

## Increasing the Development Impact of ODA Loan Projects through Collaboration with JICA

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### Outline and Objectives

In a relatively large number of ODA loan projects, borrowing countries, being faced with fiscal constraint, are often reluctant to allocate loan amounts for technical assistance such as capacity building. Due to this, there are some lingering concerns over some projects' efficiency and sustainability. If ODA loan projects are to be more flexible and more attractive to borrowing countries, to ensure efficiency and sustainability, it is desir-

able to provide appropriate technical assistance at each stage of the project cycle—preparation, implementation and post-completion. This consideration has promoted collaboration between ODA loan projects and various technical assistance schemes of the Japan International Cooperation Agency (JICA). This report examined specific examples of such collaboration and assessed the impact on the ODA loan projects.

### Evaluation Results

#### 1. What Is Collaboration?

There are many cases where the ODA loan projects may make use of the technical assistance schemes of JICA to ensure project efficiency and sustainability; and thereby increase development impact. For this reason, ODA loan projects have been undertaken in collaboration with various technical assistance schemes of JICA, shown in the table below, in order to address specific needs of developing countries. These schemes have increased relevance and necessity of projects by conducting studies prior to project implementation. This schemes also have strengthen project management systems or establish operation and maintenance regimes to maximize project effects and sustainability.

Types of Partnerships with Technical Assistance Schemes of JICA at Each Stage of the Project Cycle

JICA Technical Assistance Schemes	Three Stages of the Project Cycle in JBIC's ODA Loan Projects		
	Preparation	Implementation	Post Completion
Development Study (Master Plan; Feasibility Study)	◎	—	—
Collaborative Detailed Design	—	○	—
Technical Cooperation Project	○	○	○
Expert Dispatch	◎	◎	○
Acceptance of Trainees	○	○	○
JOCV (Volunteers)	○	○	○

◎: A relatively large number of collaboration presented by external evaluator

○: A relatively small number of collaboration

Note: Apart from the technical assistance schemes of JICA, there are cases where the Ministry of Foreign Affairs provided rehabilitation grant at the post-completion stage of the ODA loan projects. However, such cases are not covered by this evaluation.

Collaboration between the ODA Loan Projects and the Technical Assistance Schemes (1998-2004)

Technical Assistance Scheme	Development Study	Collaborative D/D	Expert Dispatch
No. of Collaborations	83	22	423

Source: JBIC

Since JICA initially launched the development study scheme, ODA loan projects have been undertaken in close partnership with this scheme. This was because the development study scheme at that time aimed to conduct feasibility studies for directly supporting formulation of candidate ODA loan projects

and to help borrowing countries preparing master plans for sectoral, regional or national development. However, since the 1980s, an increasing number of development studies have aimed to collect data and draw topographical maps rather than formulating projects. At the same time, there has been a relative decline overall in development studies that aim to formulate ODA loan projects. This has weakened traditional close partnership ties. Since the 1990s, JICA has focused on poverty reduction and, particularly in recent years, expanded cooperation in the regions where a relatively small number of ODA loans have been provided. Thus the number of ODA loan projects that utilized development studies has remained limited. In 1998, a new scheme for preparing detailed designs ("Collaborative D/D") was introduced to JICA's development study scheme, and 22 such studies were conducted up to 2004. This scheme has contributed to accelerating implementation, establishing project management systems and improving the quality of environmental and social considerations. Development studies draft a relevant plan, determine the appropriate scope, and develop a strategy for materializing the project, including private participation, etc. In many cases, they serve to facilitate the project implementation stage.

Regarding the expert dispatch scheme, 423 experts, who were tasked to offer technical support and training, were dispatched during 7 years through 2004 to help prepare the projects and monitor/supervise implementation of ODA loan projects. While their number varied in different sectors, there are many cases where these experts have identified a development agenda and contributed to capacity building, which is necessary for new ODA loan projects. At the same time, some of these experts have provided sectoral and regional information to the consultants hired under the ODA loan projects and collaborated with other technical assistance schemes or helped materialize the next phase of the project.

## 2. Typical Examples of Collaboration

Among those projects where concrete collaboration was identified, the following five typical examples were selected to evaluate their effects.

**Typical Examples of Collaboration between ODA Loan Projects and Technical Assistance Schemes of JICA**

Project Name	Sequence and Effects of Collaboration	Type of Collaborative Linkage
Cai Mep – Thi Vai International Port Construction Project (Vietnam)	Development studies (M/P, F/S) → Collaborative D/D was prepared in parallel with the technical cooperation project (for more efficient management) → ODA loan project	•Plan—Implementation •Facility Development—Capacity Building
Tourism Sector Development Project (Jordan)	Development study (recommendation on construction of a museum to develop tourism) → a JBIC funded study for project formulation → collaborative D/D → JOCV, expert dispatch and acceptance of trainees in parallel with the ODA loan project → Technical cooperation project after project completion (for further strengthening the capacity of the facility operations)	•Plan—Implementation •Facility Development—Capacity Building
Pro – Poor Economic Advancement and Community Enhancement Project (Sri Lanka)	F/S conducted by the borrowing country → ODA loan project (irrigation project) → Technical cooperation project (technical transfer for farming) → a JBIC funded study for project sustainability → ODA loan project (rehabilitation of the facilities and transferring their ownership to community organizations) → Development study (F/S) for scaling up in other regions → ODA loan projects in other regions	•Pilot—Scale-up •Plan—Implementation
Greater Faidpur Rural Infrastructure Development Project (Bangladesh)	Cooperation with experts of policy development on rural areas; effective utilization of the Rural Development Engineering Center (constructed under technical cooperation project) from the preparation stage through implementation of ODA project; expert dispatch → Building a model of scaling up and expanding the project in other regions	•Pilot—Scale-up •Facility Development—Capacity Building
Sewerage-sector-related projects (China)*	ODA loan project → Expert dispatch → Acceptance of trainees	•Facility Development—Capacity Building

\* Huai River Henan Water Pollution Control Project, Jilin Song Liao River Basin Environmental Improvement Project, Suzhou Water Environmental Improvement Project, Zhejiang Sewage Treatment Project, Yichang Environmental Improvement Project, Shaanxi Water Environmental Improvement Project

## 3. Types of Collaborative Linkage

As seen in the typical examples mentioned above, there are various forms of collaboration between the ODA loan projects and technical assistance schemes. They may be mostly classified by combining the time axis (“linear collaboration”) and the space axis (“planar collaboration”). As seen in the following tables, a desirable business model, or collaboration type, may be constructed based on this approach. Even so, if JBIC and JICA implement respective schemes in accordance

**The Effects of Collaboration with JICA Technical Assistance Schemes on the Time Axis**

Time Axis	Expected Effects from Collaboration with Technical Assistance Schemes
Preparation Stage: Formulation, Appraisal	To ensure relevance and necessity of a project efficiently and to increase probability to achieve impact/effect. A development study determines higher goals/strategy in sectoral and regional development. Then, a suitable project for funding by ODA loan is formulated.
Implementation Stage: Detailed Design (D/D), Construction, Procurement	To increase probability of ensuring project impact/effect by facilitating a project efficiently. Technical assistance scheme, expert dispatch and acceptance of trainees will enhance technical capacity, strengthen organizational capacity and enable us to examine ways to improve economic returns of the project.
Post Completion Stage: Operation and Maintenance	To ensure sustainability, technical assistance is provided for operation and maintenance of facilities through expert dispatch and acceptance of trainees.

with their individual rolling plans and programs, the cost and time will be high to proceed with collaboration. Therefore, it is important that an ODA loan project and technical assistance schemes are implemented as an integrated operation, such as building a framework for mutual cooperation from the project preparation stage, drawing up the flexible and efficient project implementation plan, and conducting joint evaluation and monitoring.

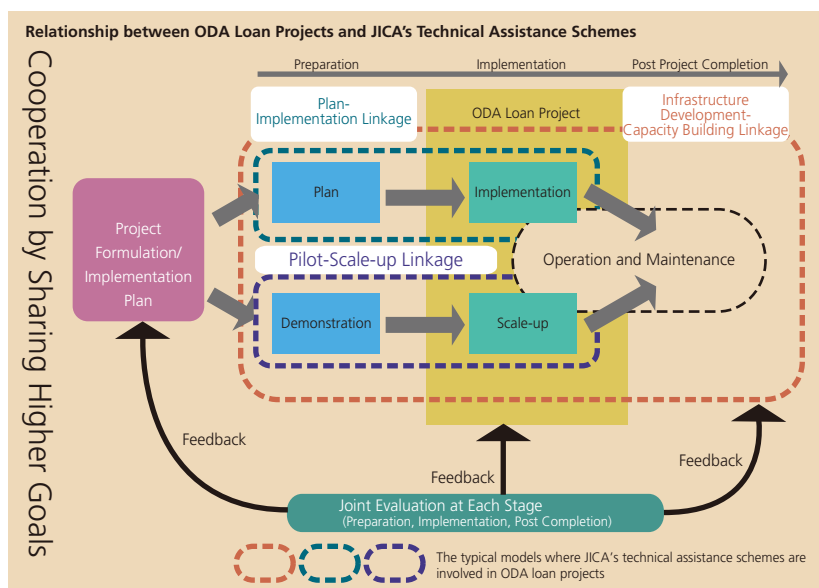
**The Effects of Collaboration with JICA Technical Assistance Schemes on the Spatial Axis**

Spatial Axis	Expected Effects from Collaboration with Technical Assistance Schemes
Infrastructure Development—Capacity Development	To strengthen the capacity of operation and maintenance of facilities and to address environmental and social considerations. Through enhancement of management system in a small-scale, decentralized project or human resource development for an educational/vocational training center or health center, to promote effective utilization of the facilities and to improve the operation and maintenance capacity.
Pilot—Scale-up	To formulate projects by ensuring farming technology, water management skills, the effect of the participatory development methodology and implementation capacity and by utilizing the outcomes and lessons of a pilot project in broader areas. Contribute to the implementation and monitoring/supervision of ODA loan projects through human resource development in the area where the pilot project was implemented, developing the manual and building project implementation capacity.

## 4. Lessons and Recommendations

Despite the efforts being made by JBIC and JICA, there have been relatively few collaboration cases between ODA loan projects and technical assistance schemes, taking into consideration the total number of ODA loan projects. In fact, higher goals were not shared adequately in considering and determining priority issues or regions between the two institutions. As the cycles and modalities of decision-making on funding or procurement differ in the respective institutions, ODA loan projects are unable to provide timely technical assistance. Perceptual and organizational/institutional factors have also hindered active collaboration. Even in cases where collaboration took place, the two institutions had initially been conducting operations/activities independently despite identifying the same higher goal. Then, only when a problem was encountered did they seek the resources of the other institution which, fortunately, resulted in collaboration. Meanwhile, from the view point of borrowing countries, the two institutions are separately formulating their projects and conducting evaluation and monitoring even if they are addressing similar issues and engaging in operations/activities in neighboring regions, which makes total operational costs increase.

In the typical examples examined in this evaluation, it was the staff of both institutions as well as consultants working in the field level who especially played a large role in increasing development effects through collaboration. To overcome specific challenges, experts and consultants working with government staff in borrowing countries are in a position, irrespective of schemes, to identify the needs of these countries and to offer them advice both for efficient project implementation and for better project impact. It is desirable for the staffs of JBIC and JICA to enter into discussions with the relevant agencies/orga-



nizations in borrowing countries based on such advices and to achieve tangible outcomes by integrating their needs into the projects. The ODA task force can also take the lead in building an effective mechanism for efficient collaboration.

It is crucial that the staffs working on ODA projects conduct their operations by taking advice from external experts, by swiftly sharing in-the-field needs, their respective scope of work and relevant information, and by having discussions with borrowing countries. It is important to take steps toward a bold institutional design if ODA loan projects are to have more ideal collaboration conditions for maximizing development impact by drawing on the knowhow through technical assistance schemes, beginning at the very first stage of project preparation.