

Ministry of Foreign Affairs
Government of Japan

Executive Summary Report
on
MOFA-NGO Joint Evaluation (FY2002)
- Subsidy System for NGO Projects -

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This Report of the MOFA-NGO Joint Evaluation Study in FY2002 was prepared by an independent consultant, and the views expressed in this Report are entirely those of the consultant and do not necessarily reflect those of Ministry of Foreign Affairs, the Government of Japan.

Executive Summary

Chapter One: Study Strategy

This study of the 'MOFA-NGO Joint Evaluation' in FY2002 is to evaluate 'the Subsidy System for NGO Projects' which is to reinforce the relations of MOFA with NGOs. It aims at a comprehensive evaluation of the objectives, process and effects of the Subsidy System, and to make recommendations on a desirable co-operation between MOFA and NGOs.

In this evaluation study, the Subsidy System for NGO Projects was examined through analyzing the System from three perspectives: A . Objectives, B . Process, and C . Effects.

A . Objectives (Were the objectives of the Subsidy System for NGO Projects relevant?):

The relevance of the objectives of the NGO Projects Subsidy System ((1) 'to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries', and (2) 'to strengthen the institutional capacity of Japanese NGOs') were examined.

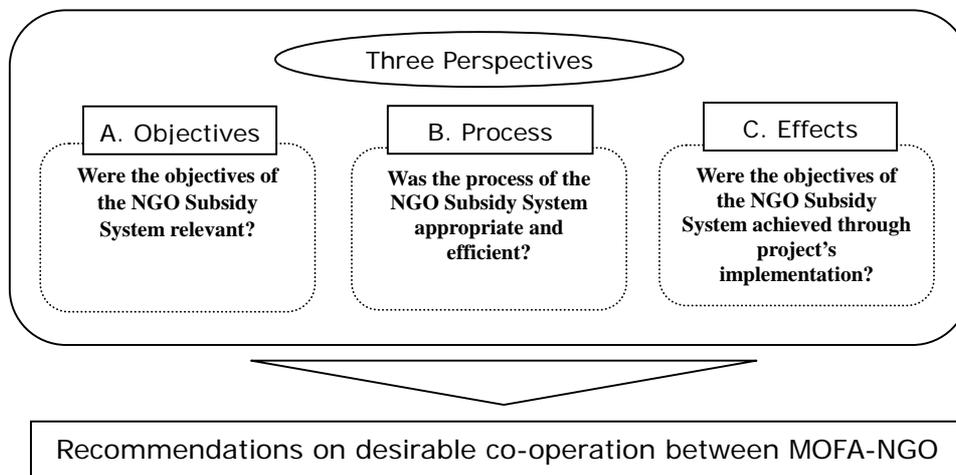
B . Process (Was the process of the Subsidy System for NGO Projects appropriate and efficient?):

The appropriateness and efficiency of the process of the NGO Projects Subsidy System were examined in terms of (1) application procedures, (2) documentary screening and awarding notification, and (3) completion report and subsidy payments.

C . Effects (Were the objectives of the Subsidy System for NGO Projects achieved?):

The analysis was made through examination of the extent to which these objectives of the NGO Projects Subsidy System ((1)'to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries', and (2) 'to strengthen the institutional capacity of Japanese NGOs')) were achieved.

Perspectives of Evaluation of the Subsidy System for NGO Projects



As regards a targeted country and sector, the Philippine health sector was selected as one of the countries which have the best record in the NGO Projects Subsidy System. Among three programs of the NGO Projects Subsidy System, only the 'Development Co-operation Projects' were surveyed. 'The International Volunteer's Insurance Support Program' and 'the Overseas Training Support Program' were not surveyed. There were nine projects (nine organizations) to be targeted for study which met the above conditions. Of these, seven projects (seven organizations) co-operated with the study and four projects (four organizations out of seven) accepted field studies including visits to actual project sites.

Chapter Two: Health Policy in the Philippines

Firstly, the high population growth rates and maternal death rates can be pointed out as the major feature of the Philippines health sector. Since the population growth rate remains over two percent, population control is still an important issue. Secondly, as regards the ten major causes of death, lifestyle-related diseases as well as infectious diseases are increasing: showing a mixture of developing country-specific health problems and developed country-specific health problems. Thirdly, although the infant mortality rate is decreasing, there are a number of infants who die from preventable diseases such as respiratory infection diseases, diarrhea, and malnutrition. Fourthly, regional disparity on health environment is huge.

There are several possible reasons for these situations. One is that although the 1991 enacted Local Government Code (RA7160) transferred health administration from the Ministry of Health to Provincial Health Offices and Rural Health Units in local governments (i.e. Local Government Unit: LGU), each LGU does not have a sufficient financial basis, the organizational systems or the personnel to implement health administration. Another is a lack of medical experts and a poor health insurance coverage among poverty groups. These factors cause regional gaps of health care service in its access, standards, and service quality.

The Government of the Philippines (GOP) is currently implementing the 'Health Reform Agenda'—published in 1999. According to the agenda, the following reforms are being dealt with: (1) the introduction of self-support accounting systems to public hospitals, (2) budget securement to prioritized public health programs, (3) the promotion of the development and efficient implementation of regional health services, (4) the reinforcement of health administration capacities, (5) the quality improvement of health care services, and (6) the extension of national health insurance programs.

Under this situation, NGOs have played a significant role in the health sector of the Philippines. Particularly since the active involvement of NGOs in local administration was enacted through the previously mentioned Local Government Code (RA7160), NGO's participation in local administration has been promoted. There are some 3,000–5,000 NGOs in the Philippines; they are most actively operating in the health sector.

Chapter Three: Overview of the Subsidy System for NGO Projects

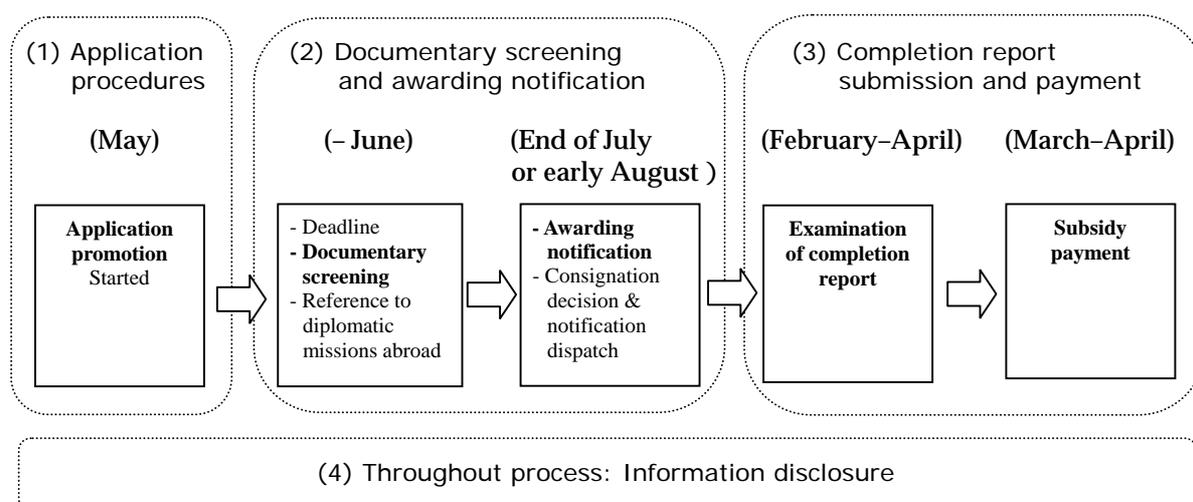
The NGO Projects Subsidy System was established in FY1989 as one of the types of Japan's

ODA projects, which is a government financial assistance for NGO's development co-operation projects in developing countries. The subsidy system was initiated by an increasing awareness that 'the Japanese NGOs do not have a stable financial foundation in spite of a strong will to promote development co-operation to developing countries. By granting part of the necessary financial resources to the Japanese NGOs, it would be possible through their activities to respond to the development needs which government level assistance cannot meet sufficiently, and to address the importance of promoting international co-operation by local participation.' The NGO Projects Subsidy System is classified into three categories: (1) Development Co-operation Projects (from FY1989), (2) International Volunteer's Insurance Support Program (from FY1994), and (3) Overseas Training Support Program (from FY1999).

The 'Development Co-operation Projects', which is the target of this study, is to support development co-operation activities which Japanese NGOs implement in such sectors as medical care, agricultural/fishing village development, and human resource development by granting a certain portion of prescribed expenses such as facility construction, specialist employment costs and travel expenses, equipment and material expenses. The objectives of this program are two-fold: (1) "to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries", and (2) "to strengthen the institutional capacity of Japanese NGOs".

The process of the NGO Projects Subsidy System consists of (1) application procedures, (2) documentary screening and awarding decisions, and (3) completion report and subsidy payment. In addition, (4) Information disclosure throughout the process is imposed. The implementation term of subsidized projects is from April to March. As long as the term is within this time frame, there is no regulation imposed on the implementation period and timing. Some projects are continued from the previous fiscal year and the others are short-term operations of several weeks.

The schedule from subsidy application to screening, completion report, and subsidy payment is shown below.



Chapter Four: Evaluation

In chapter four, the relevance of the objectives, the appropriateness and efficiency of the process, and effects (achievement of the objectives) are examined.

4.1. Evaluation of the Objectives of the Subsidy System for NGO Projects

The two objectives of NGO Projects Subsidy System— (1) ‘to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries’, and (2) ‘to strengthen the institutional capacity of Japanese NGOs’—were examined in terms of their relevance. As far as the objective (1) is concerned, an examination was made of the consistency with upper-level policy such as the ODA Charter, the Mid-term Policy on ODA, and the Country Assistance Plan for the Philippines as well as with its needs for development. Regarding the objective (2), the consistency with upper-level policy such as the ODA Charter, the ODA Mid-term Policy was also checked.

4.1.1. Relevance of Objective One: ‘to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries’

(1) Consistency to Upper-level Policy (the ODA Charter, Mid-term Policy on ODA, and the Country Assistance Plan for the Philippines)

The relevance of the objective (1) was examined. Firstly, the ODA Charter of June 1992—in the section, ‘Measures for the Effective Implementation of Official Development Assistance’—advocates co-operation between ODA and NGOs by stating:

When called for, there will be appropriate communication and cooperation with aid agencies of other donor countries, United Nations agencies and international financial institutions, as well as Japanese local governments and private organizations such as labor and business organizations. ... There will also be cooperation with and appropriate support to non-governmental organizations (NGOs), while respecting their independence.

Secondly, in ‘Japan's Medium-Term Policy on Official Development Assistance (Mid-term Policy on ODA)’ formulated in August 1999, the section ‘Basic Approaches’ argues:

A comprehensive approach is needed to enhance the impact of aid. Specifically, the available resources of pertinent entities such as developing countries, donor countries, international organizations, the private sector, and non-governmental organizations (NGOs) must be appropriately utilized.

It also states:

The provision of ODA must be based on the understanding and support of taxpayers and the general public. For this purpose, Japan will actively endeavor to increase national involvement in and visibility of Japanese aid and promote better awareness of Japan's assistance programs in recipient countries. ... Furthermore, efforts will also be made to further utilize Japan's experiences, technology, and know-how, taking into consideration increased opportunities for Japanese businesses to

participate in ODA projects and encouraging broad-based public participation in development cooperation through universities, think tanks, local governments, and NGOs.

In addition, the section 'Methods of Aid', set up the heading 'Support to and Collaboration with NGOs', and argues the importance of NGO activities meeting aid demands in a finely-tuned manner by stating:

Social development projects, including poverty alleviation and environmental conservation, constitute a steadily increasing share of Japan's overall assistance to developing countries. For this reason, there is a growing demand for finely tuned assistance that directly reaches local populations. Consequently, NGOs have been playing an increasingly important role in the process of economic cooperation and there is a growing need for collaboration with NGOs in the implementation of ODA projects.

Thirdly, as regards consistency with Japan's current aid policy towards the Philippines, assistance to and collaboration with NGOs are indicated in the Country Assistance Plan for the Philippines, which was formulated by the MOFA on 3 August 2000. The section 'Direction Which Japanese Assistance Should Target' points out that in terms of the effective utilization of financial resources, further promotion of collaboration in terms of Yen Loans, Grant Aid and Technical Assistance should be considered. In addition, it says that the demarcation between Private Funds and Other Official Flows (OOF) should be also considered. The section 'Issues to Be Considered in Implementing Assistance' also indicates 'Cooperation with NGOs'. Hence, the objective (1) of NGO Project Subsidy System is consistent to the upper-level policies and relevant in the Philippines.

As seen above, the objective (1) 'to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries' is relevant and consistent to the upper-level policies of the ODA Charter, the Mid-term ODA Policy and the country-specific aid policy.

(2) Consistency to Recipient Countries' Needs

The consistency of the objective (1) 'to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries' to the needs of recipient countries was investigated.

As regards the Philippine health sector, the Local Government Code (RA 7160) enacted in 1991 transferred health administration from the Ministry of Health to Provincial Health Office and Rural Health Unit in the local governments, and enacted the active involvement of NGOs into local administration, thus the NGOs are expected to take an active role in local administration. The Agenda for Health Reform, which was published in 1999 by the Philippine Government, claims to promote collaboration between local governments, NGOs, and other government organizations to improve performance in the health sector.

Therefore, when the current conditions of the Philippine health sector are considered, it can be said that the objective (1) meets the needs of the Philippines.

4.1.2. Relevance of Objective Two: 'to strengthen the institutional capacity of Japanese NGOs'

(1) Consistency to Upper-level Policies

This section examined the consistency of the objective (2) 'to strengthen the institutional capacity of Japanese NGOs' with the ODA Charter and the Mid-term ODA Policy.

The relevance of ODA-NGO co-operation and NGO support by ODA is firstly explained in the ODA Charter. The 'Measures for the Effective Implementation of Official Development Assistance' indicates NGO support by stating that '[t]here will also be cooperation with and appropriate support to non-governmental organizations (NGOs), while respecting their independence.' Therefore, the objective (2) 'to strengthen institutional capacity of Japanese NGOs' is relevant and consistent to the ODA Charter.

Secondly, the section 'Methods of Aid' in the Mid-term Policy on ODA of August 1999 argues the five points of consideration. These are (a) dialogue with NGOs, (b) expansion of the assistance measures, (c) reinforcement of the co-operation with NGOs, (d) support to reinforce the financial foundation of NGOs, and (e) support to improve organizational basis of NGOs. Thus, the objective (2) is relevant and consistent to the Mid-term Policy on ODA.

4.1.3. Summary of the Relevance of the Two Objectives

Firstly, the objective (1) 'to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries' is found to be relevant and consistent to the ODA Charter, the Mid-term Policy on ODA and the country-specific aid policy. In the Philippine health sector, too, the objective (1) accurately meets the demand to provide finely tuned aid. Secondly, the objective (2) 'to strengthen the institutional capacity of Japanese NGOs' is also found to be relevant and consistent to the ODA Charter and the Mid-term Policy on ODA.

Thus, the two objectives of this system are relevant.

4.2 Evaluation of the Process of the Subsidy System for NGO Projects

The overview of the process of the NGO Projects Subsidy System, as described in chapter three, consists of (1) application procedures, (2) documentary screening and awarding notification, (3) completion report and subsidy payment, and (4) information disclosure throughout the process. The following is an outline of each process.

- (1) Relating to application procedures, (A) requirements for application, (B) conditions for subsidy delivery, and (C) application documents are stipulated on the application guidelines.

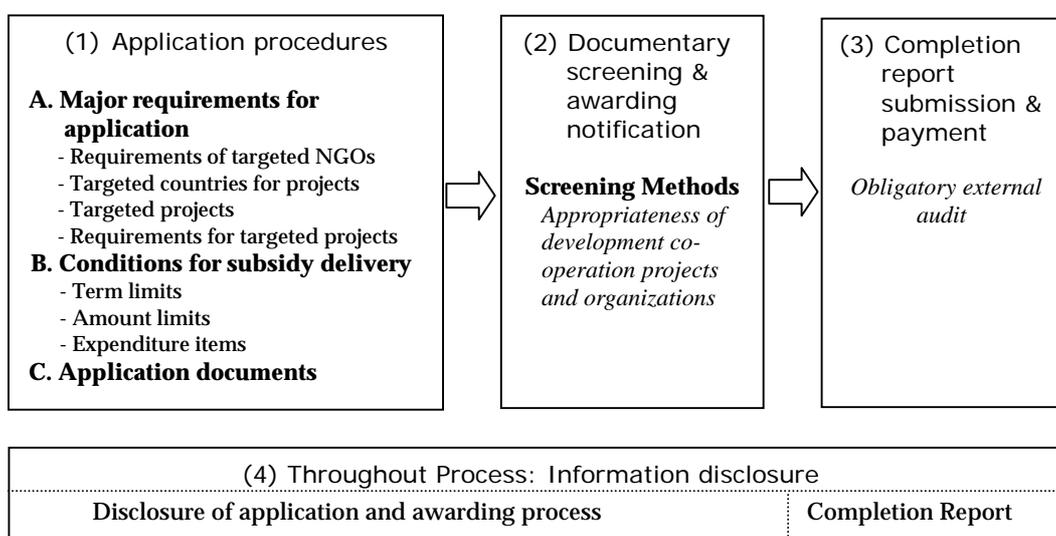
Major (A) Requirements for Application stipulated are 'organizations which are Japanese NGOs, which dispatch their personnel, and are involved in development co-operation projects in ODA targeted countries'; 'targeted projects classified into 11 categories such as agricultural/fishing village development, human resource development, women's self-reliance assistance, health and hygiene, medical care,

improvement of local industries, improvement of living environment, environmental conservation, and integrated local development'; 'single-year projects as requisites for targeted projects', and that 'organizations should have responsible persons for constant correspondence.'

Major (B) Conditions for Subsidy Delivery are that 'the same project is supported for up to three years in principle and five years only with good reason', 'subsidy rates and the ceiling for subsidies are less than 1/2, up to 10 million yen for one project, and 50 million yen for one organization', and that 'subsidized expenditure items vary but particularly admit expenses for personnel, travel and administration.'

Major (C) Application Documents are project-related documents such as stipulated application forms, project plan descriptions, project cost estimates, and project outlines, as well as organization-related documents such as organization profiles, organization foundation prospectuses, organization articles, endowment acts, regulations, operation and balance of payment sheets for the previous two years, and executive member lists.

- (2) Documentary screening and awarding notification are made. In screening, the appropriateness of development co-operation projects and organizations is examined.
- (3) On project completion, a completion report is submitted. Upon finalizing the amount of the subsidy, payment is arranged.
- (4) Information on the status of the application and awarding as well as the completion report is disclosed.



4.2.1 Appropriateness of the Process

The appropriateness of the process of (1) application procedures, (2) documentary screening and awarding notification, (3) completion report and subsidy payment, and (4) information disclosure throughout the process was examined based on the evaluation criterion: i.e. the consistency of each process to the objectives of the Subsidy System, the upper-level policies (the ODA Charter and the Mid-term Policy on ODA), and Japan's laws and regulations.

(1) Application Procedures

- A. The major requirements for application are appropriate and consistent to the objectives (1), (2), laws and regulations for the delivery of national subsidies.
- B. The conditions for subsidy delivery are appropriate and consistent to the objectives (1), (2).

Application documents are appropriate and consistent to the objective (1) and related laws. However, the application formats do not exactly reflect the basic idea of the screening process. In the 'Project Outline (2)' which is one of the application documents, it is requested to stipulate 'requests from residents, local governments and other related organizations', 'the planned period for the continuation of the projects to be applied, the plan of handing over the project to local residents and organizations', and 'an annual implementation schedule of the project.' However, there were no such items to reflect the four screening criteria of the objective (1) as 'features as a grass-root level project', 'residents' participation in the planning and implementation', and 'benefits to women.' In other words, the formats did not exactly reflect the basic idea of screening. In this respect, the application procedures do not seem appropriate.

In addition, although the format of the Project Outline (1) requires 'Objectives' and 'Contents' of the project, it does not require an explanation of the 'Effects' of the project. Primarily, in determining the amount of the subsidy, the respective government ministries and agencies in charge of the subsidy scheme are to 'receive reports on the effects, to examine the appropriateness of the effects as regards the contents and conditions for granting the subsidy, and, when recognized as appropriate, to determine the amount of subsidy' (Law concerning the Appropriate Execution of Budget for Subsidies). Thus, examination of the project effects is important in determining the amount of the subsidy. Nonetheless, the current format of the 'Project Outline (1)' does not have a column for 'Expected Effects'. If the 'Expected Effects' are not envisaged at the stage of project planning, naturally it is difficult to measure how much the 'Expected Effects' have been actually achieved when project is completed. Therefore, referring to what the law stipulates, the appropriateness of the format of the 'Project Outline (1)' would be low.

(2) Documentary Screening and Awarding Notification

In the documentary screening of the applied projects for the subsidy, the examination of the appropriateness of projects and organizations is to be made based on the following four basic ideas.

·Basic Ideas (Four Criteria for Screening)

- (A) That the project is a grass-root level project which the government has difficulty in offering, which considers the perspectives of residents' humanitarian concerns and environmental conservation, as well as leading to socio-economic and regional development and the stabilization of people's livelihood (Joint projects between Japanese NGOs and the NGOs of developing countries / governments can also be a target);
- (B) That it is sufficient in grasping the needs of the local community;
- (C) That it promotes the independence of local residents through self-help efforts

- and their participation; and
(D) That it is planned to benefit women.

The above four basic ideas are appropriate and consistent to the objective (1) and the ODA Charter.

As regards the screening criteria for organizations, the following items are comprehensively examined to determine projects to be subsidized: '(i) the project implementation and administration capabilities of the organization (including performance, financial scale and staff numbers), (ii) project contents, (iii) project cost estimation, (iv) personnel involved in the projects, and (v) overall appraisal'. In addition, 'the contents and administration of past subsidized projects such as the previous year's completion report and project contents will be utilized as a reference for the screening for following year.' It is necessary to ensure appropriate subsidization, hence the documentary screening procedure is appropriate.

(3) Completion Report and Subsidy Payment

This process imposes NGOs to submit a project completion report upon accomplishment of the project. The format of the completion report requires that following items must be accounted for: (1) the name of subsidized project, (2) amount of subsidy initially determined and amount of cost actually realized (refer to Annex), (3) implementing agencies/ organizations of subsidized project, and (4) effects of subsidized project (it is noted here that it is required to 'explain future plans with the attachment of figures if necessary'). Thus, although the format of the accounting report is fixed in detail, other parts can be freely written.

This attention to detail on the accounting report in the format of the completion report is appropriate because the accounting report is made in order to determine the subsidy amount and to arrange actual payment according to 'Law concerning the Appropriate Execution of Budget for Subsidies.' Meanwhile, this law stipulates that the amount of the subsidy should be determined after examination of whether the projects obtained sufficient effects, referring to the project contents, plan, conditions and objectives. Nevertheless, the effects of subsidized projects are currently reported in a format discretionary to each NGO without a concretely stipulated format for reporting the project effects. As the report format does not require any clarification for the effects of the subsidy, the appropriateness of the completion report and subsidy payment procedure is low in this regard.

In addition, although monitoring and evaluation would play a significant role in measuring the effects of projects, the current process lacks monitoring and evaluation. It is necessary to review the effects and the achievement of objectives as indicated in the project application and to conduct monitoring and evaluation in order to secure the effects of the projects. If they were carried out, the consistency to the Mid-term Policy on ODA and the ODA reform would increase, and the appropriateness to upper-level policies would also increase.

(4) Information Disclosure

In order to improve transparency, disclosure of information at the application and awarding phases, such as information about the application status at application deadline

and project outlines at delivery of the subsidy, has been promoted since the NGO Project Subsidy System in FY2002. It is also requesting NGOs to disclose the project completion reports on their website. It is appropriate because it matches the 'Methods of Aid' of the Mid-term Policy on ODA, which says that 'to promote further disclosure of information related to the project tender process and to individual projects.'

Although it is stipulated that project completion reports are to be disclosed on the website of each NGO, it is not information disclosure by the MOFA, hence it is not sufficient. It is necessary, therefore, for the MOFA to compile information by means of electric data. By compiling information in this way, people who are not involved in the project will be able to access to the project information through the website of MOFA, and possibly thereby leading to further improvement in efficient and transparent administration of the Subsidy System.

Thus, since the serial process—(1) application procedures, (2) documentary screening and awarding notification, (3) completion report and subsidy payment, and (4) information disclosure throughout the process—matches the framework of the government's subsidy scheme, it is appropriate and consistent to the objectives (1) 'to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries', and (2) 'to strengthen the institutional capacity of Japanese NGOs.' It should be noted, however, that the process focused more on the determination of the subsidy amount and less on the effects of projects in both application form and report. Therefore, it would be necessary to modify the format in order to consistently check the effects of the project from application phase to report phase.

4.2.2. Efficiency of the Process

Overall, the process had been efficiently implemented both in terms of time and cost under the framework of the government's subsidy scheme and the schedule stipulated by the application guidelines. However, there was some waste of time in the rewriting of documents due to their inadequacy. Therefore, aiming for efficient implementation, it is necessary to improve the administrative capacity of the NGOs.

4.3. Evaluation of the Effects of the Subsidy System for NGO Projects

The NGO Project Subsidy System has two objectives (1) 'to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries', and (2) 'to strengthen the institutional capacity of Japanese NGOs' under the upper-level objectives of 'MOFA-NGO co-operation.' To check the effects of the NGO Projects Subsidy System, the achievement of objectives (1), (2) was examined through case studies of subsidized projects. The degree of the achievement of objective (1) was examined by 'Questionnaire One' and a field study. The degree of the achievement of objective (2) was examined by 'Questionnaire Two' and a field study through reviewing whether the projects materialized the enhancement of the institutional capacities of the Japanese NGOs. By utilizing the result of the above achievement assessment, the effects of the Subsidy System were evaluated.

4.3.1. Achievement of Objective One: 'to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient

countries'

Here, it was examined, looking at four subsidized projects,¹ whether or not the objective (1) was achieved. In this examination, the items for evaluation were classified into four categories following the 'Basic Ideas' for screening methods in the application guidelines intended to facilitate finely tuned aid. That is, the examination was made with regards to the following items: (A) that the project is a grass-root level project which the government has difficulty in offering, which considers the perspectives of residents' humanitarian concerns and environmental conservation, as well as leading to socio-economic and regional development and the stabilization of people's livelihood; (B) that it is sufficient in grasping the needs of the local community; (C) that it promotes the independence of local residents through self-help efforts and their participation; and (D) that it has been considered that women can be benefited through the aid. In other words, the evaluation was made based on the criteria of 'whether they were effective at the grass-root level' in the case of (A), 'whether they met the needs of local residents' in the case of (B), 'whether they have the participation of local residents and possibility for self-sustaining development' in the case of (C), and 'whether they were beneficial to women' in the case of (D).

(1) Were they Effective at the Grass-root Level?

Firstly, to evaluate 'whether they were effective at the grass-root level', consideration was made as to whether the benefits of the project were linked with local residents rather than with the decision-makers. All four evaluated projects were found to be effective at the grass-root level since they were the projects which were difficult to arrange at a national-level, or because they directly supported local residents.

(2) Did they meet the Needs of Local Residents?

Secondly, as regards the point of whether the projects were 'sufficient in grasping the needs of the local community', the evaluation was made in terms of whether the projects have been reflecting the needs of local residents. It was found that the needs of local residents were comprehended at the initial planning stage, however, some continuing operations did not study the current needs.

(3) Did they have Residents' Participation and Possibility for Self-sustaining Development?

Thirdly, regarding the point of 'whether they promote the independence of local residents through self-help efforts and their participation', it was evaluated as to whether residents participated in the projects, and whether the Japanese NGOs and their local counterparts implemented projects to promote residents' self-reliance. Although residents' participation was seen in every project, the extent to which projects led to independent and self-sustaining activities on the part of residents varied between organizations.

(4) Were they beneficial to Women?

¹ The four targeted organizations are: (1) Konkokyo Peace Activity Center, (2) Ginrei-Kai Association, (3) Global Voluntary Service, and (4) Japan Philippines Volunteer Association. Three of the four organizations excepting Ginrei-Kai Association have been implementing their projects from 1997. Thus, in this evaluation, a subsidized project which in fact had been implemented over years under the same NGO was counted as one project.

Fourthly, as regarding ‘whether they were beneficial to women’, the projects were evaluated in terms of the benefits for women. It was understood that women participated in the projects and received benefits from the projects.

Thus, the four criteria of ‘Basic Ideas’ for Development Co-operation Projects in the NGO Projects Subsidy System were certainly realized in all evaluated projects. That is, residents were directly targeted and became beneficiaries of the projects, the projects were operated in the needed places, local participation and self-sustaining development were promoted, and women were benefited. Hence, it can be concluded that the objective (1) ‘to make possible finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries’ was achieved.

However, the level of achievement in how much local residents’ needs were met and how much local participation and self-sustaining development were promoted varied between the NGO projects. Therefore, in screening projects, it would be important to focus on these two points in order to enhance the effects of the projects.

4.3.2. Achievement of Objective Two: ‘to strengthen the institutional capacity of Japanese NGOs’

In order to investigate how much the objective (2) was achieved, a questionnaire survey as well as interview survey were conducted to nine subsidized organizations² (of nine organizations, seven responded). The surveys were made to see whether the NGO Projects Subsidy was helpful in strengthening the institutional capacity of NGOs. Since the NGO’s institutional capacity cannot be reinforced merely by the NGO Projects Subsidy, it would be difficult to conclude that reinforcements were attributed only to the result of the NGO Projects Subsidy. Therefore, the evaluation was made in terms of whether the institutional capacity was enhanced during the implementation period of the subsidized projects. Finally, case studies of the organizational and financial capacities of the four projects³ were also conducted.

Concretely, an intensive questionnaire survey to nine NGOs was undertaken. In answer to the question of whether the organizational and financial capacities had improved, half of the NGOs answered that improvement was made as a result of the NGO Projects Subsidy.

As regards the enhancement of their **financial foundations**, four out of seven organizations positively acknowledged that they had been enhanced: it can be said that a contribution was made to reinforcing the financial foundation of certain NGOs. For instance, AMDA responded that ‘since the payment of the NGO Projects Subsidy accounts for less than half of development project costs, the shortfall must be compensated by the NGO’s own efforts

² Development Co-operation Projects of the Philippines health sector (1997–2001) were targeted as a scope of the survey. With this condition, the following nine organizations were nominated as candidates for survey targets. These nine organizations are: (1) Konkokyo Peace Activity Center, (2) Ginrei-Kai Association, (3) International Volunteer Center of Yamagata (IVY), (4) Institute of Cultural Affairs, (5) Global Voluntary Service (GVS), (6) Japan Philippines Volunteer Association, (7) Association of Medical Doctors of Asia (AMDA), (8) Kanagawa Alliance of Dental Volunteers Overseas (KADVO), and (9) Japan Dental Mission in the Southern Pacific.

³ The four projects were namely the projects implemented by Konkokyo Peace Activity Center, Ginrei-Kai Association, Global Voluntary Service, and Japan Philippines Volunteer Association.

to raise funds. Thus, AMDA has been able to improve its capacity for fund raising and has reinforced their financial foundation through this effort.' That is, AMDA was able to improve its institutional capacity through the process that they had to cope with conditions where the subsidy ratio accounted for up to half of project costs. Therefore, the objective (2) was achieved in the case of these four organizations. As far as **institutional capacity** is concerned, four out of seven organizations answered positively. Meanwhile, two organizations acknowledged no effects and one recognized it as 'a future task (institutional capacity to be reinforced in the mid and long-term).'

As seen above, the objective (2) 'to strengthen the institutional capacity of Japanese NGOs' was achieved by certain NGOs.

In addition, focusing on four subsidized projects as case studies, field studies at their project sites and interviews with related NGOs, their local counterparts, and beneficiaries were carried out to examine how the reinforcement of organizational and financial capacities were realized in development co-operation projects. In the examination, consideration was made according to the following four perspectives in order to understand whether NGOs were able to accumulate their 'capacities to manage human, financial, and information resources'.

- (1) Whether or not the project management capacities were strengthened to implement projects which would bring about positive effects; whether the capacities of the staff were developed; whether the experiences were accumulated; and whether institutional capacity building was materialized.
- (2) Whether or not the capacities to raise funds and to appeal their activities to the society were improved. This would be seen by way of: whether the number of members and supporters of NGOs were increased; whether the activities to increase the awareness of the people to think about Japanese society and co-operation from the recipient's points of view were promoted; whether society acknowledged NGOs as a crucial player in the international co-operation; and whether the establishment of equal and mutual relationships between ODA, international organizations, and other organization which receive subsidies was promoted.
- (3) Whether or not grass-root level networks were reinforced; whether local needs and problems were grasped; whether local individuals and groups who had abilities to solve the problems were identified; and whether international co-operation were deepened.
- (4) Whether or not they were able to enrich the recommendations on desirable aid activities such as ODA and international co-operation through the experiences, lessons and information.

The study results revealed that these points had been mostly achieved in the four targeted NGO projects.

Chapter Five: Recommendations

This chapter makes recommendations based on the results of the evaluation in chapter four.

Recommendation One: Improvement of the Appropriateness of the Procedures — improvement of the application form and report format

Application and report for the NGO Projects Subsidy System require mainly accounting, and thus the ‘expected effects’ and ‘their achievement’ are not properly checked, and a consistent format from application phase to reporting phase is lacking. In addition, the application form is not designed for screening according to the four criteria of ‘Basic Ideas.’⁴ Therefore, it will be necessary to modify the format of the documents in order to improve consistency from application to final report with an emphasis on project ‘effects.’ The followings are the detailed recommendations on the format of the application form and report.

Improvement of the ‘Application Form’

To stipulate the ‘Objectives and Contents of the Project’ on Project Outline (1) to be written with 400-word limitation. In addition, ‘Expected Effects’ and ‘Indices to Measure Effects’ (qualitative and quantitative) should be described there.

To add the four perspectives (criteria) of the ‘Basic Ideas’ — important in the screening process — to Project Outline (2). That is, ‘special features as a grass-root level project and reasons for project selection’, ‘the needs of local residents’ (relevant development plan in the areas needs to be attached), ‘the degree of local participation in the planning, implementation and completion phases’, and ‘the benefits to women’ should be added to the items of description. When a project continues more than two fiscal years, the time schedule of the project should be described precisely in the section ‘Project Backgrounds and Necessity’.

Improvement of the ‘Project Completion Report Format’

In order to demonstrate the degree of achievement of the ‘Effects’, the following items should be added as a proviso to the report format: ‘Effects by regions (‘Expected Effects’ and their achievement)’, ‘Self-evaluation of projects (relevance, efficiency [time and costs], effectiveness, impacts, and sustainability [qualitative and quantitative])’, and ‘Future directions/prospects’.

Recommendation Two: Reinforcement of the Effects of the Objective (1) — prioritizing ‘it is sufficient in grasping the needs of the local community’ and ‘it promotes the independence of local residents through self-help efforts and their participation’ among the four screening criteria

Although the four criteria for the application screening were appropriate, there was no prioritization of the four criteria. In the four projects picked up as case studies, the achievements varied among the projects in term of the two criteria of ‘it is sufficient in grasping the needs of local community’ and ‘it promotes the independence of local

⁴ That is to say, they are (A) ‘whether they were effective at the grass-root level’, (B) ‘whether they met the needs of local residents’ (C) ‘whether they have the participation of local residents and possibility for self-sustaining development’ and (D) ‘whether they were beneficial to women’.

residents through self-help efforts and their participation'. Thus, the following is recommended.

Prioritization among the Screening Criteria

In screening applied projects, priority should be given to the two — out of four — criteria, i.e. 'it is sufficient in grasping the needs of local community' and 'it promotes the independence of local residents through self-help efforts and their participation'. This would improve the degree of achievement of the objective (1) 'finely tuned aid packages, which are difficult to be offered at a national-level co-operation to recipient countries'

Recommendation Three: Improvement of the Appropriateness of the Process — report and disclosure of project results

While demands for more transparent ODA have been recently increasing, the disclosure of information concerning the application guidelines, NGOs applying, and awarding process is being improved through MOFA's disclosure of information on its website. However, it is only stipulated that project outcomes is to be published only on NGO's websites, disclosure by MOFA itself is therefore insufficient. Since publication of the project outcomes is also important, the followings are recommended.

Report and Disclosure of Project Results

As stated in the 'Measures to Promote Understanding, Support at Home and Abroad' of the ODA Charter, in order to advertise the NGO Projects Subsidy System to the people, PR activities should be promoted by making publicity documents and distribute them to MOFA-related organizations or to the International Co-operation Festival for public use.

As stated in the section 'Promotion of Information Disclosure' of the Mid-term Policy on ODA that 'it is necessary not only to strengthen information disclosure, but also to make an effort to provide plain and user-friendly information as well as to improve accessibility to information by means of active use of the Internet', for effective utilization of project-related information such as project reports, the computerization of information should be begun to build data bases so that users can freely search and read information.

Recommendation Four: System Reinforcement for Efficient and Effective Project Implementation — introduction of monitoring and evaluation

Monitoring and evaluation were not included in the process of the NGO Projects Subsidy System. Likewise, monitoring and evaluation activities undertaken by MOFA seem to be limited in terms of scale and effectiveness, and inefficient in terms of costs and effects. Meanwhile, on the NGOs side, as implementation bodies of projects, it is also important to have their projects examined by the donor side to ensure transparency of projects as well as to review the allocations of public fund. Therefore, monitoring and evaluation by NGOs themselves are vital. The followings are therefore recommended.

Obligation of Self-Evaluation by NGOs

NGOs should be required to conduct self-evaluation and include the results in the project completion report. This should include evaluation on the achievement of the 'Expected Effects'—described at the time of the application — and the project impacts. This evaluation process would contribute not only to the improvement of accountability to the donor and the promotion of information disclosure, but also to the reinforcement of NGOs' institutional capacities.

Implementation of Monitoring and Evaluation by Japanese Embassies in Recipient Countries

Japanese embassies in recipient countries should undertake monitoring and evaluation. Concretely, it would be an effective and efficient if the embassies recruit local staff in charge of NGOs and assign him/her to visit project sites every half-year to check the project progress, exchange information, and support the project implementation. If there is a limit in terms of a number of embassy staff, utilization of external experts such as consultants who specialize in evaluation or local consultants would strengthen the functions of monitoring and evaluation of the embassies.