

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 on the following issues, in conjunction with its own Medium-Term Strategy for Overseas Economic Cooperation Operations and its Performance Measurement for Strategic Management. Moreover, with regard to the evaluation undertaken by JBIC, with the Freedom of Information Act in mind, JBIC constantly promotes the dissemination of information to the public.

1. Ex-Post Evaluation of All Projects

Starting in fiscal 2000, JBIC has been striving toward the goal of implementing ex-post evaluation for all completed projects financed by ODA loans. Given that over 900 projects have been completed through ODA loans, there had been some projects that have not been subject to ex-post evaluation. However, as a result of implementing 110 projects in fiscal 2000 and 156 projects in fiscal 2001, by fiscal 2001, all applicable projects (928 projects), among those that had been completed two or more years earlier, have been subject to ex-post evaluation. The evaluations of 50 projects

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	928	156	928	100%
2002(current)	978	50	978	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.) Of the total of 50, 41 projects are subject to project evaluation, and 9 projects are subject to program evaluation. Because related projects were compiled into a single report, the total number of evaluation reports amounted to 43, including four program evaluations.

were implemented in fiscal 2002, maintaining a 100% coverage rate.

2. Evaluation System Consistent from Ex-Ante to Ex-Post

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 March 2000. Since the introduction of the ex-ante evaluation system in fiscal 2001, JBIC has utilized this reference to establish specific indicators and quantitative goals in light of initial project appraisal. From fiscal 2002, a logical framework was designed at the appraisal stage in order to set indicators which measure the goals, targets and their attainment, which will be used at the ex-post evaluation.

Among these, the "operation indicators" are designed to measure operations and 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. Third-Party Evaluation of All Projects

In the evaluation undertaken by JBIC, in order to maintain objectivity and neutrality, it commissions third-party evaluation (including the opinions of third-party) and in fiscal 2002, all projects were covered.

Four theme-based third party evaluations were implemented in fiscal 2002. In Indonesia, the “Impact Study on Transportation Projects in Jabotabek ” was taken up. It evaluated the overall impact of the ODA loan financed railway projects, which have been continuously developed since the 1970s focusing on the capital Jakarta and the metropolitan area. In Sri Lanka and the Philippines, projects concerned with waterworks were addressed. In the former, the “Impact Evaluation of

Greater Colombo Water Supply Project” took place. It evaluated the entire social impact of waterworks implemented in the Great Colombo area, focusing on the capital Colombo. With regard to the latter project, the “Impact Evaluation Study on Public-Private Partnership: The case of the Angat Water Supply Optimization Project and the Metropolitan Waterworks and Sewerage System” was undertaken. It evaluated the effects of private partnership in waterworks project of the Manila metropolitan area, targeting the Angat Water Supply Optimization Project. Moreover, in Viet Nam, the “Impact Assessment of Transport Infrastructure Projects in the Northern Vietnam” was undertaken. It evaluated the impact of the ODA loan-financed transportation infrastructure maintenance project on economic development and poverty reduction.

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, 2002, to be applied over the three-year period of April 2002 to 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 as part of the constant efforts 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 surveys and increased use of Special Assistance Facility (SAF) studies to address problems that may emerge during project implementation. Should there be any 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 ex-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 achieve 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.

New ODA Charter

As detailed hereunder, the revisions to the ODA Charter that were announced by the Japanese government in August 2003 highlighted the fact that the evaluation process is essential to the effective implementation of ODA. Such measures are to be accompanied by the implementation of information disclosure and publicity as a means of expanding participation in ODA activities among the Japanese public. The government measures include the disclosure and publicity of evaluation data.

【Enhancement of Evaluation】

The government will carry out consecutive evaluation at all stages, i.e. ex-ante, mid-term, and ex-post, and evaluations at each level, i.e. policy, program, and project. Furthermore, in order to measure, analyze and objectively evaluate the ODA outcomes, third-party evaluation conducted by experts will be enhanced while the government undertakes policy evaluation. The evaluation results will be reflected in subsequent ODA policy-making and efficient and effective implementation.

【Information Disclosure and Publicity】

It is important for information on ODA policy, implementation and evaluation to be disclosed widely and promptly to ensure sufficient transparency, and for it to be publicized actively. Therefore, the government will use a variety of means to provide information in easy-to-understand formats, and to create opportunities for Japanese citizens to experience the ODA activities that Japan is undertaking.

In addition, the government will enhance efforts to disseminate information regarding Japan's ODA to developing countries as well as other donors.

4. Expanding upon Feedback

(1) Ex-Post Evaluation of ODA Loan Project 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, it also includes third-party experts. Committee meetings are held twice annually (the first three took place in June and December of 2002 and July 2003) 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.



The 3rd Feedback Committee Meeting

Panel of Third-Party Experts on the Feedback Committee, as of the 3rd Feedback Committee Meeting

Kiyoko Ikegami

Director, United Nations Population Fund (UNFPA), Tokyo Office

Katsuji Imata

Development Officer, CSO (Civil Society Organizations) Network Japan

Hisashi Takanashi

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

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Keiko Chino

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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

Deputy Director, International Economic Affairs Bureau, Japan Business Federation

Akiko Yuge

Director, United Nations Development Program, Tokyo Office

(2) Feedback Seminar

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

In March 2003, in cooperation with the NGO that conducted a survey, JBIC held a public seminar on Rural Development Credit Program (Grameen Bank), Dhaka, Bangladesh, which was selected as the topic from among theme-based evaluations of fiscal 2001. As for theme-based evaluations of fiscal 2002, Indonesia's "Impact Study on Transportation Projects in Jabotabek" was discussed in a seminar held in Jakarta in March 2003. Moreover, in June 2003, JBIC held seminars regarding Sri Lanka's "Impact Evaluation of Greater Colombo Water Supply Project" and the Philippines' "Impact Evaluation Study on Public-Private Partnership: The case of the Angat Water Supply Optimization Project and the Metropolitan Waterworks and Sewerage System", and the sustainability of water supply projects was discussed. Following these seminars, in July 2003, a feedback seminar for the former was held in Sri Lanka (Colombo) and for the latter, a feedback seminar was held in the Philippines (Manila) in August 2003. Regarding Viet Nam's "Impact Assessment of Transport Infrastructure Projects in the Northern Vietnam," a seminar was held in the capital Hanoi in June 2003.

In addition, JBIC participated in the 3rd World Water Forum (held in Osaka, Kyoto and Shiga, from 16 to 23 March 2003), holding a session on the theme "Sustainable Water Supply in Developing Countries".



The 3rd World Water Forum JBIC session



"Impact Evaluation Study on PPP: The case of the Angat Water Supply Optimization Project and MWSS" Feedback Seminar in Manila

5. Capacity Building for 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 staff overseeing evaluations in the developing countries — in Japan with JICA. The participants of the program totaled 16 from 16 countries in fiscal 2001, 19 from 18 countries in fiscal 2002 and 17 from 17 countries in fiscal 2003. 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, in order to enhance the participants' evaluation capacity.



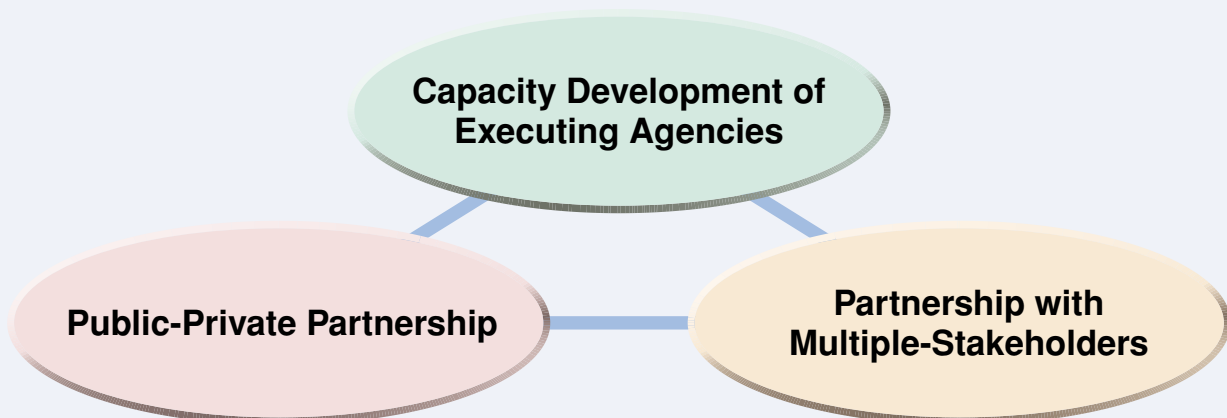
ODA Project Evaluation Seminar of fiscal 2002

The 3rd World Water Forum JBIC Session ~ Sustainable Water Supply in Developing Countries ~

JBIC's Evaluation Office participated in the 3rd World Water Forum (held in Osaka, Kyoto and Shiga, March 16-23, 2003), hosting a session on the theme of "Sustainable Water Supply in Developing Countries." Sixteen panelists were invited, including members of the executing agencies from five nations - Sri Lanka, the Philippines, Nepal, Indonesia and Thailand - non-governmental organizations (NGOs), and resident representatives. Through discussions with Japanese and foreign experts from the waterworks sector on the question, "What is necessary to give sustainability to water supply projects in major cities of developing countries?", JBIC aimed to share its views and experiences, and to acquire lessons that could be fed back into subsequent projects undertaken in the waterworks sector. Moreover, JBIC also tried to share lessons learned during project implementation in cooperation with the evaluation department of the Asian Development Bank (ADB). For this reason, the theme of the JBIC session mirrored that of the ADB session, under the overall theme of "Water and Cities." As topics for discussion, the session provided third-party evaluations results (Sri Lanka and the Philippines) and an original project implementation system (Nepal), for the projects cited hereunder. With the session attended by some 200 panelists and participants from executing agencies such as public waterworks, the regulatory committees that preside over private-sector activities, private-sector water companies, NGOs, and representatives from the working classes who maintain the water mains and sewerage facilities, it was possible for a diverse range of various views and experiences to be shared.

Sri Lanka "The Greater Colombo (towns east and towns south) Water Supply Project"
The Philippines "The Angat Water Supply Optimization Project"
Nepal "Melamchi Water Supply Project"

Moreover, JBIC held preliminary workshops at its headquarters over a two-day period (March 13-14) ahead of the session at the Osaka International Conference Center (March 19). Both the session and the preliminary workshops saw active exchanges of opinions, based on the experiences of the countries and organizations from the three countries and five projects cited above, demonstrating common aspects that exist in regard to the following items.



JBIC understands that in the discussions on experiences and lessons learned from implementing waterworks projects, inviting representatives from five countries contributed greatly to mutual improvements in the competence of the organizations of these representatives and their ability to implement future projects. JBIC intends to continue its efforts to build the capacity of developing countries in various forms.

6. Partnership between Universities, Research Institutes, and NGOs

Project evaluation on the developing country side entails gathering the opinions of both developing country experts and gaining 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.

Performance Measurements for Strategic Management ~For Greater Operational Transparency and Results-Focused Operations~

JBIC uses operation and effect indicators to measure the extent to which the goals of ODA projects have been achieved. In addition, for all its operations, JBIC adopted a performance measurement system entitled “Performance Measurement for Strategic Management,” in which its business performance is monitored in light of the operational direction and targets set in advance.

The overall framework of the system is as follows:

- (1) Operational Policies are set in the context of the Mission Statement, which, in turn, is based on the JBIC Law. As a public corporation engaging in official financing, JBIC has also established Guiding Principles that explicitly describe “how to conduct operations,” including how to attain accountability.
- (2) To conduct operations in adherence to the Operational Policies and to ensure transparency, Operational Strategies are drawn up, describing specific tasks, objectives and indicators.
- (3) Operational Strategies consist of the Basic Operational Strategies, which refer to overall operations, finances and organizational capabilities, and the Thematic Operational Strategies, which deal with strategic business areas from the perspective of achieving results for the public.
- (4) To translate the Operational Strategies into specific actions, the Annual Business Plan is prepared for each fiscal year.
- (5) The Annual Business Plan is continuously monitored and assessed periodically to improve the quality of operations.

Among the Thematic Operational Strategies, let us take the example of the field termed “assistance for the socio-economic 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 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 an indicator of “share of third-party evaluations (including reports featuring third-party opinions).”