JAPAN
BANK FOR
INTERNATIONAL
COOPERATION

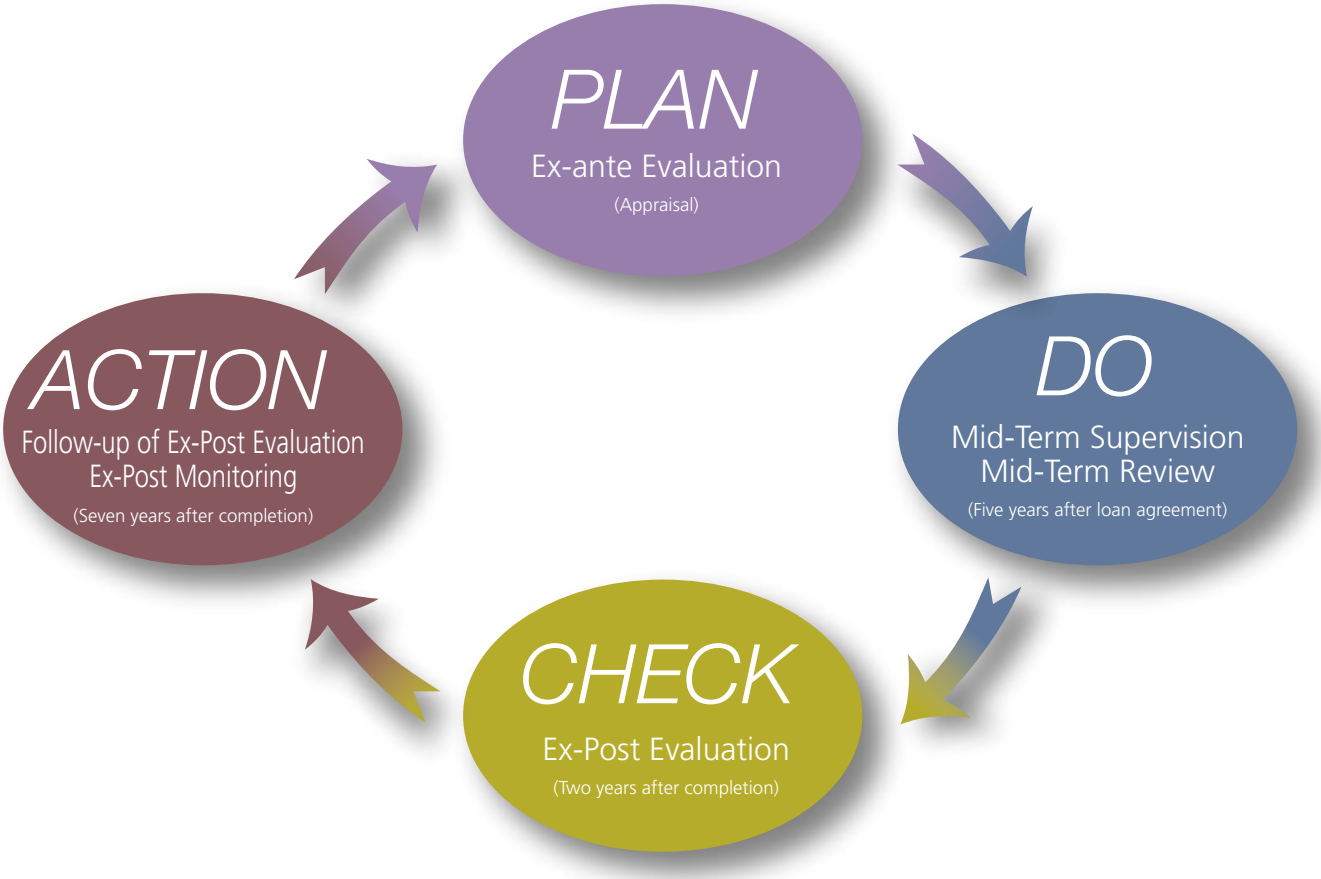
JBIC

JAPAN
Official Development Assistance

# The Outline of Evaluation Report on ODA Loan Projects

# 2007

# JBIC's ODA Operation Evaluation System Utilizing the PDCA Cycle




## Ex-ante Evaluation

Ex-ante evaluation is conducted to examine the project's necessity, whether there are no problems with the effectiveness or implementation plan in the appraisal result, and whether the indicators set forth to quantitatively measure results objectives are appropriate.

## Mid-term Review

Mid-term review is conducted five years after loan agreement to examine if the project's plan is still relevant in the implementation stage, if there are no concerns that will prevent achievement of the initially planned project effectiveness, etc.

## Ex-post Evaluation

Ex-post evaluation is conducted two years after project completion to examine, based on international evaluation criteria: whether the ongoing project was relevant; whether the implementation method was efficient; whether the project sufficiently achieved the initially planned effect; whether the executing agency in charge of the project could manage the project sustainability in the future, etc.

## Ex-post Monitoring

Ex-post monitoring is conducted seven years after project completion to examine if the project effectiveness continues to be sufficient, if there are no problems with the technical capacity, structure, or financial status of the executing agency, or with operation and maintenance of the project. It also verifies if the recommendations in the ex-post evaluation, provided as feedback to the executing agency, are being dealt with.

# JBIC's Overseas Development Assistance Initiatives

ODA loan operations of JBIC (Japan Bank for International Cooperation) are based on a Medium-Term Strategy for Overseas Economic Cooperation Operations which is set every three years (the current target covers the period between April 2005 and March 2008). JBIC focuses on four priority areas; (1) Poverty Reduction, (2) A Foundation for Sustained Growth, (3) Global Issues and Peace-Building, and (4) Human Resource Development. Below are some examples of the projects that were evaluated in FY2007. Some of the issues and problems pointed out in ex-post evaluations are also shown as below.

## Poverty Reduction

### Brazil: Todos Os Santos Bay Environmental Sanitation Project

#### Project Outline

The objective of this project was to improve the urban and marine environments by developing sewerage systems in Salvador, Bahia state, and thereby contribute to the improvement of the living standards of the city's residents.

#### Evaluation Results

This project employed a low cost sewerage system, the condominium method*, which is easy to install in dense, low income residential areas. As a result, the population of Salvador receiving sewerage treatment services increased from 28% to 68% and marine environmental burden was lowered by substantially improving environmental indicators such as BOD (Biochemical Oxygen Demand). According to a beneficiary survey, sewerage development enabled the installation of in-house kitchens and laundry areas, especially in poor households, and led to a decrease in household work.

Bay coast where the influx of sewage has ceased.

Beneficiary survey conducted in the area sewerage system was developed.

* Condominium method: A new method of installing branch pipes and drains (conduit pipes) developed at the end of the 1990s in Brazil. Since the cost is lower than the conventional method and convenient for laying pipes in dense residential areas, Bahia state introduced this method at the beginning of 2000, especially in low income areas.

## A Foundation for Sustained Growth

### Vietnam: Small and Medium-Sized Enterprises Finance Project

#### Project Outline

This project provided two-step loans via Vietnamese financial institutions to improve the quantity and quality of financing for small and medium enterprises, thereby contributing to their development, and strengthening Vietnam's move towards a market economy.

Socks factory which received financing

#### Evaluation Results

As investment by Japanese companies increases in Vietnam, the Japanese government has taken the lead in improving the investment environment, such as for the development of small and medium enterprises, through the Japan-Vietnam Investment Agreement and the Japan-Vietnam Joint Initiative. This project financially supported small and medium enterprises for capital investment and working capital. For those who received financing through the project, after tax income grew by an average of 69.8%, and total number of employees grew by 25%, from 25,641 to 31,914.

## Support for Human Resource Development

### Indonesia: Professional Human Resource Development Project (2)

#### Project Outline

The objective of this project was to nurture human resources with the knowledge and technical expertise required for government officials by providing a scholarship program (degree or short-term training courses) either abroad or in Indonesia, and thereby contribute to the economic growth of the country.

#### Evaluation Results

Through this project, 838 Indonesian government personnel obtained academic degrees in Indonesia or abroad (39 bachelors, 696 Masters, and 103 doctoral degrees). Approximately 500 obtained degrees at Japanese universities, including the International University of Japan, Hiroshima University, and Nagoya University. The project played an important role, as the number of Indonesian civil servants with an academic degree increased greatly from 7% to 31% after the project. The project has also contributed to the promotion of decentralization in Indonesia, since 70% of those who acquired a Masters degree were regional government personnel.

## Global Issues and Peace-Building

# Thailand: Promotion of Electricity Energy Efficiency Project

Heat condenser equipment installed at the executing agency.

### ■ Project Outline

The objective of this project was to strengthen the capacity of the energy sector and related private businesses to supply energy-saving products and services, and thereby contribute to the promotion of energy efficiency and the reduction of global warming gases and air pollution in Thailand.

### ■ Evaluation Results

This project was carried out as part of a global warming initiative under the Global Environment Facility (GEF), of which Japan is one of the top donors. At the end of 2000 (the year of project completion), the project had resulted in an annual power savings of approximately 4,200 GW and restrained demand by 740 MW, thereby reducing $CO_2$ emissions by 3.1 million tons. Progress was also made in shifting to energy-saving lighting, refrigerators, and air conditioners and in encouraging manufacturers to switch to the production of energy-saving products as a result of educational activities.

## Projects Requiring Improvement

### 22 Sri Lanka: Samanalawewa Hydroelectric Power Project (1) (2) (3) (p.86); Samanalawewa Hydroelectric Power Project (Reservoir Remedial Works) (p.86)

■ Issues

Although there was no problem with either the capacity of the executing agency or the operation and maintenance system and the dam itself was stable, the leakage volume had increased in December 2006. Consequently, there remains a concern regarding the stability of the ground on the right bank of the dam, and therefore, the sustainability of the project was rated low.

■ Lessons Learned, Recommendations

There is a need to continue periodical observation of leakage, water turbidity, and groundwater level of the ground on the right bank and to conduct further surveys and analysis as needed. Measures to prevent further leakage should then be considered.

### 26 India: Western Yamuna Canal Hydroelectric Project (p.90)

■ Issues

The start of construction on Phase 2 of the project was significantly delayed due to the dispute over the water use rights with neighboring states and due to the barrage construction work. Inadequate consideration to technical specifications of the plant, human resource allocation of the executing agency, and the operation and maintenance were also identified as potential problems.

■ Lessons Learned, Recommendations

Adequate consideration must be given to water rights issues and technical specifications when planning new hydropower plant projects. Overhauling of the Phase 1 power plant, appropriate allocation of personnel, and periodic operation and maintenance are desirable.

### 41 Zimbabwe: Mashonaland Manicaland Digitalization Project (2) (p.105)

### 46 South Africa: Kwandebele Region Water Augmentation Project (p.110)

Both of these projects were suspended after partial implementation of their plans. Project evaluations based on the five DAC criteria and JBIC's rating system were extremely difficult, since the implemented components were limited and the premises had changed greatly since the time of appraisal. Evaluation for these projects should focus on the background and processes that unavoidably resulted in project suspension and on deriving lessons learned that would lead to the improvement of future projects.

### 43 Tunisia: Barbara Irrigation Project (p.107)

■ Issues

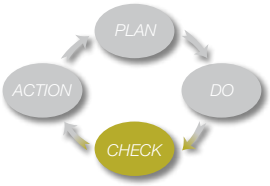
The cultivated area for primary crops in 2006 was only 191 ha, which is significantly less than the planned area of 1,863 ha, because most of the farm households need financing to introduce terminal irrigation equipment and are taking a wait-and-see attitude toward the activities of the few farm households that are introducing the equipment at this time. Additionally, the farmers lack adequate knowledge of techniques for irrigation farming and for planting various types of crops.

■ Lessons Learned, Recommendations

Education concerning irrigation and the provision of technical and financial assistance to stimulate actual implementation of irrigation is important while installing infrastructure in regions that are not familiar with irrigation.

**Through ex-post monitoring and the Special Assistance Facility (SAF), JBIC will follow up on the issues, lessons learned, and recommendations identified through the ex-post evaluations, and will incorporate this feedback in future projects.**

# Ex-Post Evaluation and Rating Results (p.21)



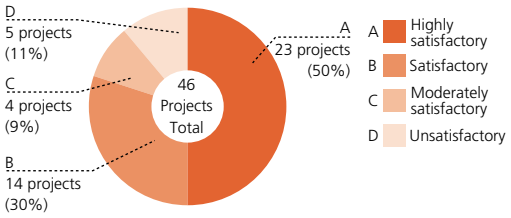

JBIC is conducting ex-post evaluations for all projects in the 2nd year after completion, with the aim of more effective and efficient execution of ODA operations, and to ensure public accountability. Since FY2004, JBIC has initiated a four level rating system—A (Highly satisfactory), B (Satisfactory), C (Moderately satisfactory), and D (Unsatisfactory). Of the 46 ex-post project evaluations released in FY2007, 23 projects (50%) were rated A, 14 projects (30%) were rated B, 4 projects (9%) were rated C, and 5 projects (11%) were rated D.

## Overview of Ex-Post Evaluation (p.17, 18)

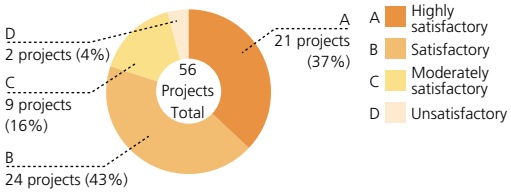
1. Based on International Evaluation Criteria (DAC Five Evaluation Criteria): JBIC assesses several points, including whether the project is consistent with the policies of developing countries (relevance), how short the time and how low the cost required to complete the project was (efficiency), whether effects are being realized as planned (effectiveness and impact), and whether the effects are likely to continue in the future (sustainability).
2. Conducted Entirely by External Evaluators: External evaluators selected through a competitive process discuss with the government of the developing country, conduct a beneficiary survey and project site survey, then evaluate the project and assign ratings.
3. Rating Based on Evaluation Results
4. To enhance the objectivity of the evaluations, JBIC obtains third-party opinions from experts in developing countries regarding the results of the ex-post evaluation for each project.
5. Sharing Evaluation Results with Developing Countries (Improving Policy and Projects by Using Lessons Learned and Recommendations from the Evaluation)
6. Discussion by Japanese ODA Loan Evaluation Expert Committee (Since FY2002)
7. To ensure public accountability, JBIC publishes all evaluation results (evaluation results, ratings, and third-party opinions).
8. Improvement of the Operation through the Feedback of Evaluation Results (utilized in ex-ante evaluations and Special Assistance Facilities (SAF))

## Analysis of Ratings

Evaluation Results Released in FY2007




Evaluation Results Released in FY2006
(for comparison with FY2007)

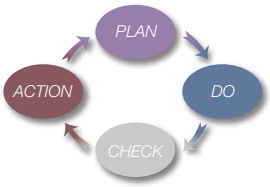



## Ratings (p.65 - 110)

| No. | Country | Project Name | Relevance | Effectiveness (Impact) | Efficiency | Sustainability | Overall Rating |
|---|---|---|---|---|---|---|---|
| 1 | Thailand | AGRICULTURE SECTOR LOAN | b | a | b | a | B |
| 2 | | PROMOTION OF ELECTRICITY ENERGY EFFICIENCY PROJECT | a | a | b | a | A |
| 3 | | LAM TA KHONG PUMPED STORAGE PROJECT | a | a | b | b | B |
| 4 | | WAT NAKORN-IN BRIDGE AND CONNECTING ROAD CONSTRUCTION PROJECTS (1) (2) | a | a | b | a | A |
| 5 | Indonesia | SURABAYA URBAN DEVELOPMENT PROJECT (1) | a | a | c | b | C |
| 6 | | TWELVE PROVINCES BRIDGE REPLACEMENT AND REHABILITATION PROJECT | a | a | b | b | B |
| 7 | | PROFESSIONAL HUMAN RESOURCE DEVELOPMENT PROJECT (2) | a | a | b | b | B |
| 8 | | SMALL SCALE IRRIGATION MANAGEMENT PROJECT (3) | a | a | b | a | A |
| 9 | Philippines | PHILIPPINE-JAPAN FRIENDSHIP HIGHWAY REHABILITATION PROJECT (1) (2) | a | a | b | a | A |
| 10 | | MARITIME SAFETY IMPROVEMENT PROJECT (2) | a | a | b | b | B |
| 11 | | NATIONWIDE AIR NAVIGATION FACILITIES MODERNIZATION PROJECT (3) | a | a | c | b | C |
| 12 | | LEYTE-BOHOL INTERCONNECTION PROJECT | a | a | b | a | A |
| 13 | | LUZON GRID TRANSMISSION PROJECT ASSOCIATED WITH PRIVATE POWER PROJECT | a | a | b | a | A |
| 14 | Mongolia | BAGANUUR AND SHIVEE-OVOO COAL MINE DEVELOPMENT PROJECT (1)(2) | a | b | b | b | C |
| 15 | China | BEIJING NO.9 WATER WORKS EXPANSION PROJECT | a | a | b | a | A |
| 16 | | GUIYANG WATER SUPPLY PROJECT | a | a | b | a | A |
| 17 | | SANJIANG PLAIN AGRICULTURAL DEVELOPMENT PROGRAM (1) (2) | a | a | b | a | A |
| 18 | | POWER DISTRIBUTION SYSTEM REHABILITATION PROJECT (CHONGQING) | a | a | b | a | A |
| 19 | | HANGZHOU-QUZHOU EXPRESSWAY CONSTRUCTION PROJECT | a | a | a | a | A |
| 20 | | WANXIAN-LIANGPING HIGHWAY CONSTRUCTION PROJECT | a | a | b | a | A |
| 21 | Vietnam | SMALL AND MEDIUM SIZED ENTERPRISES FINANCE PROJECT | a | a | b | a | A |
| 22 | Sri Lanka | SAMANALAWEWA HYDROELECTRIC POWER PROJECT (1)-(3)<br>SAMANALAWEWA HYDROELECTRIC PROJECT (RESERVOIR REMEDIAL WORKS) | a | b | b | c | D |
| 23 | | TELECOMMUNICATION NETWORK EXPANSION PROJECT IN COLOMBO AREA | a | a | b | a | A |
| 24 | Bangladesh | GREATER DHAKA TELECOMMUNICATIONS NETWORK IMPROVEMENT PROJECT (2) | a | a | b | b | B |
| 25 | Pakistan | DIESEL ELECTRIC LOCOMOTIVES REHABILITATION PROJECT (2) | a | a | b | b | B |
| 26 | India | WESTERN YAMUNA CANAL HYDROELECTRIC PROJECT | b | a | c | b | D |
| 27 | | NATIONAL HIGHWAY-2 IMPROVEMENT PROJECT | a | a | b | a | A |
| 28 | | AJANTA-ELLORA CONSERVATION AND TOURISM DEVELOPMENT PROJECT (1) | a | a | b | b | B |
| 29 | | BAKRESWAR THERMAL POWER PROJECT (1) (2)<br>BAKRESWAR THERMAL POWER STATION UNIT 3 CONSTRUCTION PROJECT (1) (2) | a | a | a | a | A |
| 30 | | CONSTRUCTION OF A BRIDGE OVER RIVER YAMUNA AT ALLAHABAD/NAIN | a | a | b | a | A |
| 31 | | THE NATIONAL HIGHWAY-5 IMPROVEMENT PROJECT (1) (2) | a | a | b | a | A |
| 32 | | LAKE BHOPAL CONSERVATION AND MANAGEMENT PROJECT | a | a | b | b | B |
| 33 | | UMIAM HYDRO POWER STATION RENOVATION PROJECT | a | a | b | b | B |
| 34 | Ecuador | TRANSMISSION (PHASE D) PROJECT<br>SUB-TRANSMISSION (PHASE B-2) PROJECT | a | b | b | a | B |
| 35 | El Salvador | ROAD IMPROVEMENT PROJECT | a | a | c | a | B |
| 36 | Brazil | TODOS OS SANTOS BAY ENVIRONMENTAL SANITATION PROJECT | a | a | b | a | A |
| 37 | Romania | PORT OF CONSTANTZA-SOUTH DEVELOPMENT PROJECT | a | a | b | a | A |
| 38 | Azerbaijan | SEVERNAYA GAS COMBINED CYCLE POWER PLANT PROJECT (1) (2) | a | a | b | b | B |
| 39 | Kazakhstan | IRTYSH RIVER BRIDGE CONSTRUCTION PROJECT | a | a | b | c | C |
| 40 | Turkmenistan | RAILWAY TRANSPORTATION MODERNIZATION PROJECT | a | a | b | a | A |
| 41 | Zimbabwe | MASHONALAND MANICALAND DIGITALIZATION PROJECT (2) | a | c | b | c | D |
| 42 | Tunisia | GOUBELLAT IRRIGATION PERIMETERS CONSTRUCTION PROJECT | a | a | b | a | A |
| 43 | | BARBARA IRRIGATION PROJECT | a | c | b | b | D |
| 44 | | WATER PIPELINE CONSTRUCTION AND IRRIGATION PROJECT IN NORTH TUNISIA | a | b | b | a | B |
| 45 | Morocco | RURAL ELECTRIFICATION PROJECT | a | a | b | a | A |
| 46 | South Africa | KWANDEBELE REGION WATER AUGMENTATION PROJECT | c | n/a | n/a | c | D |

n/a: not applicable

# Ex-Ante Evaluation, Mid-Term Review, Ex-Post Monitoring




## Number of Ex-Ante Evaluations by Region (FY2006)

| | |
|---|---|
| Southeast Asia | 24 |
| East Asia | 15 |
| South Asia & Central Asia | 20 |
| Africa | 15 |
| Latin America | 1 |

## Projects for Mid-Term Review (FY2006)

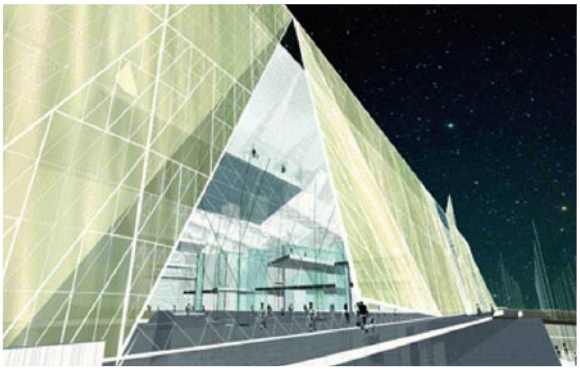
| | |
|---|---|
| China | Ningxia Afforestation and Vegetation Cover Project |
| | Gansu Province Road Construction Project |
| | Hunan Province Road Construction Project |
| Philippines | Help for Catubig Agricultural Advancement Project |
| | The Laoag River Basin Flood Control and Sabo Project |
| | Sustainable Environmental Management Project in Northern Palawan |
| | Subic-Clark-Tarlac Expressway Project |
| | Urgent Bridges Construction Project for Rural Development |
| Vietnam | Bai Chay Bridge Construction Project |
| | Tan Son Nhat International Airport Terminal Construction Project |
| Sri Lanka | Upper Kotmale Hydro Power Project |
| Bulgaria | Sofia Metro Extension Project |
| Tunisia | El Jem – Sfax Motorway Construction Project |

## Projects for Ex-Post Monitoring (FY2006)

| | |
|---|---|
| Indonesia | Semarang Port Development Project (2-1) (2-2) |
| | South Sumatra Swamp Improvement Project |
| Philippines | Rural Road Network Development Project (1) |
| | Revitalization of Main Line South Project |
| Sri Lanka | Transportation Rehabilitation Project (Railways) |
| Pakistan | Track Circuits at 94 Mainline Stations Project |
| Nepal | Udaipur Cement Project |
| India | Teesta Canal Hydroelectric Project (1) (2) |
| Chile | Railway Rehabilitation Project |
| Peru | Program to Strengthen Health Services |

### Egypt: The Grand Egyptian Museum Construction Project

The loan agreement of this project was concluded in FY2006 with the aims of contribution to the tourism industry, which is a valuable source of foreign currency revenue, in particular by effectively utilizing its historical cultural heritage. The project's ex-ante evaluation verified the following indicators: number of tourists, entrance fee revenues, and number of cultural heritage assets restored.



### Bulgaria: Sofia Metro Extension Project

The Mid-Term Review conducted in FY2006 confirmed the continued importance of this project, which is constructing stations and a tunnel from the 7th to 9th station, using the shield tunneling method which Bulgaria does not have experience with. On the other hand, it is requiring time and effort for technology transfer of the shield tunneling method to local contractors; therefore, continued monitoring is required regarding future progress.

### Philippines: Rural Road Network Development Project (1)

There are almost no obstacles hindering traffic on the roads improved by this project. These roads have great practical use for the residents commuting to work and school, and this effectiveness which was proved by the ex-post evaluation (FY2002) remains at present. It is also confirmed that this project has improved access to medical services, farm land, markets, schools, and continues to play a role in stimulating residents' economic activities.

# Examples of JBIC's Initiatives in Evaluation (1)

## Thematic Evaluations (p.53-64)

Each year JBIC conducts "thematic evaluations" from viewpoints which differ from those of the project evaluations. Below are examples of the thematic evaluations conducted in FY2006.

**Thailand**

### Broadening Environmental Impact Evaluation Methods by Applying Environmental Accounting to Development Projects

(p.53-54)

This thematic evaluation attempted to verify the overall impact of a development project on the environment by applying environmental accounting into evaluation. Quantitative analyses were undertaken using a Life Cycle Assessment (LCA*) model to measure greenhouse gas emissions reductions in the Promotion of Electricity Energy Efficiency Project in Thailand, an ex-post evaluation project in FY2006, and the possibility of improving methods for evaluating environmental impact was also explored. The possibility of applying environmental evaluation models centered on LCAs not only to ODA environmental projects but also to future infrastructure projects will contribute to broadening environmental impact evaluations to development projects.

* LCA (Life Cycle Assessment): A method of measuring the amount of energy and resources consumed and the volume of emissions (burden on environment) during three stages in the product life cycle: (1) manufacturing of the materials for energy-saving products, (2) manufacturing of the products themselves, and (3) disposal of the products after use.


New model (energy-saving) fluorescent light

**India**

### Application of the ILBM6 Evaluation Framework to the Lake Bhopal Conservation and Management Project

(p.55-56)

In this evaluation, an ODA loan project promoting conservation and management of Lake Bhopal in the state of Madhya Pradesh in India was used as a case study for applying the Integrated Lake Basin Management (ILBM) framework as an evaluation method. ILBM is a basin management framework which considers the special characteristic of lakes as closed water areas and draws upon the basin management experiences of 28 major lakes around the world. The evaluation was conducted from the six perspectives comprising ILBM (ILBM6: development of organization, contribution to policy planning, promotion of participation, technical initiatives, accumulation of knowledge, and sustainable resources). This initiative indicated valid perspectives and proposed a multifaceted ex-post evaluation method for future projects.

**India**

### Ajanta-Ellora Conservation and Tourism Development Project (1): Special Evaluation from the Viewpoint of Conservation and Use as a World Cultural Asset

(p.57-58)

In this evaluation, an ODA loan project for conservation and management of world heritage at the sites of Ajanta and Ellora in India was used as a case study for evaluating the feasibility of simultaneously achieving preservation of cultural heritage and promoting tourism. Standards established by UNESCO and other international organizations were applied. Although some problems, such as excessive restoration measures, were identified, the project was highly evaluated for its drainage improvements to control surface water in the caves and the introduction of an optical fiber lighting system for the conservation of the mural paintings. The introduction of eco-buses mitigated deterioration of the sites and environmental degradation due to emission gases while accommodating the increased number of visitors. Therefore, it is considered that the project contributed to both conserving the historic site and promoting tourism.

# Examples of JBIC's Initiatives in Evaluation (2)

## Initiatives toward the New JICA (p.33-34)

In October 2008, the ODA loan divisions of JBIC and the Japan International Cooperation Agency (JICA) will merge under the establishment of the "New JICA". New JICA will implement the three ODA schemes, i.e., technical assistance, ODA loans, and grant aid, in an integrated manner.

Both JICA and JBIC have taken into consideration ODA reforms in Japan and have accordingly made efforts to improve their respective evaluation systems in terms of implementation structure, quality, objectivity and transparency. As a result, the fundamental orientation of the evaluation systems of the two organizations has many similarities. However, they also have a number of differences, which reflect the characteristics of operations carried out in the respective organizations.

As a first step towards developing a new system, JBIC, together with JICA, undertook a study to analyze the common and differing aspects of their respective evaluation systems and trends of evaluation in both international organizations in Japan and overseas.

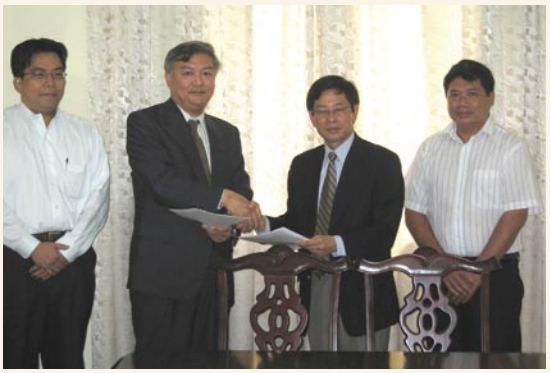
The United Nations Millennium Development Goals (MDGs), adopted in September 2000, set numerical goals for the international community. To manage the process of achieving these goals, aid organizations have been placing emphasis on results-based management (RBM). It was pointed out in the study that aid organizations, which have actively introduced RBM, have placed importance on program evaluations rather than project evaluations, and that there is a trend towards emphasizing internal evaluations rather than external evaluations. When developing the new evaluation system, it will be important to recognize both the good practices carried out in the current organization as well as these trends of the donor community.

JBIC is committed to ensure sufficient accountability to the citizens of Japan and to establish an evaluation system for the New JICA with overall consistency that can demonstrate synergy effects while taking into consideration the characteristics of the three types of aid the New JICA will undertake.

## Joint Evaluations with Developing Countries (p.38)

On July 9, 2007, JBIC signed a memorandum of understanding (MOU) with the Ministry of Planning and Investment (MPI) in Vietnam to improve evaluation in the country's development projects. JBIC to date has made recommendations to the Vietnamese government on measures for effective and efficient project planning and implementation through project monitoring and evaluation of Japanese ODA loan projects. However, with the establishment of a regulation in November 2006 requiring the evaluation of development projects, the Vietnamese government saw a need for further capacity building and institutional development for evaluation. Giving high credit to JBIC's efforts toward evaluation, the Government of Vietnam requested JBIC to transfer evaluation know-how, thus opening the way for the signing of this MOU. Under this MOU, JBIC and MPI will jointly conduct ex-post evaluations of Japanese ODA loan projects, follow up on lessons learned, and study ways to improve the evaluation systems of the respective institutions.

JBIC has conducted joint evaluations in such countries as Thailand, Indonesia, and India in an effort to transfer evaluation techniques. In May 2006, JBIC signed similar MOUs on evaluation with the Governments of the Philippines and Indonesia to provide cooperation that will meet the needs of those governments.



## Interviews (p.46-52)

This year, at the request of JBIC, actress Ms. Miki Sakai visited India, UN Population Fund Goodwill Ambassador Ms. Yuko Arimori visited Vietnam, and underwater photographer Mr. Yasuaki Kagii visited the Philippines to visit various development projects. Following their visits, JBIC interviewed the three to gain their impressions and experiences from the respective sites.

### ■ Ms. Miki Sakai

Visiting the project sites, I felt proud that Japanese knowledge, technology, and finance were benefiting the people there who were pleased about these projects. I was also impressed by the passion of the local staff, and the JICA experts involved in sericulture, as well as the Japanese consultants involved in the subway project in Delhi. I was struck not only by their enthusiasm to provide technical assistance but also their wish to convey the goodwill of Japan, and their efforts to build a relationship of trust with the local people.

### ■ Ms. Yuko Arimori

An ODA loan to improve the provincial road, connecting the provincial hospital and the district hospital, both supported by JICA, resulted in the dramatic reduction of travel time between the hospitals from two to three hours to 30 minutes. I thought this was a good example of an effective combination of "hard" and "soft" assistance. It is important for various players to demonstrate their strengths and cooperate to develop better projects in a timely manner. I hope JBIC further promotes these kinds of cooperation and such efforts should be shared with the public.

### ■ Mr. Yasuaki Kagii

I found significant damage of the coral reef when I dived in the project area. We, as human beings, must assume responsibility for this situation. However, nature has its own unique healing power, and there is a big difference between the time for human beings and for nature. Taking these aspects into consideration, it is necessary to establish the system to prevent further extinction, not only of the coral reefs but of overall marine resources.



## Expert Monitors (p.43-45)

To ensure project evaluations from a variety of perspectives, JBIC asks experts to visit development projects on its behalf. This year, for the first time, JBIC commissioned overseas expert to undertake the role.

### Japanese Experts:

#### ■ Mr. Hideo Tamura
(Waseda University)

Proposed a strategic Japan-China cooperative program based on his visits of seven ODA projects in China (Beijing Sewage Treatment Plant Construction Project, etc.)

#### ■ Mr. Kanji Hayashi
(Japan Business Federation)

Confirmed the importance of strengthening cooperation across aid schemes under the New JICA from his site visit of the Delhi Mass Rapid Transport System Project and others in India.

### Overseas Experts:

#### ■ Ms. A. Maria Toyoda (Assistant Professor, Villanova University, USA)

**The Softer Side of Hard Infrastructure: Capacity building through ODA Loan Projects**

Capacity building of the developing countries develops naturally over the course of various processes in the implementation of ODA loan projects, resulting in ripple effects. One example is the Philippine National Oil Company, which developed its own horizontal drilling technology from the skills accumulated over years through the implementation of ODA loan projects. This technology is utilized in Papua New Guinea in recent years as part of the South-South Cooperation scheme.

The development of infrastructure alone cannot resolve all problems related to development but it is now time to reassess its value how it could contribute, in addition to economic development, in areas such as human resources, social network building, governance, and the promotion of market principles.

A geothermal power plant in the Philippines.

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JBIC's overseas economic cooperation operations will be merged
with the Japan International Cooperation Agency (JICA) in October 2008.

Printed in Japan