

The Project Evaluation System under the New JICA

In October 2008, the ODA loan division of JBIC and the Japan International Cooperation Agency (JICA) will merge under the establishment of the “New JICA.” The expanded agency will handle three kinds of aid all under a single roof—technical assistance, ODA loans, and major portions of the grant aid currently disbursed by the Ministry of Foreign Affairs. New JICA will therefore require a comprehensive evaluation framework as well as systems to evaluate the three schemes. 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 in evaluation of both international organizations and aid organizations in Japan and overseas.

1. Trends in ODA evaluation in Japan

Influenced by trends surrounding international development aid and domestic fiscal conditions in Japan, Japanese ODA in recent years has been subject to public scrutiny, concerning whether it is being effectively and efficiently implemented. Recommendations to strengthen evaluations have been made as an important initiative in ODA reforms (see Table 1), beginning with the First Roundtable Conference on ODA, “ODA Reform toward the 21st Century” in 1998 and including the New ODA Outline in August 2003, as well as the “Large-boned Policy” (Basic Policies for Economic and Fiscal Policy Management and Structural Reform) in June 2005.

Table 1: Main Recommendations regarding ODA Evaluations

Perspective	Key Points Recommended
Consistent evaluation framework	① Establish a consistent evaluation framework from ex-ante to ex-post in project evaluations.
Evaluations for a variety of project types	② Introduce policy-level evaluations and strengthen scope of program/project evaluations. ③ Broaden the scope of project evaluations which were not evaluated adequately (acceptance of trainees, projects for dispatching experts, Japan Overseas Cooperation Volunteer projects, etc.).
Improve the quality of evaluations	④ Strengthen the structure for conducting evaluations. ⑤ Improve the evaluation capacity (including recipient countries). ⑥ Develop and improve evaluation techniques.
Improve the objectivity and transparency	⑦ Strengthen external evaluations (third-party evaluations). ⑧ Strengthen the dissemination of evaluation results (evaluation seminars, etc.).
Utilizing evaluation results	⑨ Strengthen feedback from evaluations.

2. Characteristics of the JBIC Evaluation System

JBIC began conducting ex-post evaluations in FY1975 and by FY2001 succeeded in reaching a 100% coverage rate for project evaluations. In addition, since FY2001, JBIC has made public its ex-ante evaluation for all projects, and has established a consistent evaluation framework using quantitative indicators from the ex-ante to the ex-post stages of projects. In addition to these efforts, to make evaluation results easier for the general public to understand, in FY2004 JBIC began assigning four level ratings in ex-post evaluations: A (highly satisfactory), B (satisfactory), C (moderately satisfactory), and D (unsatisfactory). At present, all ex-post evaluations, mid-term reviews, and ex-post monitoring are conducted by external evaluators, and JBIC has established highly objective and transparent evaluation systems compared to other organizations.

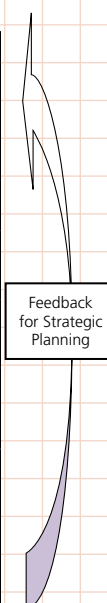
3. New International Trends in Evaluation Procedures

The United Nations Millennium Development Goals, adopted at the UN Millennium Summit in September 2000, are goals that the international community has committed to achieve by the year 2015, and progress in the achievement of these goals is to be monitored on a regular basis. This is one reason why aid organizations have been placing emphasis on results-based management (RBM). RBM is a management strategy that focuses on the achievement of results, outputs, outcomes, and impacts. RBM is a series of processes, including the formulation of strategic plans, the measurement of performance, evaluation, and the application of the evaluation results in management (see Table 2).

It was pointed out in the study that aid organizations, which have actively introduced RBM, have also actively introduced program evaluations in addition to project evaluations, and that there is a trend towards emphasizing internal evaluations in addition to external evaluation, depending on the evaluation target.

Table 2: The Seven RBM Steps

Step	Content	
1	Clarification of targets	Strategic Planning
2	Set indicators	
3	Set target values	
4	Develop a monitoring system and measure the performance values	Performance Measurement
5	Review the performance values	
6	Conduct an evaluation	Evaluation
7	Utilize target achievement and evaluation results	



4. Comparison of the Evaluation Systems of Both Organizations

Both JICA and JBIC have taken into consideration ODA reforms in Japan, various prospective proposals, and international trends in evaluation, and have accordingly made efforts to improve their respective evaluation systems. As a result, both organizations have established a consistent evaluation framework from the ex-ante to ex-post stages of projects, made efforts to develop objective and transparent evaluations, introduced program evaluation, established an expert committee, and strengthened the system for feedback. However, while the fundamental orientation of the evaluation systems of the two organizations has many similarities, they also have a number of differences, which reflect the characteristics of operations in the respective organizations.

Table 3: Comparison of the Evaluation System of JICA Technical Assistance Projects and JBIC ODA Loan Projects

		JICA	JBIC
Objective of the Evaluation		Ensuring Accountability, Improving Project Management	
Type of Evaluation and Timing of Implementation	Ex-ante Evaluation	Prior to Project Implementation	
	Mid-term Evaluation / Review	Midpoint of project implementation	5th year after signing of loan agreement (L/A)
	Terminal Evaluation	6 months prior to completion	
	Ex-post Evaluation	3rd year after completion	2nd year after completion
	Ex-post Monitoring	1st, 2nd, 4th, 5th, and 10th year after completion	7th year after completion
No. of Projects Evaluated (Annually)		About 200	About 100 to 150
Target of the Evaluation	Ex-ante Evaluation	All projects *	All projects
	Mid-term Evaluation / Review	All projects with implementation period of 3 years or longer*	Project which review is required at the 5th year after signing of the L/A
	Terminal Evaluation	All projects*	All projects by the developing country government
	Ex-post Evaluation	3 years after completion for all projects of 200 million yen or over	All projects in the 2nd year after completion
	Ex-post Monitoring	Studied existing conditions for projects of 200 million yen or over	Projects where there are concerns regarding effectiveness or sustainability
Main Body Conducting Evaluation	Ex-ante Evaluation	Joint evaluation (the group consists of stakeholders in the partner country, JICA staff, technical/evaluation experts, consultants, etc.)	Internal evaluation (JBIC staff)
	Mid-term Evaluation / Review		External evaluation
	Terminal Evaluation		
	Ex-post Evaluation		Internal evaluation (JICA staff, consultants)
	Ex-post Monitoring		(Studied by consultants)
Secondary Evaluation		Terminal evaluation: Conducted by advisory committee on evaluation Ex-post evaluation: Conducted by experts of developing countries	
Method of Evaluation	Method of Evaluation	Evaluation based on the five DAC Criteria	
	Characteristics	<ul style="list-style-type: none"> •Tendency toward qualitative evaluation is strong •Process and result of the project is evaluated 	<ul style="list-style-type: none"> •Tendency toward quantitative evaluation is strong •Result-oriented evaluation
	Characteristics of Indicators	Quantitative indicators/targets are not always easy to set ex-ante due to project characteristics.	Target values and results are compared using "operation and effect indicators" set for each sector
	System of Rating	<ul style="list-style-type: none"> •Introduced in FY2007 on a trial basis at the secondary evaluation for terminal evaluation. 	<ul style="list-style-type: none"> • Four level rating system is applied in the ex-post evaluation (since FY2004)
Method of Feedback		<ul style="list-style-type: none"> • Feedback on projects (development of a database on lessons learned and recommendations, etc.) • External feedback (distribution of reports, publishing on websites, and holding of seminars, etc.) 	

*Simple evaluation method may be applied to projects under 200 million yen.

5. Evaluation System for New JICA

JBIC is committed to ensuring sufficient accountability to the citizens of Japan and to establishing 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 (technical assistance, ODA loans, and grant aid).