number of projects that had been completed for two years or more as of fiscal 2000. As of fiscal 2001, figure excludes projects completed before 1980 and those projects for which loans have been repaid in full.

** Excludes repeat evaluations (second ex-post evaluations for the same project).

2. Development of Quantitative Indicators

In order to evaluate the impact of ODA projects as objectively as possible, JBIC has endeavored to introduce and expand upon quantitative indicators utilized in ex-post evaluations. As part of this approach, it formulated the "Reference for Operation and Effect Indicators" in May 2000. Since the introduction of the ex-ante evaluation system in fiscal 2001, JBIC utilizes this reference to establish specific indicators and quantitative goals in light of initial project appraisal. Among the indicators presented, those designed to measure operations enable JBIC to track facility usage, performance and operations/maintenance status, thereby enabling the development of more appropriate operations/maintenance strategies by clarifying points to be monitored by executing agencies. Further, indicators designed to measure effect serve to quantify project goals, enabling objective assessment and analysis of progress. In addition to facilitating impact of priority project goals, the indicators are also useful in assessing the reach of socioeconomic effects of social development projects, for example such as those in the education sector.

For projects where data is difficult to obtain, or where quantitative analysis alone is insufficient, it is supplemented with testimony from interviews and group meetings conducted with local residents. This enables JBIC to assess project effects and impact from the point of view of the people directly affected.

3. Expansion of Third-party Evaluation

As noted above, JBIC makes use of third-party evaluations conducted by external experts and agencies, particularly for evaluation by theme,

which requires a high level of specialization. It also entails third-party opinions provided by experts affiliated with universities and research institutes of borrower countries.

Theme-based evaluations in fiscal 2001 included an evaluation of the Grameen Bank Project, Bangladesh, carried out by a Japanese NGO with extensive local experience in rural assistance projects, representing the first instance of an ODA loan project evaluation to be carried out by an NGO. Other cases where JBIC has commissioned experts in universities and research institutes to

carry out ex-post evaluation have included the Agrarian Reform Infrastructure Support Project in the Philippines as well as Re-evaluation of Irrigation Projects conducted in multiple countries.

In the future, in addition to reflecting third-party opinions in project evaluation, it is JBIC policy to extend theme-based third-party evaluations and proactively incorporate opinions from the external experts into its evaluation procedures, thereby improving the objectivity and neutrality of the evaluation processes.

Column 1 Medium-Term Strategy for Overseas Economic Cooperation Operations

Japan Bank for International Cooperation (JBIC) established a new Medium-Term Strategy for Overseas Economic Cooperation Operations, approved by the Minister for Foreign Affairs and announced on April 1, to apply over the three-year period of April 2002-March 2005. Based on Article 26 of the Japan Bank for International Cooperation Law and designed to ensure the effectiveness and efficiency of ODA loan operations, it represents JBIC's fundamental ODA-loan-operation policy, delineating critical guidelines within the general framework of the ODA Charter and ODA Mid-Term policy. Among the points presented in the new policy, the followings were formulated to improve evaluation and constant effort to re-evaluate projects.

To ensure effective and efficient ODA loan operations, and to hold itself fully accountable to the Japanese public, JBIC will seek to set up a consistent evaluation system, from the ex-ante to ex-post project stage, for all new projects.

JBIC has disclosed to the public "Ex-Ante Evaluation Reports" for all ODA loan projects since the beginning of fiscal 2001.

During the project implementation stage, JBIC will strengthen project monitoring and supervision by supporting project executing agencies through vigorous dialogue with them as well as with developing country governments, project site survey and increased use of Special Assistance Facility (SAF) studies to address problems that may emerge during project implementation. And should there be a change in conditions surrounding the project or in project needs, the project itself will be re-examined on a continuous basis by reviewing implementation more strictly than previously, even after the onset of the implementation stage.

JBIC will aim to conduct post evaluation for all projects. To ensure full feedback of experiences and lessons learned from evaluation findings to ODA operations, JBIC will enhance institutional capacity, by setting up the internal Feedback Committee. JBIC will also strive to share experiences and lessons widely with developing countries and other development players by sponsoring seminars within and outside JBIC, thereby ensuring greater feedback to future efforts for development assistance.

In conducting evaluation, JBIC will increasingly rely on third-party evaluation and develop quantitative measures for evaluating project performance with a view to increasing transparency and objectivity. At the same time, in an effort to make multi-faceted evaluation, JBIC will promote partnership by conducting joint evaluation with research institutes in developing countries, NGOs, multilateral institutions and the academic community. Further, JBIC will improve the quality of evaluation by expanding program evaluation and theme-specific evaluation.

Column 2 Fifteen Specific Measures for ODA Reform

Based on the final report of the Second Consultative Committee on ODA Reform and the interim report of the Committee on the Reform, the Ministry of Foreign Affairs announced, in July 2002, to implement sequentially the following 15 specific measures for ODA reform in five areas; 1) auditing, 2) evaluation, 3) partnership with NGOs, 4) exploring, fostering and utilizing human resources, and 5) information disclosure and public relations. The following four policies apply to evaluation, the second category.

In FY 2002 and thereafter all ex-post evaluation will include, without exception, a viewpoint of a third party.

Evaluation Committees, composed of external intellectuals, have already been established in the Ministry of Foreign Affairs and implementing agencies (The Ministry in December 2001, JICA in June 2002, and JBIC in June 2002), through which verification of and recommendations based upon the feedback of individual evaluation will be further enhanced.

From the viewpoint of reinforcing tie-ups with the recipient governments and their agencies for improving evaluation, the Ministry will expand evaluation by related agencies of recipient countries in FY 2002. In addition, the Ministry will hold the 2nd Tokyo Workshop on ODA Evaluation, in order to have the governments of recipient countries deepen their knowledge and understanding of ODA evaluation.

As part of efforts to disclose the results of evaluation, and also to reinforce tie-ups among the Ministry, implementing agencies and evaluation-related academic circles, the Ministry will co-host a seminar on ODA evaluation this autumn, targeted at NGOs and the public.

4. Expanding upon Feedback

(1) Feedback Committee

JBIC has established a special committee for ex-post evaluation feedback with a view to enhancing and strengthening feedback. Chaired by JBIC's Executive Director in charge, it also includes third-party experts. Committee meetings are held twice annually (the first two took place in June and December of 2002) to examine from various angles how lessons learned and suggestions gleaned from evaluations should be provided as feedback for ODA loan projects in terms of content and presentation. Summaries of meeting proceedings can be accessed at the JBIC Website.



Panel of Third-party Experts on the Feedback Committee, as of December 2002

Kiyoko Ikegami

Director, United Nations Population Fund, Tokyo Office

Katsuji Imata

Secretariat Director, CSO (Civil Society Organizations) Network Japan

Hisashi Takanashi

Executive Consultant (MA), Engineering Consulting Firms Association, Japan

Keiko Chino

Editorial Writer, the Sankei Shimbun

Satoko Miwa

Senior Assistant to the Managing Director, Planning and Evaluation Department, Japan International Cooperation Agency (JICA)

Hiromitsu Muta

Professor of Human Resource Development, Tokyo Institute of Technology

Atsushi Yamakoshi

Manager, Asia & Oceania Group, International Cooperation Bureau, Japan Business Federation

Akiko Yuge

Director, United Nations Development Programme, Tokyo Office

Kozo Watanabe

Manager, Policy Promotion System Team, Planning Bureau, Mie Prefecture

(2) Feedback Seminar

In order to enable broad-based sharing of lessons learned from ex-post evaluations, and to offer structured feedback for the borrower country policy as well as future ODA loan projects, JBIC holds feedback seminars and workshops both in Japan and in developing countries.

In July 2002, for instance, JBIC conducted a public seminar on Rural Development Credit Program (Grameen Bank), Bangladesh, which was selected as the topic from amongst theme-based evaluations of fiscal 2001. Further, in September 2002, a workshop was jointly held in Manila by JBIC and the Philippine side, based on the theme-based evaluation of Agrarian Reform Infrastructure Support Project carried out in that country. The workshop featured the participation of executing agencies as well as representatives of the agricultural community for whom the project was carried out, serving to facilitate the sharing of evaluation results and to offer feedback for the second stage of the project, which is currently in progress.

Further, in October 2002, the first ODA evaluation seminar was held under the joint auspices of the Ministry of Foreign Affairs, JICA, JBIC, and the Japan Evaluation Society, featuring the topic of ODA evaluation using Bangladesh as an example. Representing JBIC, the above-mentioned NGO evaluator presented evaluation findings.



5. Capacity Building of Evaluation

In order to facilitate more effective and efficient implementation of ODA loan projects, it is critical to improve competence on the part of the developing country government and executing agency, which take charge of implementation of the projects. Related to the issue of evaluation in this context, JBIC has co-hosted an ODA Project Evaluation Seminar—a training program for the staffs overseeing evaluations in the developing countries—in Japan with JICA. The participants of the program totaled 16 from 16 countries in fiscal 2001, and 19 from 18 countries in fiscal 2002. The seminar was designed to cover evaluation methods (the five DAC evaluation criteria, evaluation design, etc.), economic and financial analysis, case studies, and so on so as to enhance the participants' capacity of evaluation.

In addition, JBIC is in the process of compiling accumulated know-how acquired through evaluations. In fiscal 2002, a text was prepared to provide guidance on evaluation implementation, incorporating concepts derived from compilations of past evaluations and detailing precisely how evaluations are to be implemented, with examples of evaluation results for reference. The main components of the text are being translated into English, aiming to enhance the ability of project evaluation personnel in the borrower countries to carry out their work. In addition, an IRR manual was also compiled in fiscal 2002. Intended as a reference source for the evaluation procedure, it includes the IRR method of economic and financial analysis as applied to ODA loans, illustrated with numerous examples.



6. Partnership between Universities, Research Institutes, and NGOs

Project evaluation on the developing country side entails gleaning the opinions of both developing country experts and the participation of local consultants in interviews with local residents conducted as part of field research. As described above, theme-based evaluations have been commissioned to both Japanese and developing country experts, universities, and so on. In fiscal 2001, a third-party evaluation was conducted by NGOs. JBIC is striving to expand the role of this type of third-party expert evaluator, as well as to foster an extensive network of experts and specialists in the field of evaluation, to include the Japan Society for International Development, the Japan Evaluation Society, the International Development Evaluation Association (IDEAS), and so on.



Column 3 Performance Measurement for Strategic Management

JBIC introduced Performance Measurement for Strategic Management on a trial basis in fiscal 2002 to assess the achievement of all the JBIC operations as well as measuring achievement of ODA loan project goals by the operation and effect indicators. The system was introduced in light of the fact that a similar evaluation system (policy evaluation system) has been employed by government agencies. It was formulated based on advanced systems utilized by U.S. and European public financial institutions as well as international financial institutions, and with the guidance of a third-party expert committee (chaired by Kimio Miyagawa, Professor Emeritus of Hitotsubashi University).

The system, rooted in the mission as stipulated in the Japan Bank for International Cooperation Law, was established as a framework of indicators for tracking specific approaches, progress, and evaluation/monitoring of issues related to JBIC's operations, finances, and organizational competence, as well as issues in its six operational fields; i.e. contribution to the stabilization of the international financial order; assistance for the socioeconomic development of developing countries, and so on. Formulated upon clarification of JBIC's approach to operations, the system is also designed to ensure that operations are carried in accordance with JBIC's mission. Target figures for each of the indicators are set down at the beginning of the fiscal year. Project status evaluation, implemented at the end of the fiscal year, is then based on these goals. The evaluation is utilized in goal-setting for subsequent terms, and as feedback, which is required for improvement of operations.

To illustrate, let us take the example of the field termed "assistance for the socioeconomic development of developing countries." Here, JBIC has identified "enhancing measures for alleviating poverty" as a central issue related to the achievement of the goal, and "providing assistance for projects with the direct aim of assisting the poor" as a specific approach. The indicator used to quantify the latter is "share of poverty alleviation projects funded by ODA loans." Similarly, with regard to the issue of "enhancing the evaluation process" in the context of "improving the quality of ODA-loan operations," JBIC has devised the index of "share of third-party evaluations (including reports featuring third-party opinions)."