

Third Party Evaluation 2008  
The Ministry of Foreign Affairs of Japan

Evaluation of “Initiative for Japan’s ODA on  
Water” and “Water and Sanitation Broad  
Partnership Initiative (WASABI)”  
-Summary-

March 2009

## Preface

This report is a summary of the “Evaluation of ‘Initiative for Japan’s ODA on Water’ and ‘Water and Sanitation Broad Partnership Initiative’” undertaken by the External Advisory Meeting on ODA Evaluation requested by the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan (MOFA).

Since its commencement in 1954, Japan’s Official Development Assistance (ODA) has contributed to the stability and development of developing countries, and solutions of international issues which vary with the times, as well as to the security and prosperity of Japan. Recently, there have been increased domestic and international calls for more effective and efficient implementation of ODA. The MOFA, as a coordinating ministry for ODA, has been conducting ODA evaluation mainly at the policy level with two main objectives: to support implementation and management of ODA; and to ensure its accountability.

As declared in the Millennium Development Goals (MDGs) objective to “halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation,” reduction of poverty concerning water and sanitation is a critical problem for human lives and livelihoods and one of the key issues facing the international community. Since the 1990s to the present, Japan has provided roughly 40% of the total donor support as the world’s leading donor in the water and sanitation sector. In addition, as the host country of the Third World Water Forum in 2003, Japan announced the “Initiative for Japan’s ODA on Water.” At the Fourth World Water Forum convened in Mexico in March 2006, Japan furthered its efforts by announcing “Water and Sanitation Broad Partnership Initiative (WASABI) ” which aimed to strengthen internal and international partnerships with other donor countries, organizations, and NGOs in the water and sanitation sector to enhance quality of Japan’s ODA. This survey was conducted to obtain lessons and recommendations that will contribute to implement more effective and efficient ODA assistance in the water and sanitation sector by comprehensively evaluating the relevance, effectiveness and appropriateness of the two initiatives described above.

The External Advisory Meeting on ODA Evaluation was formed as an informal advisory body of the Director-General of the International Cooperation Bureau of the MOFA to enhance objectivity in ODA evaluation. The Advisory Meeting is commissioned to design and conduct evaluations of ODA and feed back the results and recommendations of each evaluation to the International Cooperation Bureau of

the MOFA so that they could be reflected in the actual implementation of ODA for improvement. Prof. Tatsufumi Yamagata, a member of the meeting, was in charge of this evaluation.

Mr. Yukio Tanaka, Assistant Professor of the class of “Wisdom of Water”(Suntory), Corporate Sponsored Research Program, Organization for Interdisciplinary Research Projects, the University of Tokyo, being an advisor to the study, made an enormous contribution to this report. Likewise, the MOFA, the Japan International Cooperation Agency (JICA) including the former Japan Bank for International Cooperation (JBIC), and the ODA Taskforces also made invaluable contributions. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study. The ODA Evaluation Division of the International Cooperation Bureau of the MOFA was in charge of coordination of all the involving associates. All other supportive works including information collection, analysis and report preparation was provided by Mizuho Information & Research Institute, Inc., under the commission of the MOFA.

Finally, we wish to add that the opinions expressed in this report do not reflect views or positions of the Government of Japan or any other institution.

March 2009

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## OUTLINE

<p><b>1. Theme:</b> “Initiative for Japan’s ODA on Water” and “Water and Sanitation Broad Partnership Initiative (WASABI)”</p>	
<p><b>2. Case-study Countries:</b> Cambodia and India</p>	
<p><b>3. Evaluators:</b></p> <p>(1) Chief Evaluator: Tatsufumi Yamagata Director, Poverty Alleviation and Social Development Studies Group; Inter-Disciplinary Studies Center / Professor, IDE Advanced School (IDEAS), The Institute of Developing Economies (IDE);</p> <p>(2) Advisor: Yukio Tanaka Assistant Professor, "Wisdom of Water"(Suntory) Corporate Sponsored Research Program, Organization for Interdisciplinary Research Projects, the University of Tokyo;</p> <p>(3) Consultants: Mizuho Information &amp; Research Institute, Inc.</p>	 <p>Cambodia : Villagers give their opinions about the well</p>
<p><b>4. Period of Evaluation Survey:</b> July 2008 to March 2009</p>	
<p><b>Outline of Evaluation</b></p> <p><b>1.Evaluation Results</b></p> <p>(1) Relevance of policies</p> <p>Contents of the two initiatives are consistent with the assistance philosophy and policy proclaimed by the international community in the water and sanitation sectors such as: “comprehensive cross-sectoral approach”; and “promotion of coordination among various partners and funding sources including the private sector.” They are also consistent with Japan’s ODA Charter and Japan’s Medium-Term Policy on ODA, which declare “human security” as Japan’s basic philosophy for assistance and elucidate “water and sanitation” as one of the priority issues to achieve poverty reduction.</p> <p>(2) Effectiveness of results</p>	

Although amount of Japan's ODA grants in the water and sanitation sector has generally exhibited a rising trend since FY2001, increasing the proportion of support further for regions confronting serious development issues in the water and sanitation sector is critically important in the future. It was also recognized that individual projects supported by Japan's ODA have been carried out effectively in the case study countries (Cambodia and India).

### (3) Appropriateness of processes

With regard to the formulation process of the two initiatives, Japan has used an approach to use all the knowledge of related specialists and ministries, and adopted a procedure to broadly reflect the experience and knowledge Japan has accumulated in the water and sanitation sector and this can be evaluated highly. On the other hand, with regard to the composition of the two initiatives, further issues remain to be solved toward the establishment of a cross-sectoral assistance strategy.

In terms of the process of implementation, it can be pointed out that Japan has not yet obtained capability to realize Integrated Water Resources Management (IWRM) and partnership which is shown as cross-sectoral approach, although the assistances provided in the field do not diverge from the ODA philosophy and policies stated in the initiatives.

## **2. Main Recommendations**

### (1) Consider the water sector as a priority area for Japan's ODA

Japan's strengths in international cooperation in the water sector are based on two factors: ① comparative advantage with regard to a cooperation pattern that combines social capital (infrastructure) construction with financing; and ② large amount of investment in the water section already spent by Japan's ODA in the past. On the other hand, because there still remain considerable needs in the areas of water supply, water purification, irrigation and flood control etc. in the developing countries, there are many requests for Japan's ODA in the water sector and Japan has the sufficient preparedness and capacity for assistance. Therefore it is meaningful that Japan will set international cooperation in the water sector as one of the priority areas in the future also.

### (2) Re-examine assistance in the water sector in the way to collaborate with Japanese local governments

#### ① Further strengthen the system of collaboration with Japanese local governments

Based on the fact that to date Japan's strength in international cooperation in the sector of urban water supply and water purification lies in the collaboration with local governments of Japan, it is important for Japan to continue to make efforts to expand the number of Japanese local governments providing cooperation and recruit and foster experts in the future also.

② Start the examination of the potential for the public-private cooperation on Japan's ODA in the water sector

In order to look into the potential of the public-private cooperation on top of the collaboration with the Japanese local governments, it is important to examine the following points;

(a) what kind of private organizations and companies other donors are cooperating with;

(b) what kind of strengths and weaknesses of other donors' approaches to cooperation with private sector exist in comparison with Japan's current way of cooperation centered on local governments;

(c) whether or not Japanese private organizations and companies which have expertise, skills and experiences in water section exist.

The reason for this is because it can be thought that in the course of seeking various cooperation and trial and error through examinations, the Government of Japan, aid agency, local governments and private companies can find new ways of cooperation and a new format of Japanese cooperation in water sector beyond the current cooperation with local governments.

(Note: The opinions expressed in this summary do not necessarily reflect the views and positions of the Government of Japan or any other institutions.)

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## I. Evaluation Summary

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### I-1. Background and Objective

As the Millennium Development Goals (MDGs) declare one of their objectives is to “halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation (Goal 7 Target 7.C),” the reduction of poverty concerning water and sanitation is a critical problem for human lives and livelihoods and one of the key issues facing the international community.

Since the 1990s to the present, Japan has provided roughly 40% of the total donor support as the world’s leading donor in the water and sanitation sector. In addition, Japan announced its “Initiative for Japan’s ODA on Water” as the host country of the Third World Water Forum in 2003. This initiative declared that Japan would implement a comprehensive approach concerning “safe drinking water supply and sanitation,” “improvement of water productivity,” “water pollution prevention,” “disaster mitigation” and “water resources management” in accordance with the needs and circumstances in each region. This initiative also indicates that Japan will actively undertake measures that aim at “providing drinking water and sanitation to poor countries and regions;” “addressing the needs to provide large-scale financing to urban areas;” and “assisting capacity building.”

Japan continued its efforts by announcing its “Water and Sanitation Broad Partnership Initiative (WASABI)” at the Fourth World Water Forum convened in Mexico in March 2006. Under this initiative, Japan declared to strengthen the partnerships with international organizations, other donor countries, and internal and international NGOs in the water and sanitation sector to enhance quality of Japan’s ODA. This initiative also declared the importance of: “pursuing the sustainability of water use”, “emphasizing the ‘human security’ perspective,” “emphasizing capacity development,” “pursuing synergy through cross-sectoral measures” and “considering local conditions and appropriate technology”. And Japan stated that it would focus its efforts specifically on: “promotion of integrated water resources management,” “provision of safe drinking water and sanitation,” “support regarding water use for food production and other purposes,” “water pollution prevention and ecosystem conservation” and “mitigation of damage from water-related disasters.”

We conducted this survey for the purpose of obtaining lessons and recommendations that will contribute to effective and efficient implementation of

assistance in the water and sanitation sector in the future by comprehensively evaluating the relevance, effectiveness and appropriateness of the Two Initiatives described above. In addition, it is expected that the understanding of the general public regarding Japan's actual ODA efforts will be enhanced through the publication of this evaluation report and that an opportunity will be provided to develop more optimal and effective approaches for Japan's ODA through the communication of the evaluation results to the governments of the involved countries, concerned individuals of related organizations and other donors.

## I-2. Targets of the Evaluation

This evaluation attempts to verify the relevance, effectiveness, and appropriateness of the "Initiative for Japan's ODA on Water" and the "Water and Sanitation Broad Partnership Initiative (WASABI)" (referred to below as "the Two Initiatives"). In addition, the survey also evaluated the issue of whether Japan's ODA in the water and sanitation sector that is the subject of the Two Initiatives possesses respectively, policy relevance, effective results and appropriate processes.

## I-3. Case Studies

For this evaluation survey, we selected Cambodia and India as case study countries and conducted an evaluation from field surveys. The following two considerations were emphasized when selecting these countries.

First, water resources development and management are essential needs in people's daily lives in both countries, and have various related issues. This point is highlighted by the fact that Japan's Country Assistance Program for each country incorporates measures such as anti-poverty programs, national health measures, efforts to prevent natural disasters such as floods, and environmental protection. Because Japan provides water and sanitation support for these two countries in accordance with these measures, and because the scale of the support is so large, the selection of the two countries is appropriate to comprehensively verify the significance and effectiveness of Japan's ODA in the water and sanitation sectors.

Second, in both the countries, a certain level of "partnership" —an important element of the Two Initiatives—has been identified. For instance, in Cambodia, development based on a broad regional cooperative relationship is being

carried out in the regions that share river and drainage basin surrounding the country. And a program such as “Greater Mekong Sub-region Development Program” has been implemented under the initiative by the Asian Development Bank. In India, the Japan-U.S. partnership program has supported the water and sanitation sector. Because these actual cases are evolving until now, accurate evaluation of these countries is thought to have major significance in future developmental processes in the water and sanitation sector.

#### I-4. Evaluation Framework and Viewpoint

##### I-4-1. Evaluation viewpoint

Two factors that were especially emphasized as a perspective of the evaluation were the “partnerships” and “Integrated Water Resources Management (IWRM)”, which were used as the main concepts of both of the initiatives. They cover broad sectors concerning water and sanitation. In both initiatives, many include the sections of “drinking water,” “irrigation,” “water-related disasters” and “water pollution.” In both of the initiatives, “partnership” and “Integrated Water Resources Management” were used directly and indirectly as the cross-sectoral assistance policy. Based on the following perspectives, the survey analyzed whether the two principles have been promoted.

- ”Partnerships”: has an effective mechanism for coordination with other donor countries and organizations been created based on common understanding of the development philosophy and policies? And is that mechanism being operated effectively to achieve the goals?
- “Integrated Water Resources Management”: has a mechanism been created for smooth coordination of interests among concerned ministries, local government bodies, civic organizations and other parties in the recipient country of assistance?

The evaluation was implemented under the following framework, while these two perspectives were incorporated.

#### I-4-2. Evaluation framework

This evaluation was implemented from the viewpoint of relevance of policies, effectiveness of results and appropriateness of processes in accordance with the evaluation procedures described in the “ODA Evaluation Guidelines Version 4.” The evaluation criteria that include these three viewpoints are summarized below:

##### (1) Relevance of policies

As the criteria for evaluation of the Two Initiatives we adopted the evaluation items as follows: 1) “consistency with higher level international frameworks” (consistency with the “Four Dublin Principles” (1992) and “Agenda 21 (1992)), 2) “consistency with Japan’s higher level policies” (consistency with the “ODA Charter” and “Japan’s Medium-Term Policy on ODA”), and 3) “consistency with the role expected of the Initiative” (“novelty and leadership”).

Furthermore, when conducting the evaluation of Japan’s Country Assistance Program for each case study country, following evaluation items were adopted: “consistency with higher level international frameworks”; “consistency with the development plan in the case study country”; and “consistency with Japan’s higher level policies” (that includes Japan’s ODA Charter, ODA Medium-Term Policy and the “Two Initiatives”).

##### (2) Effectiveness of results

With regard to the effectiveness of the “Two Initiatives,” we looked closely at the input in terms of the shifts of Japan’s ODA in the water and sanitation sector around the world. On the other hand, with regard to Japan’s ODA in the water and sanitation of the case study countries, we examined the results of the relevant projects and improvement in the water-related development indicators for Cambodia and India in addition to the ODA performances. Projects to be evaluated were restricted to water and sanitation sector projects implemented after 2000.

##### (3) Appropriateness of processes

With regard to the evaluation of process of the “Two Initiatives”, we looked closely at the formulation process and management processes. In terms of the management processes, we also focused on the partnership and Integrated Water Resources Management that are the evaluation criteria of the Two Initiatives, and studied whether measures to fulfill these principles were

undertaken.

The evaluation items for the case study countries were selected as follows: “consultation and coordination with related Japanese government organizations,” “consultation and coordination with the counterpart country government,” “consultation and cooperation to coordinate assistance with other donor countries and organizations” and “consistency of development needs in recipient countries and the development support resources of Japan.”

#### I-5. Implementation Procedure

We implemented the evaluations through interview surveys with related domestic organizations, with related organizations in the case study countries, a literature review and collection to obtain secondary data.

## II. Evaluation

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### II-1. Evaluation of the “Two Initiatives” Concerning Water and Sanitation

#### II-1-1. “Relevance of policies” pertaining to the Two Initiatives

##### II-1-1-1. Consistency with the higher level international frameworks

The first paragraph of the “Initiative for Japan’s ODA on Water” announced in 2003 states Japan’s policy entitled “Comprehensive Approach” which represents Japan’s intention to make a comprehensive contribution to a multi-faceted approach to the water sector through ODA grants. This approach includes strengthening the various system and capacity bases essential to addressing water problems, such as “governance” ”capacity building” and “financing.” Also this approach encompasses following contributions: “drinking water and sanitation,” “improvement of water productivity,” “water pollution control,” “disaster prevention” and “water resources management.” As concrete actions to materialize this “comprehensive approach,” the initiative also declares Japan’s commitment to realistically promote cooperation through: 1) “safe drinking water supply and sanitation,” 2) “improvement of water productivity,” 3) “addressing the problem of water pollution and ecosystem management,” 4) “disaster prevention,” 5) “water resources conservation” and 6) “strengthening of partnerships with NGOs.”

The "Initiative for Japan's ODA on Water" demonstrates that as a basic policy, Japan will, through the use of ODA, implement comprehensive cooperation for the extremely diverse issues on water and sanitation in the international community and therefore can be evaluated to be consistent with the "comprehensive cross-sectoral approach" that the international community has cited as a basic policy for assistance.

Along with a “comprehensive approach” the “Initiative for Japan’s ODA on Water” also elucidates the “establishment and strengthening of international partnerships” as the basic policy of Japan’s assistance, which was represented by the “Japan-U.S. Clean Water for People Initiative” (2002) and the “Japan-France Water Sector Cooperation” (2003). Furthermore, as another important policy of “strengthening partnerships with NGOs” states, the assumed partners are not always limited to the donor countries such as the U.S. and France. It can encompass various actors including private entities like NGOs. This point also is evaluated to be consistent with the assistance policy of the

international community that calls for “coordinated promotion of various partners and financial resources including the private sector”.

The “Water and Sanitation Broad Partnership Initiative (WASABI)” announced in 2006 also elucidates “pursuing synergy through cross-sectoral measures” as the basic policy. And these concrete measures declare Japan’s intention to undertake efforts across diverse issues and sectors including: 1) “promotion of integrated water resources management (IWRM)”; 2) “provision of safe drinking water and sanitation”; 3) “support regarding water use for food production and other purposes”; 4) “water pollution prevention and ecosystem conservation”; and 5) “mitigation of damage from water-related disasters”. These details are consistent with the “comprehensive cross-sectoral approach” emphasized by the international community. Moreover, other basic policies declared in WASABI such as: “pursuing the sustainability of water use”; “emphasizing the “human security” perspective”; and “emphasizing capacity development” are consistent with the assistance philosophy and policies that have been created by the international community.

Overall, the details of the “Initiative for Japan’s ODA on Water” and WASABI can be evaluated as consistent with the assistance philosophy and policies of the international community.

#### II-1-1-2. Consistency with Japan’s higher level framework

Japan’s ODA Charter is approved at Cabinet Meeting, so it is a fundamental philosophy and guideline of Japan’s ODA policy and implementation. Japan’s Medium-Term Policy on ODA, which is formulated according to the Japan’s ODA Charter, is the basic policy for the efficient and effective implementation of Japan’s ODA. Therefore the “Initiative for Japan’s ODA on Water” and the “Water and Sanitation Broad Partnership Initiative (WASABI)” are required to be consistent with the higher level framework.

Moreover, current ODA Charter and Medium-Term Policy on ODA are the updated versions revised in August 2003 and February 2005 respectively. Also the “Initiative for Japan’s ODA on Water” and WASABI that are subject of this evaluation survey were formulated in March 2003 and March 2006 respectively. We evaluated the “Two Initiatives” in accordance with the current editions of ODA Charter and Medium-Term Policy on ODA.

##### (a) Consistency with Japan’s ODA Charter (August 2003 revised edition)

Section I of Japan’s ODA Charter, entitled “Philosophy – Objectives, Policies,

and Priorities,” describes objectives, basic policies, priority issues and priority regions.

The second basic policy cited in Japan’s ODA Charter, “Perspective of ‘Human Security’,” was added when the Charter was revised to the current edition and is considered as one of important policies. Although there is no reference to this point in the “Initiative for Japan’s ODA on Water” formulated in 2003, “emphasis on the ‘human security’ perspective” is cited in 2006 in WASABI as one of the basic policies, which has achieved consistency with Japan’s ODA Charter.

Moreover, concerning “poverty reduction,” which is enumerated as the first priority issue Japan’s ODA Charter states as follows: (underline added by the authors of this paper).

Poverty reduction is a key development goal shared by the international community, and is also essential for eliminating terrorism and other causes of instability in the world. Therefore, Japan will give high priorities to providing assistance to such sectors as education, health care and welfare, water and sanitation and agriculture, and will support human and social development in the developing countries.  
(remainder of paragraph omitted)

The issue of “poverty reduction” was enumerated as the second priority issue as a basic human need (BHN) in Japan’s former ODA Charter. Regarding this issue as the highest priority in Japan’s current ODA Charter is thought to highlight Japan’s stance of giving greater attention on poverty reduction. It suggests that the water and sanitation sector is an especially important sector for poverty reduction, and supports the significance of the Two Initiatives.

(b) Consistency with the Medium-Term Policy on ODA (February 2005 revised version)

With regard to poverty reduction which has the highest priority in Japan’s Medium-Term Policy on ODA, the following description is made in the “approach and concrete action for poverty reduction.”



(b) Direct assistance to the poor

(i) Enhancing basic social services

In order to improve the quality of life of the poor, Japan will actively assist in the enhancement of basic social services, such as education, health services, safe water supply, shelter, and electrification, while encouraging improvements in governance in the recipient country. For example, Japan will seek to improve hygiene conditions and raise awareness by providing wells and latrines in its school construction projects in poor areas, and to improve children's nutrition through school meals. (remainder of paragraph omitted)

Thus the Medium-Term Policy on ODA further explores the theme of “water and sanitation” referred in Japan’s ODA Charter. And it asserts that progress with efforts on the “water and sanitation” sector is critically important for achieving poverty reduction. Therefore the international cooperation on the water and sanitation in Two Initiatives is consistent with the intent of Japan’s ODA Charter as well as the Medium-Term Policy on ODA.

Furthermore, what deserves special mention with regard to the Medium-Term Policy on ODA is the fact it provides detailed descriptions and specially focuses on “human security” as one of the issues that “Japan needs to present its position (and actions) at home and abroad.” Therefore the stance in Medium-Term Policy on ODA emphasizing “human security” has been inherited by WASABI that advocates the “human security” perspective as one of Japan’s basic policies.

### II-1-1-3. Innovation and leadership in the Two Initiatives

Finally, let us discuss whether the Two Initiatives possess the innovativeness and leadership that the word “initiative” literally implies. In English the word “initiative” encompasses the meanings of initiating (initiative), proposing (proposals), preemption, leadership, spontaneity, first steps, taking the lead and self-responsibility. What these words imply is that policies in which Japan can take the initiative in the international community for international cooperation in the water sector are incorporated into the initiatives.

From the beginning, the Two Initiatives have had a strong aspect of being formulated as position papers that would be presented at the World Water Forum to clearly express Japan’s ODA menu that was comprehensively

coordinated with existing ODA policy and key details. Affirming Japan's presence as a world leader in the water sector was a step expected to encourage other donors and aid recipient governments to finalize their policies to match Japan's cooperation stance. However, it was not assumed when formulating the Two Initiatives that Japan would take the leadership to lead other donors in global water and sanitation development-related policy. Therefore Japan led the way in the sense that other donors decided their approach in accordance with Japan's policy and initiatives.

Since the "Two Initiatives" were formulated to coordinate with existing policies rather than to set forth new policy, they lack innovativeness. On the other hand, the initiatives formulated by Japan are diverse, and these initiatives do not necessarily all appear to be required to give innovation and leadership. Thus, we only keep the point that neither initiative exhibits innovativeness nor leadership in mind.

## II-1-2. "Effectiveness of results" pertaining to the Two Initiatives

### II-1-2-1. Trend of ODA investment results in the water and sanitation sector

The total amount of Japan's ODA contribution to the water and sanitation sector (worldwide) has an upward trend since 2001, and in 2006, it reached the 30% mark when WASABI was announced. However, when the allocation of ODA grants in the water and sanitation is examined geographically, Japan's ODA has not always invested sufficiently to those regions where the Water Poverty Index is low especially in the region of Sub-Saharan Africa.

The circumstances behind this result are thought to be due to the fact that: 1) the principle of requesting process of Japan's ODA was applied to the project formulated by the Two Initiatives (i.e., Japan will not provide ODA if a government does not request assistance, even in a country where needs are high) and, 2) the order of priority to be given to various development issues is affected by the wide variety of facts in each country and region. This is to say, the countries including Sub-Saharan African nations where the Water Poverty Index is low cannot only prioritize the water and sanitation while other development issues exist.

Thus when we consider the optimal approach to actual application and management of ODA in the water and sanitation sector, it is usually implemented with a complex interactive process, which begins with a request from the counterpart central government. We believe that the lack of growth in

ODA investment in regions where the Water Poverty Index is low should not simply be evaluated negatively. Nevertheless, we can say that increasing relative proportion of support to developing countries with serious development issues in the water and sanitation sector is a critically important issue for the future.

#### II-1-2-2. Trend in MDG Indicators pertaining to water and sanitation

The MDG Indicators pertaining to water and sanitation include the following two indicators under Goal 7 “Ensure environmental sustainability” for Target 7.C “to halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.”

- Indicator 7.8 Proportion of population using an improved drinking water source (Unit: %)
- Indicator 7.9 Proportion of population using an improved sanitation facility (Unit: %)

When the 2000 indexes and 2006 indexes of above indicators are compared in the 152 DAC assistance recipient countries, the number of countries of which the indexes improved regarding both of the indicators was between 50% and 60% of all of the countries. About 10% of the countries, on the other hand, had deteriorated in indexes. Moreover, the average change in the indicators for each country was 3.00 percentage points for access to a drinking water source and 2.63 percentage points for access to a sanitation facility, thus, the indexes are improving overall. However, when the rate of annual improvement is calculated none of the indicators reached 1%.

Based on the situation described above, both the depth (proportion of countries showing improvement) and degree (extent of the improvement) of improvement are not necessarily evaluated to be satisfactory while the outcome indicators pertaining to water and sanitation have been improving overall.

With regard to the outcome, the input provided by the recipient country government, other donors, the private sector and NGOs, besides the input of Japan’s ODA, is thought to have considerable influence on change of the external environment. Consequently, it is difficult to simply evaluate the effectiveness of the outcome produced by Japan’s ODA grants (particularly when studying and evaluating the effectiveness of the water sector at a global level).

However, in Cambodia and India where the case studies for this evaluation survey were conducted, many effective projects utilizing Japan's ODA have been implemented. Therefore, Japan's ODA pertaining to water and sanitation sector has probably been effective in the overall improvement in the outcome described above and it is reasonable to give positive evaluation for "effectiveness of results."

In summary, while issues remain with regard to both scale and allocation of the ODA funds in the water and sanitation sector, the effectiveness can be evaluated to have certain achievement when regarding the integrated support and effort of other donors and the central government of the ODA recipient countries.

### II-1-3. "Appropriateness of processes pertaining to the "Two Initiatives"

As an evaluation of appropriateness of processes we considered the Two Initiatives by dividing processes into the formulation process, application, and management process.

#### II-1-3-1. Formulation process

First, as Japan used all the knowledge of related specialists and ministries in the formulation process of the Two Initiatives, it can be highly evaluated that a procedure was adopted for the experiences and knowledge accumulated in the past in the water and sanitation sector to be broadly reflected in the Two Initiatives. On the other hand, regarding the composition of the Two Initiatives, there are further issues that remained in order to adopt strategy in a cross-sectoral way. Both initiatives reflect a sector-by-sector perspective in which the jurisdictions of ministries concerned can be perceived. Accordingly the application of cross-sectoral concept was limited.

Second, the relationship between the formulation process and application and management process has been examined. Because the Two Initiatives were formulated by the active participation of the ministries concerned in ODA in the water and sanitation sector (Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Agriculture, Forestry and Fisheries, Ministry of Health, Labor and Welfare, Ministry of Environment etc.), it seems that the commitment of the ministries concerned in ODA in the water and sanitation sector was strengthened and that the system of coordination has been established. This should be evaluated as an important lesson which can be applied to the

implementation of ODA in other sectors.

#### II-1-3-2. Application and management process

Next let us consider how the Two Initiatives have been utilized at the ODA sites. If we rely on the results of interviews conducted at the assistance recipient organizations in Cambodia and India, in addition to organizations in Japan and other donors, awareness of the Two Initiatives is generally low. Further, these initiatives were not cited as guidelines for the series of operational processes of assessment, planning, and implementation of the actual programs. This result may be expected as a natural course, because the contents of Two Initiatives are not innovative, but composed by comprehensively adjusting and systematizing the assistance policies Japan had adopted. On the other hand, assistance provided in the field also does not diverge from the ODA philosophy and policies stated in the Two Initiatives.

As a result, it is difficult to argue that the integrated water resources management and strengthened partnerships, which are put forth as the cross-sectoral orientation of the Two Initiatives, have been sufficiently achieved. With regard to this issue, we proceed to the following points of argument.

##### (a) Issues concerning the promotion of integrated water resources management

Integrated Water Resources Management (IWRM) is primarily under the jurisdiction of the Ministry of Water Resources and Metrology in Cambodia, and under the jurisdiction of the Ministry of Water Resources in India. Assistance to promote the creation and introduction of IWRM is implemented in Cambodia and India based on Japan's ODA. Because IWRM is also a concept used frequently in the international community in the water sector, the importance of the IWRM concept is recognized by counterpart governments.

Nevertheless, achieving IWRM is not easy because of the following factors: "the ministries involved in water resource issues are diverse and functioning 'vertically' between ministries" in the case of Cambodia; "the practice of river management when several states are involved is a difficult issue that entails sensitive politics akin to international river management because state government powers concerning river management are strong" in the case of India.

(b) Issues concerning the promotion of partnerships

The “Japan-U.S. Clean Water for People Initiative” (2002) and the “Japan-France Water Sector Cooperation” (2003) stand as specific partnership programs with other donors in the water and sanitation sector.

In addition, examples of another type of partnership can be observed in the dispatch of specialists from Japanese local governments to the country where assistance in water supply and water purification is needed.

The partnerships with the U.S. and France, however, were projects organized before the “Two Initiatives” had been formulated. Japan did not take the opportunity presented by formulation of the Two Initiatives to initiate new partnerships. Moreover, cooperation with Japanese local governments is a mode that has been practiced traditionally as part of Japan’s ODA policy in the water and sanitation sectors, thus, it would be difficult to say that because of both of the initiatives, Japan was able to strengthen this approach. On the other hand, with regard to so-called public-private cooperation with entities such as private corporation and NGOs, which are referred to as potential partners in the “Water and Sanitation Broad Partnership Initiative (WASABI)”, yet, sufficient examples have not been accumulated.

Finally, regarding the appropriateness of processes, it is possible to say that with regard to utilization of the Two Initiatives there are issues remaining such as raising the level of awareness while no issues were found other than creation of cross-sectoral strategies with regard to the formulation processes of the Two Initiatives.

## II-2. Evaluation of Japan’s ODA in the Water Sector

With regard to ODA in the water and sanitation in Cambodia and India, which we studied as case study countries, examination of relevance of policies, appropriateness of processes, and effectiveness of result were evaluated positively.

First, with regard to relevance of policies, water-related ODA in both countries follows not only the “Two Initiatives” discussed above but also are consistent with the poverty reduction and development plans of both the countries as well as international poverty reduction and development programs and Japan’s ODA Charter. Therefore it is reasonable to say that the “relevance of policies” is being achieved.

Furthermore, with regard to “appropriateness of implementation processes” differences in assistance coordination have been seen in both countries. For

example, while Cambodian government was active in coordination of assistance, Indian government was passive. In response to this situation, Japan's ODA task force in Cambodia actively contributes to achieving assistance coordination with other donors, while in India, the task force attaches importance to establishing close ties with counterparts in the Indian government. With respect to appropriateness of process, both task forces make the maximum efforts to achieve the best results in accordance with the particular circumstances of each country.

Finally, with regard to "effectiveness of results," although there is difficulty of assessment described in the previous section, we can say that this requirement is fulfilled because imagined results were generally achieved regarding the projects examined in case study countries.

### III. Conclusions and Recommendations

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#### III-1. Summary of the Evaluation

##### III-1-1. Japan's ODA in the water sector

Japan's water and sanitation sector ODA in recent years has on the whole been coordinated with the "Initiative for Japan's ODA on Water" and the "Water and Sanitation Broad Partnership Initiative (WASABI)." Both initiatives are consistent with international assistance trends in general, as well as with the trends specific to the field of water, and with the highest priority of Japan's ODA policy.

Based on these facts, the validity of Japan's ODA philosophy, goals and policies in the water sector is high. Moreover, because all of the knowledge and information of related specialists and ministries was utilized when formulating the above initiatives, the formulation process for both initiatives can be considered appropriate. Finally, not only because changes in the external environment have been extensive, but also because the input has been contributed by recipient country governments, other donors, the private sector and NGOs, an exact study to measure the effectiveness of Japan's ODA in the water sector is difficult. Nevertheless, there are many effective individual projects that have utilized Japan's ODA in Cambodia and India. Based on these results, it is reasonable to say that overall effectiveness of Japan's ODA in the water and sanitation sector can be positively evaluated.

Positive evaluations were received for relevance of policies, appropriateness of processes, and effectiveness of results regarding water and sanitation-related ODA in Cambodia and India as well, which we studied as case study countries. Water-related ODA in both countries not only follows the initiatives discussed above, but also is consistent with the poverty reduction and development programs of both countries, as well as with Japan's ODA Charter. Therefore it is reasonable to say that "relevance of policy" is being met.

Furthermore, with regard to assistance coordination which is one of the important perspectives of appropriateness of ODA implementation processes, Cambodian Government is active, while Indian Government is passive. In response to this difference, Japan's ODA task force is contributing actively to assistance coordination with other donors in Cambodia, while emphasizing close cooperation with the central government in India. Therefore with respect to "appropriateness of processes," the maximum effort is being made according



to the conditions in each country. Finally, with regard to "effectiveness of results", although there is difficulty of assessment described in the previous section, we can say that this requirement is fulfilled because imagined results were generally achieved regarding the projects examined in case study countries.

### III-1-2. The "Two Initiatives"

Japan announced the "Initiative for Japan's ODA on Water" at the Third World Water Forum held in Japan, and the "Water and Sanitation Broad Partnership Initiative (WASABI)" at the Fourth World Water Forum respectively. Both initiatives embodied the assistance policies of Japan at the time in the water and sanitation sector and played a minimal role in setting a new orientation of assistance and forming agreement in the sector from the beginning.

The "Water and Sanitation Broad Partnership Initiative" emphasizes the importance of the irrigation, water service and sewerage, and environmental protection, and introduced the concept of Integrated Water Resources Management and incorporated them into a single program. These accord with the international trend in development of the water sector and offered an appropriate and wise way to organize these goals. Despite the fact that this concept was adopted in many developing countries, achievement of the integrated water resources management in its original meaning is a remote target in Cambodia and India where human resources and the institutional framework are not sufficient with ministries functioning vertically. This situation is assumed to be similar in many other developing countries with slight differences.

One policy common to both initiatives is the emphasis on partnership. The Japan-U.S. partnership and Japan-France partnership are examples of this type of partnership in the water sector. In contrast, however, there have been no strong partnerships formed after both initiatives were made because both of these partnerships were created before the formulation of the initiatives. Moreover, because they are not widely recognized by either assistance recipient country or other donors, both of the initiatives have extremely limited effect in terms of promoting regular assistance coordination. Therefore, it can not be said that both initiatives have a great promotional effect for partnership.

For the local ODA task force, both initiatives were coordinated along with existing policies, so they could confirm previously adopted policies through the initiatives. Both initiatives were constituted using planned, harmonious contents,

rather than incorporating new policies.

In this way the intent of the initiatives was not to introduce a new Japanese policy but rather to comprehensively and inclusively enumerate Japan's assistance alternatives and represent them to assistance recipient countries and other donors. The initiatives have been formulated and utilized in this sense. However, the introduction of 'innovativeness and leadership' may be required in some initiatives, though such a role has not always been given to the actual initiatives.

### III-2. Recommendations

The recommendations of this report are summarized below.

1. Consider the water sector as one of the priority areas for Japan's ODA
  - Background 1: Japan's experience and commitment to assistance in constructing socially-needed infrastructure related to the water and sanitation sector
  - Background 2: Strong needs of water and sanitation-related assistance in developing countries
2. Re-examine assistance in the water sector in the way to collaborate with local Japanese governments
  - Further strengthen the system of collaboration with Japanese local governments
  - Start the examination of the potential for the public-private cooperation on Japan's ODA in the water sector

#### III-2-1. Strong support needs in the water sector

Since the amount of Japan's ODA is expected to be further curtailed, there would be calls for "selection and concentration" of Japan's ODA. The water sector – the urban water supply and water purification area in particular – is not exceptional in this trend and this is the sector where many donors have not made much assistance yet so the amount of assistance required for the sector is enormous. Consequently, it is not always clear whether Japan should continue its support in the water sector in the future. But presently, many donors are focusing on developing the water supply system in small rural areas with small amount of investment so that they can easily proclaim their contributions

as an outcome of their assistance. On the other hand, in the urban water supply and water purification area, where provision of loans are needed rather than regular grants because of the large scale of work and financing being required, only a small number of donors are engaged in this work, and among those donors are very few bilateral donors.

In this situation, Japan already has been showing a major presence among bilateral donors with regard to assistance in the global water sector. Japan has been involved in many projects so far in development of social infrastructure including the urban water and sewage system and flood control assistance. Naturally, Japan is expected to provide follow-up assistance. Because the funding repayment periods are usually long, long-term participation is required. In other words, Japan has been already engaged in the strong commitment in the water sector that became a meaningful “asset” in the water assistance sector. Therefore Japan’s strength in international cooperation in the water sector comes from two points: 1) its comparative advantage concerning the assistance that combines the construction of socially-needed infrastructure and financing; and 2) its contribution of a long-term investment of large amount in this sector.

From the views of developing countries, it is clear that there are still enormous needs in areas of water supply, purification, and flood control even before the initiation of this survey. Consequently, Japan receives many requests in these areas and has sufficient preparations and capacity for support. Therefore it is reasonable to say that Japan should set international cooperation in the water sector as one of the priority areas in the future.

### III-2-2. Re-examine assistance in the water sector in the way to collaborate with local Japanese governments

Japan may be unable to sustain the present method of assistance in urban water and sewerage operations, which relies heavily on cooperation with local governments over the long run for the following reason. In Japan, the local government undertakes the role of managing the water supply system and sewage services. And this experience and expertise has been utilized in international cooperation when financing urban water supply and sewerage service projects in developing countries. Japan has simultaneously dispatched water supply and water purification experts of local government, provided training to local entities related to the projects and supplied grants of related

machine parts, thereby providing support that combines financing, technical co-operation and donated materials as a set. Based on this system, Japan has used the knowledge and know-how cultivated by local governments not only for facility operations, but for selection to management of project as well. In other words, the support method Japan has adopted concerning urban water and sewerage services enabled specialists, funding and machinery parts to be procured from Japan by adequately utilizing human and intellectual resources of the local governments. Until now this methodology was extremely significant in the sense that Japan was able to make the best use of its own experience by transferring the approach that had been developed within Japan.

However, as obtaining the cooperation of the local governments and their specialists has become more challenging because of recent structural reform<sup>1</sup> of the local government in Japan, it has become difficult for Japan to maintain this type of collaboration. Based on this current situation, Japan should search for new cooperation methods for urban service water and sewerage services. At present, however, the direction of the new cooperation method that Japan should adopt is not clear.

On the other hand, the private sectors are deeply involved in the urban water and sewerage system in developing countries. Even in India, one of the case study countries, an instance was seen where a French multinational company that is one of the so-called water majors, was handling operation and maintenance of a purification plant for which Japan had been providing assistance. It is an international trend that the construction and maintenance of large-scale infrastructure, especially urban water supply and sewerage services are left to the private sector or outsourced to the maximum extent possible. As the world moves toward enhancing the partnership in private sector, Japan stands at a crossroads, and has to decide whether it will focus in the future on assistance based on collaboration with Japanese local governments, or turn its attention to new directions such as enhancing cooperation with the private sector.

Considering these current conditions, we believe two measures are essential. First, it is important to continue and strengthen the approach utilized until now that is to expand and strengthen collaboration with local governments. International cooperation in collaboration with local governments has been the

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<sup>1</sup> See the following reference literature regarding this point. PHP Institute for Policy Studies, "Water service and local government bodies" (*PHP Policy Research Report*, Vol.8, No.95, 2005); Soshiro Ohsumi, "Application of strategic management model to Japan's local authorities," *ESRI Discussion Paper Series* No.157, 2006.

cornerstone of Japan's urban service water and sewerage assistance until now, and is the strong feature of Japan's cooperation in this sector. Therefore Japan should continue its efforts to expand the number of local governments providing cooperation, and recruit and train specialists in the future.

Nevertheless, approaches above mentioned have already been practiced, so they offered no novelty. To simply hope for a major improvement in this direction is perhaps overly optimistic. What must be investigated and studied as an alternative methodology is a combinational effort of the collaboration with the private sector in addition to cooperation with local governments. Issues that needed to be examined include: the types of private organizations and firms that other donors cooperate with; the strengths and weaknesses of other donors' approaches to collaboration with the private sector compared with Japan's current system of cooperation centered on local governments<sup>2</sup>; and whether Japan's private sector organizations and firms possess sufficient expertise, technology and experience in the water sector. With this information in mind, Japan must study the possibility of cooperating with other donors, the possibility of deepening cooperation with Japanese firms and the possibility of cooperating with foreign firms in international cooperation in the water sector.

This is not to say that "Japan must adopt the same form of cooperation with the private sector that other donors currently are pursuing", in a single leap. It is important to examine, first of all, the type of cooperation with the private sector other donors are implementing, and then whether there is possibility to apply that system to Japan's assistance and the private sector in Japan. As the result of the examination, it will enable the Government of Japan, assistance agencies, local governments and private firms to seek an optimal approach for the new cooperation while seeking various types of cooperation. This may eventually give rise to a new format of the Japanese assistance in the water sector beyond the current cooperation with local governments. With such a medium-term goal in mind, Japan should examine the modes of cooperation with the private sector of other donors at this stage.

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<sup>2</sup> Utilization of the private sector can also bring with it the problems of lower quality or reduced scope of service and an increase in user fees. Needless to say, consideration must be given to these problems. As literature that highlights these problems see David Hall, "Water Multinationals: No Longer Business as Usual," a paper presented at the Third World Water Forum, held in Kyoto, Japan in March 2003 (<http://www.psir.org/reports/2003-03-W-MNCs.doc>).

## Appendix

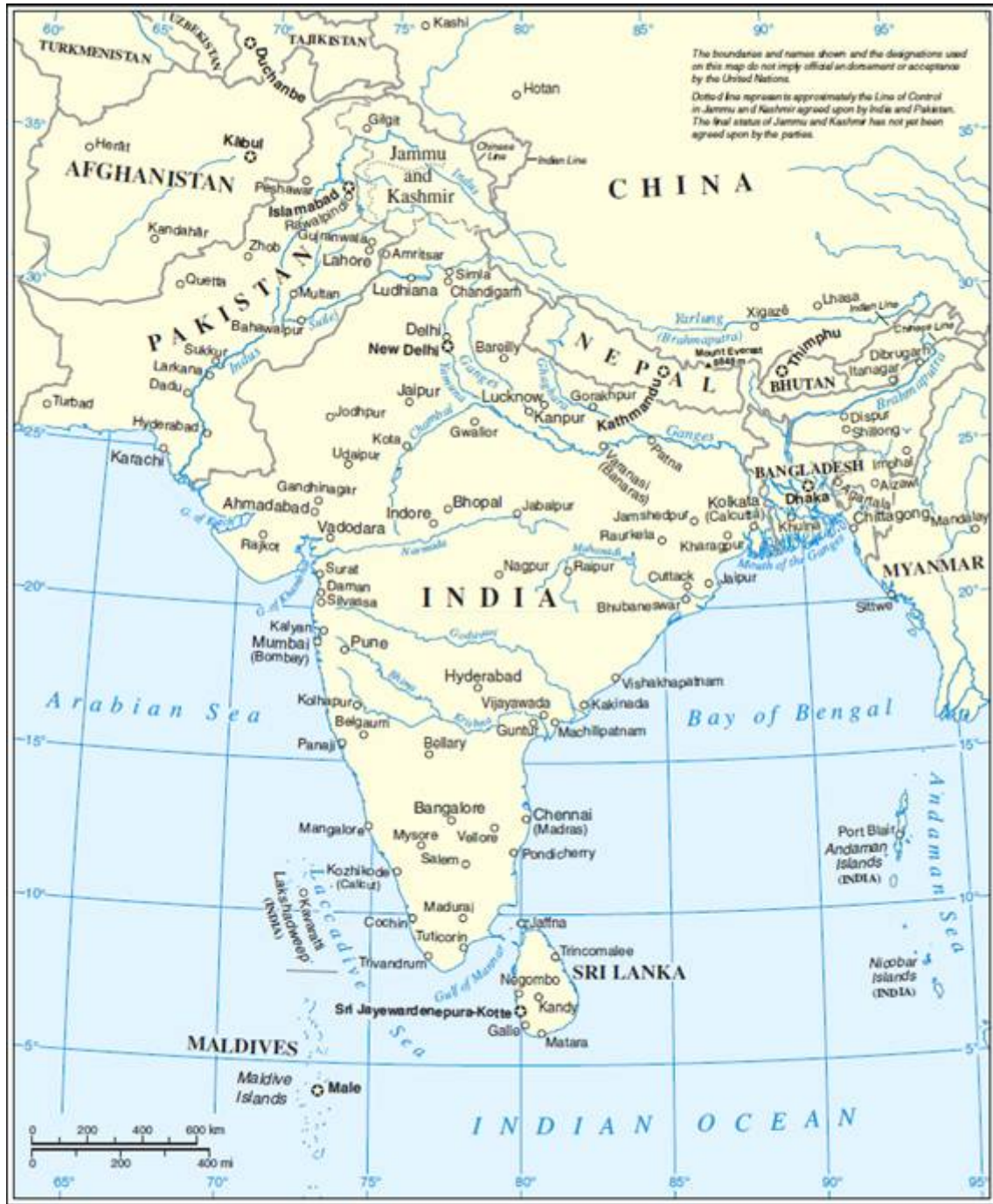
Map of Kingdom of Cambodia



Source : United Nations (January 2004), Map No. 3860 Rev. 4.



## Map of Republic of India



Source : United Nations (January 2004), Map No. 4140, Rev. 3.