

Third Party Evaluation Report 2013  
Ministry of Foreign Affairs of Japan

# **Country Assistance Evaluation of Sri Lanka**

- Summary –

February 2014

Global Link Management, Inc.

## Preface

This report under the title of the Country Assistance Evaluation of Sri Lanka was undertaken by Global Link Management, Inc., entrusted by the Ministry of Foreign Affairs (MOFA) in FY2013.

Since its commencement in 1954, Japan's Official Development Assistance (ODA) has contributed to the development of partner countries and to finding solutions to international issues which vary with the times. Recently, more effective and efficient implementation of ODA has been required not only in Japan but also in the international community. The MOFA has been conducting ODA evaluations every year mainly at the policy level with two main objectives: to improve the management of ODA; and to ensure its accountability. The evaluations are conducted by third parties to enhance their transparency and objectivity.

This evaluation was conducted with the objectives of reviewing Japan's overall policies on assistance to Sri Lanka from FY1997 through FY2012, including the Country Assistance Policy for Sri Lanka, drawing on lessons from this review to make recommendations for reference in policy planning on future assistance to Sri Lanka by the Government of Japan and its effective and efficient implementation, and ensuring accountability by making the evaluation results widely available to the general public.

Shinobu Yamaguchi, Professor at the Global Scientific Information and Computing Center, Tokyo Institute of Technology, served as a chief evaluator to supervise the entire evaluation process, and Ananda Kumara, Director of the Center for International Exchange and Regional Collaboration at Suzuka International University, served as an advisor to share his expertise on Sri Lanka. Both have made enormous contributions from the start of this study to the completion of the report. In addition, in the course of this study both in Japan and in Sri Lanka, we have benefited from the cooperation of the MOFA, the Japan International Cooperation Agency (JICA), and the local ODA Task Force, as well as government agencies in Sri Lanka, donors, and non-governmental organizations (NGOs). We would like to take this opportunity to express our sincere gratitude to all who were involved in this study.

Finally, the Evaluation Team wishes to note that the opinions expressed in this report do not necessarily reflect the views or positions of the Government of Japan.

February 2014

Global Link Management, Inc.

Note: This English version of the Evaluation Report is a summary of the Japanese Report of the Country Assistance Evaluation of Sri Lanka.

## Country Assistance Evaluation of Sri Lanka (Brief Summary)

### **Evaluators ( Evaluation Team)**

- Chief Evaluator  
Shinobu Yamaguchi, Professor at the Global Scientific Information and Computing Center, Tokyo Institute of Technology
- Advisor  
Ananda Kumara, Director of the Center for International Exchange and Regional Collaboration, Suzuka International University
- Consultant  
Global Link Management, Inc.

### **Period of the Evaluation Study**

July 2013 – February 2014

### **Field Survey Country**

Sri Lanka



The New Mannar Bridge, assisted by Japan, greatly contributed to improving the critical means of transportation in the conflict-affected area.

### **Background, Objectives and Scope of the Evaluation**

The evaluation of Japan's ODA policies in Sri Lanka from FY2007 to FY2012 was conducted to improve Japanese ODA policies, ensure accountability to the Japanese people, and to raise the profile of Japanese assistance overseas.

### **Brief Summary of the Evaluation Results**

The evaluation results of Japan's assistance to Sri Lanka from a development viewpoint are summarized as follows: the Relevance of Policies was rated "high"; the Effectiveness of Results was rated "high"; and the Appropriateness of Processes was rated "high". The overall rating was "highly satisfactory". Additionally, from a diplomatic viewpoint, Japan's assistance to Sri Lanka was perceived as contributing highly to diplomatic relations between the two countries.

#### ● **Development Viewpoints**

##### **(1) Relevance of Policies**

Japan's policy on assistance to Sri Lanka is highly relevant to Japan's high-level ODA policies, Sri Lanka's national development plan, and international priority issues. Despite the limited donor-coordination system in Sri Lanka, Japan's policy on assistance to Sri Lanka achieved a degree of complementarity with other donors by differentiating both the content and geographical areas of Japan's assistance.

## **(2) Effectiveness of Results**

Overall, Japan's assistance to Sri Lanka was characterized as very effective. Regarding the goals of Priority Sectors (listed in the Country Assistance Program) of "post-conflict reconstruction" and "improvement of lives (Human Security)" and the "development of economic infrastructure", effective assistance was facilitated by Japan's strengths; namely, sensitivity to human security and the transfer of high-quality technologies. With respect to the Priority Sector "poverty alleviation and regional development", effective models with high ripple effects were developed. In the Priority Sector of "improvement of capability to acquire foreign currency", considering the magnitude of this development issue, the overall level of Japanese assistance was relatively small; therefore, the impact was unavoidably limited.

## **(3) Appropriateness of Processes**

The processes for policy and project formulation and implementation were followed in an appropriate manner. However, there were matters for consideration including the policy and budgetary decision-making processes and the timing of publication of the evaluation results.

### **• Diplomatic Viewpoints**

Japan's long-standing assistance to Sri Lanka largely contributed to the friendly relations between the two countries. Continuing assistance such as improving the investment environment for sustainable economic growth of Sri Lanka, a country which secures important maritime transport routes, is also critical for the Japanese economy and security.

## **Main Recommendations**

### **(1) Implementing High-Quality Assistance**

The comparative advantage of Japan's high-quality assistance to Sri Lanka combines both hard and soft components. To ensure the quality, it is beneficial to link different schemes by incorporating capacity building and transfer of technology in infrastructure development. Moreover, "All Japan" mechanisms should be devised by cooperating with Japanese companies that offer high-quality technologies.

### **(2) Expanding Assistance to Development Sectors Using Japanese Technologies and Skills**

Japan should assist in areas of high comparative advantage to other donors, including energy conservation, renewable energy, and disaster prevention. In addition, assistance should be enhanced to strengthen higher education for industrial development and expand the capacity

of local, small and medium enterprises.

**(3) Promoting South-South Cooperation**

South-South Cooperation should be promoted between Sri Lanka, a country having attained high degree of development indicators, and African and other Asian countries. Sharing good practices of Japanese assistance in health and post-conflict reconstruction areas can both enhance the impact of Japan's assistance and help advance the position of Sri Lanka regarding its foreign relations.

**(4) Leading an Aid Coordination Role Using Existing Donor Coordination Mechanisms**

In Sri Lanka, the Government demonstrates strong ownership of aid coordination and there are no donor-driven aid coordination mechanisms. Within the limited aid coordination framework that exists, Japan should continue playing a mediator's role between donors and the Sri Lankan Government and a supporting role when the Sri Lankan Government leads the donor coordination.

# Contents

Preface	
Brief Summary	
Chapter 1: Implementation Policy of the Evaluation.....	1
1-1 Evaluation Background and Objectives .....	1
1-2 Evaluation Scope .....	2
1-3 Evaluation Methodologies .....	2
1-3-1 Evaluation Framework .....	2
1-3-2 Implementation Procedures of the Evaluation .....	4
Chapter 2: Evaluation Results .....	5
2-1 Relevance of Policies .....	5
2-2 Effectiveness of Results .....	6
2-3 Appropriateness of Processes .....	9
2-4 Diplomatic Viewpoints .....	10
Chapter 3: Recommendations and Lessons Learned .....	13
3-1 Recommendations.....	13
3-1-1 Recommendation 1: Recommendation regarding Relevance of Policies .....	13
3-1-2 Recommendation 2: Recommendations regarding Effectiveness of Results .....	13
3-1-3 Recommendation 3: Recommendations regarding Appropriateness of Processes .....	16
3-2 Classification of the Recommendations .....	18
3-3 Lessons Learned .....	19
3-3-1 Lessons Learned 1: Lessons Learned Regarding Country Evaluations .....	19
3-3-2 Lessons Learned 2: Lessons Learned regarding Implementation .....	19

## **Chapter 1: Implementation Policy of the Evaluation**

### **1-1 Evaluation Background and Objectives**

Sri Lanka has been a pro-Japanese country for years, and has long maintained a friendly relationship with Japan. Sri Lanka is also a geopolitically important maritime nation, which helps secure Japanese maritime transport routes and develop economic relationships with the South Asian, Middle Eastern, and African countries. While Sri Lanka's economy has shown steady growth in recent years, the country is also faced with a number of issues, including underdevelopment of its economic infrastructure such as transportation and power generation, geographical discrepancies in the quality of social services, and difficulties in responding to natural disasters. There are particular regions that suffer from underdevelopment due to the 26-year conflict, which ended in May, 2009, in which destruction of basic infrastructure was seen mainly in the Northern and Eastern regions.

In accordance with Sri Lanka's basic development plans, Japan established the Country Assistance Program for Sri Lanka in April 2004, where the Priority Sectors were the "consolidation of peace" and "lasting growth." In June 2012, Japan developed the Country Assistance Policy to Sri Lanka by simplifying and rationalizing its contents and processes. In order to support further growth and stabilization of Sri Lanka's growing economy since the end of the conflict in May 2009, the Policy sets "promotion of economic growth in consideration of emerging regions" as its Basic Policy of Assistance and implements its assistance to Sri Lanka. In particular, Japan has promoted Sri Lanka's economic growth through the improvement of domestic distribution of goods, upgrading of its transportation infrastructure, and the provision of low-price electricity. In the emerging regions, it has assisted in supporting the agricultural sector, and agriculture-related infrastructure. At the same time, Japan's ODA has helped mitigate the country's vulnerability through the improvement of the social service system and by strengthening its disaster prevention capacities.

Japan's ODA to Sri Lanka not only promotes the country's further economic growth but also fosters a beneficial business environment for Japanese companies operating in Sri Lanka. It also promotes Sri Lanka's endeavors towards national reconciliation and economic and social development, contributing to the establishment of stable democracy in the South Asian region. Japan's ODA to Sri Lanka also ensures the stabilization of its maritime transport routes.

Country Assistance Evaluations of Sri Lanka have been implemented in FY2002 and FY2007. The present evaluation is the first since the renewed Country Assistance Policy for Sri Lanka was formulated after the end of the conflict. Based on the aforementioned values of Japan's assistance to Sri Lanka, the present evaluation has

set the following three objectives:

- 1) To draw recommendations and lessons learned, which are relevant for the formulation of Japan's ODA policies and the effective and efficient implementation of Japan's ODA activities in the future, by assessing Japan's overall ODA policies for Sri Lanka;
- 2) To contribute towards increasing the visualization and accountability of Japan's ODA through public disclosure of the evaluation results; and
- 3) To publicize Japan's ODA outside Japan, by providing feedback on the evaluation results to the Sri Lankan Government and other relevant governments and donors.

## **1-2 Evaluation Scope**

This evaluation assessed Japan's overall ODA policies and projects in Sri Lanka which were planned or conducted between FY2007 and FY2012 based on the previous Country Assistance Evaluation of Sri Lanka (implemented in FY2007). It includes the analysis of relevant trends before FY2007 and after FY2012 as necessary, in order to better reflect Sri Lanka's changing political, economic, and social situations, as well as the long-term trends of Japan's assistance to the country.

## **1-3 Evaluation Methodologies**

### **1-3-1 Evaluation Framework**

This evaluation was carried out in accordance with the ODA Evaluation Guideline, 8<sup>th</sup> Edition (May, 2013). In order to have a systematic understanding of Japan's ODA in Sri Lanka, the Evaluation Team drafted the following objective framework (Figure 1-1) consisting of the Assistance Policy Goals, Strategic Goals, Goals of Priority Sectors and Sub-sectors, and programs based on the Country Assistance Program and the Country Assistance Policy for Sri Lanka:

**Figure 1-1: Objective Framework of Japan's ODA for Sri Lanka**

Building of a Healthy and Peaceful Society	Assistance Policy Goals and Strategic Goals	Goals of Priority Sectors and Sub-sectors	Programs
	<b>Consolidation of Peace</b> <ul style="list-style-type: none"> <li>• Post-conflict Reconstruction</li> <li>• Improvement of Lives (Human Security)</li> </ul>	<b>Post-conflict Reconstruction</b> <ul style="list-style-type: none"> <li>• Improvement of human environment</li> <li>• Confidence-building</li> <li>• Capacity building for local administrators in the North and East</li> </ul> <b>Improvement of Lives</b> <ul style="list-style-type: none"> <li>• Improvement in basic social services</li> <li>• Capacity building (vocational training, management guidance)</li> <li>• Development of economic infrastructure (power supply, roads, telecommunications, ports)</li> <li>• Microcredit for the poor</li> <li>• Access to financing</li> </ul>	<ul style="list-style-type: none"> <li>(a) Improvement of living and social environments in conflict-affected areas</li> <li>(b) Improvement in governance</li> </ul>
	<b>Lasting Growth</b> <ul style="list-style-type: none"> <li>• Improvement of Capability to Acquire Foreign Currency</li> <li>• Well-balanced Development</li> </ul>	<b>Development of Economic Infrastructure</b> <ul style="list-style-type: none"> <li>• Development of power sources</li> <li>• Building of nation-wide infrastructure network (trunk road network, telecommunication network)</li> </ul>	<ul style="list-style-type: none"> <li>(a) Electric power</li> <li>(b) Strengthening of road transportation capacities</li> <li>(c) Ports and airports</li> <li>(d) Improvement of urban environment</li> </ul>
		<b>Improvement of Capability to Acquire Foreign Currency</b> <ul style="list-style-type: none"> <li>• Promotion of exports</li> <li>• Promotion of foreign investment</li> <li>• Promotion of IT</li> <li>• Capacity building</li> <li>• Environment-oriented tourism development</li> </ul>	<ul style="list-style-type: none"> <li>(a) Industrial promotion</li> <li>(b) Tourism promotion</li> </ul>
		<b>Poverty Alleviation and Regional Development</b> <ul style="list-style-type: none"> <li>• Development of social/industrial infrastructure</li> <li>• Improvement of medical and health care services</li> <li>• Fostering of regional industries</li> </ul>	<ul style="list-style-type: none"> <li>(a) Development of agricultural and fishing villages and other regions</li> <li>(b) Health and medical services</li> <li>(c) Basic education</li> </ul>
		Disaster prevention	

Source: Created by the Evaluation Team based on the Country Assistance Program (FY2004) and the Country Assistance Policy (FY2012)

In accordance with the ODA Evaluation Guidelines, the evaluation was conducted based on two major perspectives: development viewpoint and diplomatic viewpoint. The development viewpoint included the following three evaluation criteria: (1) Relevance of Policies, (2) Effectiveness of Results, and (3) Appropriateness of Processes.

In order to make the evaluation results easily understood, a rating system was introduced (for the three evaluation criteria under the development viewpoint) (Table 1-1). Furthermore, as a comprehensive evaluation, a descriptive explanation of each rating result was provided in order to avoid the absence of the overall information of the evaluation results and to minimize the chances of using only the rating results in various situations. Since the quantitative evaluation and the use of the rating system are not suitable for the diplomatic viewpoint of the evaluation, it was summarized in this evaluation in narrative format.

**Table 1-1: Evaluation Criteria and Rating System for Development Perspectives**

Evaluation Criteria	Rating Scale and Criteria
<b>Relevance of Policies</b>	(a) <b>Very high:</b> Obtained an 'extremely high' evaluation for all items, and strategically conducted activities with originality and ingenuity (b) <b>High:</b> Obtained a 'high' evaluation for most items (c) <b>Moderate:</b> Obtained a 'high' evaluation for many items (d) <b>Marginal:</b> Did not obtain a 'high' evaluation or many items
<b>Effectiveness of Results</b>	(a) <b>Very high:</b> Confirmed very effective results in all the main sectors of assistance (b) <b>High:</b> Confirmed a high degree of effectiveness in most of the main sectors of assistance (c) <b>Moderate:</b> Confirmed some effectiveness in many of the main sectors of assistance (d) <b>Marginal:</b> Did not confirm effectiveness in many of the main sectors of assistance
<b>Appropriateness of Processes</b>	(a) <b>Very high:</b> Obtained an extremely high evaluation score for all items in the implementation processes, and good practices were confirmed in the process of policy formulation or implementation, which could be a reference for other countries (b) <b>High:</b> Obtained a high evaluation for most items in the implementation processes (c) <b>Moderate:</b> Obtained a high evaluation for many items in the implementation process (d) <b>Marginal:</b> Did not obtain a high evaluation for many items in the implementation processes
<b>Overall Evaluation</b>	(a) <b>Extremely satisfactory:</b> Obtained a rating of (b) or higher for relevance, and the highest rating for the remaining two criteria (b) <b>Highly satisfactory:</b> Obtained a rating of (b) or higher for relevance, and a rating of (c) or higher for the remaining two criteria (c) <b>Moderately satisfactory:</b> Obtained a rating of (c) or higher for all three criteria (d) <b>Marginally satisfactory:</b> Obtained a rating of (d) for any of the criteria

Source: Created by the Evaluation Team based on the ODA Evaluation Guidelines, 8<sup>th</sup> Edition

### 1-3-2 Implementation Procedures of the Evaluation

This evaluation was conducted during the period from July 2013 to February 2014. Data collection was done through document reviews, interviews in Japan, and research in Sri Lanka<sup>1</sup>. Furthermore, four consultation meetings were organized with concerned divisions and departments of Japan's MOFA and JICA during this period to assess the status of the evaluation and exchange views.

<sup>1</sup> The interviewees in Japan included the MOFA, JICA, project implementers and the Sri Lanka Embassy in Japan. The research in Sri Lanka was conducted for two weeks from October 27 to November 9, 2013. The Team traveled to Colombo, Jaffna, Mannar and Sigiriya for project site visits and interviews with the Embassy of Japan, JICA Sri Lanka Office, ministries and departments of the Sri Lankan Government, implementers including NGOs, other donors and beneficiaries.

## **Chapter 2: Evaluation Results**

The evaluation results of Japan's assistance to Sri Lanka from the development viewpoint, according to the rating scale, were as follows: the Relevance of Policies was rated "high"; the Effectiveness of Results was rated "high"; and the Appropriateness of Processes was rated "high". The overall rating of Japan's assistance to Sri Lanka was "highly satisfactory". In addition, from the diplomatic viewpoint, Japan's assistance to Sri Lanka was seen as contributing highly to the diplomatic relations between the two countries.

### **2-1 Relevance of Policies**

Japan's assistance to Sri Lanka was evaluated "high" regarding the relevance of policies. In particular, Japan's Country Assistance Policy to Sri Lanka is highly relevant to its high-level ODA policies<sup>2</sup>, Sri Lanka's national development plan "Mahinda Chintana (2010)", and international priority issues such as the Millennium Development Goals (MDGs). Furthermore, while the Country Assistance Program had five priority sectors, the priority sectors of the current Country Assistance Policy were reduced to three. It should be noted that the systematic "selection and concentration" of the policy issues are progressing. In relation to the policies of other donors, Japan's ODA policy in Sri Lanka has shown a stable complementary relation with the policies of other donors, thanks to the Sri Lankan Government's leadership in donor coordination. Additionally, Japan has displayed comparative advantages at the policy level among the donor community by applying its advanced technologies for infrastructure improvement and expanding Japan's assistance in areas where fewer donors are engaged, such as disaster prevention and renewable energy.

On the other hand, some matters for consideration include the absence of gender sensitivity in the Country Assistance Policy and the difficulty of maximizing the synergy with other donors due to a lack of coordination with China and India, the two major donors to Sri Lanka during recent years. Japan's high-level ODA policies promote gender equality and encourage incorporation of gender-sensitive approaches in its policies such as Country Assistance Policies and other related policies. The present evaluation observed effective gender-sensitive practices at project implementation level in Sri Lanka in response to gender issues in the communities, such as the income inequality between men and women. However, gender consideration is not expressed in the Country Assistance Policy to Sri Lanka. Incorporation of gender consideration should be encouraged so that projects can be formulated and implemented accordingly. Regarding some large infrastructure projects assisted by different donors, there were

---

<sup>2</sup> The high-level policies are namely the ODA Charter and the Medium-Term ODA Policy.

cases of discrepancies of the implementation periods, loan conditions and technology transfer. These gaps can be a hindering factor in maximizing the impact of donor assistance. Therefore, Japan should work with the Sri Lankan Government for more effective donor coordination.

## **2-2 Effectiveness of Results**

Overall, the effectiveness of results of Japan's assistance to Sri Lanka was evaluated "high".

In the Priority Sectors (listed in the Country Assistance Program) of "post-conflict reconstruction" and "improvement of lives (Human Security)", the assistance provided was highly effective. The Evaluation Team identified three characteristics of the Japanese assistance. First, the assistance took into consideration long-term development of the conflict-affected areas, such as bridge construction which was initiated during the conflict, when other donors were primarily focused on emergency assistance. Second, Japan responded to the humanitarian needs for the long term from the perspective of Human Security, such as demining in collaboration with international and local NGOs. Third, Japan assisted community empowerment by supporting the resettlement of conflict-affected populations in a gender- and ethnically-sensitive manner. Nevertheless, an NGO pointed out that, when compared with other donors, the characteristic of Japan's assistance in the conflict-affected areas was its focus on long-term reconstruction and development, the amount and schemes of Japan's emergency assistance were limited, and it lacked medium- and long-term strategies to link emergency and reconstruction as a systematic response to conflict.

Regarding the Priority Sector of "development of economic infrastructure", the capacity building component of infrastructure improvement proved to be successful through collaboration with Japanese private sector companies, achieving a reputation of both high quality and sustainability. This was exemplified by two loan projects: "Greater Colombo Urban Transport Development Project" and "Southern Highway Construction Project (II)". These loan projects not only generated an economic impact, but also introduced the concept of "safety" through capacity building and awareness-raising activities. However, there is concern in relation to the unique donor environment in Sri Lanka where overall donor coordination is limited. Some projects, such as the highway construction, were assisted by different donors using different schemes, loan conditions and quality of technologies, which could adversely affect the sustainability and efficiency of the results.

Under the goal of the Priority Sector "improvement of capability to acquire foreign currency", Japan assisted the promotion of industry and tourism. Projects such as the technical cooperation "Project for the Development of Culture-oriented Tourism in

Sigiriya” and the loan project “Small and Micro Industries Leader and Entrepreneur Promotion Project” provided effective assistance to a certain degree. The former project, through linkage with other schemes, equipped the Sigiriya Museum staff with upgraded materials such as audio-visual systems and developed capacity in management and client-oriented services. However, since the overall scale of the Japanese assistance was small, when compared with the magnitude of this development issue, the impact on the acquisition of foreign currency was unavoidably limited.

In relation to the Priority Sector “poverty alleviation and regional development”, a high degree of sustainability was achieved. Particularly in the area of health, models and approaches on quality and safety management of health facilities and prevention of non-communicable diseases developed and piloted by Japanese assistance were subsequently scaled up and implemented at the national level in Sri Lanka. These experiences should be showcased for South-South Cooperation for Sri Lanka where high social development goals were achieved.

Looking forward, Japan’s assistance to Sri Lanka is shifting its focus from quantity to quality, and Japan’s knowledge and advanced technologies are anticipated to be applied in the areas of energy conservation and disaster prevention.

## BOX 1: Support to Female-headed Households in the Resettlement Areas

In the conflict-affected communities of the Northern Province of Sri Lanka, the number of female-headed households increased as a result of the prolonged conflict. For instance, in one fishing village of Jaffna, 175 households out of 575 households were headed by women. Therefore, there was a pressing need to economically empower these women who returned to their communities in the aftermath of the conflict.

To urgently respond to the needs, in 2010 the Japanese NGO PARCIC started assistance through income generation activities for female-headed households in Jaffna under the project-type interventions of Japan's Grassroots Technical Cooperation Project. The women in the fishing villages worked together to produce high-quality dried fish to sell in their communities as well as in the larger cities such as Colombo. By gaining the skills to produce and sell locally-caught dried sardines and shrimp, they have earned an income to support their families as heads of their households. Furthermore, in order to ensure stable income, they have expanded their businesses in sewing and dried chili production. Ms. Ansalidevi, one of the beneficiaries of the project in Velani-Thurioor in Jaffna, said, "through this dried fish project, I can earn an income as head of the household. The income has been utilized for my children's education. The techniques taught by PARCIC to produce dried fish were different from what used to be done in the community. It is more hygienic and less salty. Because of the high value-added, we are confident in our production and sales." The technique is now widely used by the community members. Even male fishermen are now interested in the methodology used by PARCIC, and they have learned from these women trained under this project.



Ms. Ansalidevi standing in front of her dried shrimp. The shrimp were large and were salted just right.



Female community members standing in front of their shop. Multiple generations of women, from their 20s to their 40s, are still actively engaged in the activities.

### **2-3 Appropriateness of Processes**

The processes pertaining to Japan's assistance policies in Sri Lanka were highly rated against many evaluation criteria even though part of the processes needs improvement. Consequently, the appropriateness of processes was rated "high".

With regard to the formulation of the Country Assistance Policy to Sri Lanka, it was ensured to incorporate feedback and the needs of various stakeholders through the processes stipulated by the MOFA. Its policy goals were better selected and focused, due to the systemized "selection and concentration" process, than the previous Country Assistance Program. In addition, the program approach was more integrated every year by identifying common issues and setting program goals rather than simply grouping similar projects. Both the Embassy of Japan and the JICA Sri Lanka Office actively participated in regular consultations with the Sri Lankan Government and other donors. It is expected that Japan plays a coordinator's role between the Sri Lankan Government and other donors, and this demonstrates the strong Japanese presence among the donor community of Sri Lanka. Furthermore, the evaluation found that high-quality projects were formulated. The projects, formulated by information obtained through stakeholder consultations, devised collaboration across different schemes and agencies and achieved nationwide scale-up after the initial piloting at the local level. The selection, monitoring and evaluation of projects were conducted in an appropriate manner as per the regulations stipulated by JICA and the Embassy of Japan.

Some issues were highlighted with regard to the implementation system of Japan. The short assignment period of Japanese staff at the JICA Sri Lanka Office makes it difficult for the Office to accumulate sufficient experience and knowledge at the institutional level. In addition, in the process of evaluation, the Evaluation Team discovered an overlooked project, in which the evaluation results had not yet been published. Regarding Sri Lanka's system to receive donor assistance, the capacity of the central government, including the Ministry of Finance and Planning, is generally perceived as high. However, some of the challenges include the excess number and frequent reorganization of ministries, the lack of a vision for national development and the lack of understanding about privatization. Additionally, there is a gap between the capacity of central government officials and local government officials. In response to such capacity issues, the Embassy of Japan and JICA have provided and hosted training in Japan and built their capacity through project implementation. Nevertheless, the assistance has yet to achieve a sufficient level of improvement, given the scale of the issue.

The system and procedures of Japanese assistance have some challenges including the time-consuming research and planning processes, and the ODA loan (yen-based loan) system vulnerable to fluctuations in international exchange rates. At the same time,

there was progress in relation to the ODA process for collaboration and coordination with Japanese private sector companies. However, since the issue of privatization has lagged behind in Sri Lanka, it is imperative to increase the Government's understanding about privatization and to devise schemes that enable capacity development of Sri Lankan companies, and the promotion of business partnerships with them.

The Embassy of Japan and the JICA Sri Lanka Office tapped in to various media sources, and devised publicity activities to provide basic information about Japan's assistance to the general public in Sri Lanka. In particular, the local media played an important role in disseminating information about the Japanese ODA. It was analyzed that the active coverage by the local media is the result of past diplomacy and assistance, which helped foster friendly sentiments towards Japanese among Sri Lankans.

#### **2-4 Diplomatic Viewpoints**

Diplomatic relations between Japan and Sri Lanka are considered important for Japan in light of a historically friendly relationship and the geopolitical position of Sri Lanka. Sri Lanka is close to the maritime routes that connect Europe and the Middle East with Asia and is at the center of the Indian Ocean. Since the country has many ports, it is anticipated to become a hub of maritime transport in the near future, particularly as the Indian Ocean Rim Economic Area develops. From the perspective of the Japanese economy and security, it is important not to lose the energy supply routes by maintaining friendly relations with Sri Lanka which is located on these crucial maritime transport routes. Furthermore, South Asia, which enjoys a large and growing market with tremendous economic potential, is a strategically-important region for the economy of Japan, a country with a growing aging population and decreasing birthrate. It is particularly desirable for Japan to strengthen economic ties with the South Asian region through Sri Lanka, a particular pro-Japanese nation that currently has Free Trade Agreements (FTAs) with both India and Pakistan.

With regard to diplomatic impacts, although the number of Japanese companies operating in Sri Lanka has increased in recent years, not many other Japanese companies consider it as a viable option for investment. Therefore, it is important to promote Japanese private sector investment by continuing to provide them with information about Sri Lanka, improving the investment environment, and systematizing the Japanese ODA schemes that can be utilized by private companies. It is beneficial to invest in Sri Lanka taking into consideration both the domestic market of Sri Lanka and the accessibility to other South Asian markets, including India and Pakistan.

In the year following the San Francisco Peace Treaty at the end of World War II, Japan and Sri Lanka began diplomatic relations and continuous visits have been made

by leading figures from both countries. Japan's assistance through sincere and close consultations with Sri Lanka is well recognized by the Sri Lankan Government and the international community in general. In particular, at the time of the Sri Lankan conflict that lasted for 26 years, the efforts made by Yasushi Akashi, Representative of the Government of Japan for Peace-Building, Rehabilitation and Reconstruction in Sri Lanka, to promote peace in Sri Lanka were highly regarded, obtaining the undeniable trust in Japan among the international community. The fact that Sri Lanka always shows support for Japan on the international scene stems from a mutual trust between the two countries. Additionally, it is perceived that the friendly relationship, based on the grassroots assistance and human exchange, resulted in a variety of assistance offered by Sri Lanka to Japan after the Great East Japan Earthquake.

Consequently, it was analyzed that Japan's assistance to Sri Lanka so far has made a great contribution to strengthening the diplomatic relations between the two countries from a comprehensive perspective.

## **BOX 2: The Sri Lankan Ambassador Who Visited the Quake-Hit Areas after the Great East Japan Earthquake**

Just 13 days after the Great East Japan Earthquake, Ambassador Admiral Wasantha Karannagoda, with the staff of the Sri Lanka Embassy and Sri Lankans residing in Japan, visited the Tohoku area four times to distribute Sri Lankan curry meals and donated tea bags to the evacuation centers to show solidarity with the evacuees.

When Sri Lanka suffered from the Northern Sumatra Earthquake in 2004, the Ambassador, then a high ranking officer of the Sri Lanka Navy, knew that Japan had quickly supported Sri Lanka with various daily necessities. The Ambassador, feeling grateful that Japan had given support to his country, said that when the Great East Japan Earthquake had occurred, Sri Lanka also wanted to show a sense of togetherness with the Japanese people when they needed help.

The Ambassador had come to Japan immediately to show gratitude and to show solidarity between the two friendly nations. It is the Ambassador's hope to deepen the Sri Lanka-Japan relationship by cultivating a feeling of OMOTENASHI ('hospitality' in Japanese) amongst the two countries.



Ambassador Karannagoda serving Sri Lankan curry meals at the evacuation center  
(Photo credit: Embassy of Sri Lanka in Japan)



Ambassador Karannagoda (center)  
and the Evaluation Team members

## **Chapter 3: Recommendations and Lessons Learned**

### **3-1 Recommendations**

#### **3-1-1 Recommendation 1: Recommendation regarding Relevance of Policies**

##### **(1) Incorporating Gender Sensitivity in the Country Assistance Policy to Sri Lanka**

While Sri Lanka has achieved a high level of gender equality, which is one of the criteria of the MDGs, women's labor force participation rates and political participation rates remain low. The field interviews conducted by the Evaluation Team also highlighted gender issues at the community level. In response, a number of good practices were supported by Japan to apply gender-sensitive approaches at the project implementation level. In addition, according to the paper "Concerning Gender Sensitivity in ODA Evaluations" issued by the Global Issues Cooperation Division of the MOFA, Japan has a policy of incorporating gender perspectives in Country Assistance Policies, Sectoral Development Policies and Priority Policies. However, gender-sensitive approaches were not specified in the current Country Assistance Policy for Sri Lanka. Because it is promoted by high-level ODA policies and addressed effectively at the implementation level, during the next policy revision it is recommended to incorporate gender sensitivity in the Country Assistance Policy, and to formulate and implement projects reflecting such gender sensitivity.

#### **3-1-2 Recommendation 2: Recommendations regarding Effectiveness of Results**

##### **(1) Implementing High-Quality Assistance**

Japan's comparative advantage in Sri Lanka is the high-quality assistance consisting of both hard (such as infrastructure) and soft (such as capacity building) components. As Sri Lanka has emerged as a middle-income country, grant aid has been dramatically reduced while ODA Loans mainly for infrastructure improvement makes up most of the Japanese ODA. Concurrently, it is beneficial to ensure the quality of assistance by focusing not only on the hard components but also on the soft components that address capacity building and the transfer of technology.

On issues of scheme coordination, linkages should be strengthened between the Japan Overseas Cooperation Volunteers (JOCV) and other schemes and experts. While the scale of the impact the JOCV generate is small, they have nonetheless contributed to increasing the presence of Japanese assistance at the field level. Given the high diplomatic impact, it is recommended to continue the JOCV assistance in Sri Lanka, even though there is a limitation in the number of JOCVs. There were some comments that using the JOCV as a scheme alone may diminish the impact and its position in the overall assistance arena. In order to optimize the resources of young

people, further synergy should be sought through scheme coordination and facilitating JOCV's interactions with Senior Volunteers (SV) and experts.

It is also necessary to devise ways to maintain the high quality of Japan's hard component assistance, including infrastructure improvement. The Evaluation Team received two different comments from implementing partners that "Japanese products are of high quality but cannot be introduced because they are expensive" and that "we prefer Japanese products even though they are expensive". In the sectors where Japanese products are called for, such as road construction, it is recommended to devise "All Japan" mechanisms by working with Japanese companies. A good example of this was the ODA Loan project entitled "Greater Colombo Urban Transport Development Project", which used the Special Terms for Economic Partnership (STEP)<sup>3</sup> under the tied aid<sup>4</sup>. The implementing partner of the ongoing project recognized the benefit of working with the Japanese company that increased the knowledge of local staff about the issues of safety and environment in the construction process.

However, even if the relevant ministries want tied aid from Japan, the Department of External Resources (ERD), the focal point of the ODA under the Ministry of Finance and Planning, which is responsible for selecting donors and determining the procurement methods, may decide otherwise. There have been cases where there was a supply and demand gap between the related Ministries. According to the JICA Sri Lanka Office, in order to respond to this issue within the Sri Lankan Government, efforts are being made to set up regular consultations between ERD and major donors such as the World Bank, the Asian Development Bank (ADB), and JICA. Through such consultations, Japan needs to advocate to ERD to select schemes which are suitable for certain sectors and projects as required by relevant ministries. Furthermore, even in the case of untied aid, it is suggested to devise ways to ensure high-quality technology, such as upgrading the requirements for suppliers when developing the specifications for infrastructure improvement.

## **(2) Expanding Assistance to Development Sectors Using Japanese Technologies and Skills**

Japan's thematic comparative advantages can be found in energy conservation, renewable energy and disaster prevention, where its assistance should be further adopted through the systemized "selection and concentration" process. Although Japan has contributed to addressing the energy supply issue in Sri Lanka to a certain degree, China and India are currently assisting with the construction of large-scale coal power

---

<sup>3</sup> STEP is extended to the projects for which Japanese technologies and know-how are substantially utilized, based on the recipient countries' request to utilize and transfer excellent technologies of Japan.

<sup>4</sup> "Tied aid" comes with certain conditions, including that the goods and services are procured only from the donor country.

plants. Thus, Japan should provide assistance with a focus on energy conservation and enhancing energy diversification. With respect to disaster prevention, Japan, with its richer experience compared with other donors, should provide diverse assistance including system improvements, capacity building, and awareness-raising. In all of the above-mentioned areas, it is necessary to work closely with the World Bank, ADB and UN agencies for achieving a synergistic effect.

Moreover, the assistance for strengthening higher education for industrial development and capacity building of local Small and Medium Enterprises (SMEs) should be expanded. It is a stumbling block for Sri Lanka's sustainable development that the system of higher education does not match the needs of the local labor market, and the country is faced with low university entrance rates and high unemployment rates of young people. In addition, the capacity of local SMEs is limited. It would have a significant impact to assist the reform of higher education using the Japanese knowledge and experience through working with many senior Sri Lankans in the politics and academia who studied Business Administration in Japan. In addition, for private sector development, capacity development and identification of potential SMEs through infrastructure projects, Base of the Pyramid (BOP) business and training programs are beneficial for both the Sri Lankan and Japanese economies. As the progress of privatization is slow in Sri Lanka, in order to promote Public-Private Partnerships (PPP) and other public-private initiatives involving BOP businesses for further revitalization of its economy, Japan needs to engage in more dialogue with the Sri Lankan Government so as to increase its awareness on privatization.

### **(3) Promoting South-South Cooperation**

South-South Cooperation between Sri Lanka, and African and other Asian countries should be promoted, since Sri Lanka has achieved a high level of social development indicators. The models developed through Japan's assistance in non-communicable diseases of the health sector and community empowerments for the post-conflict reconstruction proved to be effective, even though the targeted areas were limited, and were subsequently scaled up by the Sri Lankan Government and other donors. These good practices should be identified and shared with other countries with similar development issues, so that the impact of Japanese assistance can be enhanced and the position of Sri Lanka in its foreign relations can be promoted and advanced.

### **3-1-3 Recommendation 3: Recommendations regarding Appropriateness of Processes**

#### **(1) Strengthening Policy and Budgetary Decision-making Processes and the Project Formulation Processes**

While the policy formulation process has been localized, the decision-making authority regarding the budget to implement Country Assistance Policies still rests with Japan's MOFA headquarters. In this regard, it was pointed out by the staff of the Embassy of Japan in Sri Lanka that it diminishes the efficiency of budget planning at the local level. Because the budgetary allocation needs to be determined based on the global perspective, decision-making is required to be decided at the MOFA headquarters. However, in a country like Sri Lanka, where large-scale loan projects are implemented, the policy and budgetary processes should be strengthened through active participation of headquarter staff in annual consultations and policy consultations in Colombo to incorporate local needs for project prioritization.

With respect to the implementation process of the Japanese assistance, smooth implementation was made possible by thorough preliminary studies prior to the project initiation. However, several implementing partners commented that the preliminary studies conducted with Japan were more time-consuming than with other donors. Given the scope of this evaluation, it was not possible for the Evaluation Team to conduct a detailed comparison with other donors and assess what were repetitive procedures, what was the negative impact on the projects and what should have been the appropriate processing time pertaining to this issue. Because the requirements for research, consultations and procedures may differ among various ministries and implementing agencies, it is deemed necessary to conduct a careful examination and improve the process as appropriate so that Japan's comparative advantage can be maintained. Furthermore, there may be a lack of thorough understanding on the part of the implementing partners as to what the processes for research are, the length of time for implementation, and why it is necessary to allocate time for initial research and consultations. Therefore, it will be beneficial to increase the understanding of implementing partners at the time of project formulation in order to ensure that the subsequent project implementation will be done in a smooth manner.

#### **(2) Leading an Aid Coordination Role Using Existing Donor Coordination Mechanisms**

Among the donor community in Sri Lanka, Japan's neutral presence is well recognized, and there is an expectation for Japan to play a leadership role in aid coordination. Nevertheless, because the Sri Lankan Government exhibits strong ownership of aid coordination, donor-driven coordination mechanisms that are seen in

Africa and other Asian countries (such as Bangladesh) do not exist in Sri Lanka. The “coordination role” in the Sri Lanka context entails a different definition in this regard. Within the framework of the existing limited coordination (The Development Partners Committee and The Development Partners Forum), Japan can play a mediator’s role when there are disagreements between donors and the Sri Lankan Government, and act in a supporting role for the Sri Lankan Government when they lead the donor coordination. These roles can be demonstrated through continuing close bilateral dialogue with the Sri Lankan Government.

### **(3) Proactive Information Dissemination on the Japanese Assistance to Sri Lanka**

The Embassy of Japan and the JICA Sri Lanka Office utilize various media for the publicity of Japan’s assistance. It is an important tool to further increase the presence of Japan in Sri Lanka, a country with a large portion of pro-Japanese population. The recommendation is to disseminate pertinent information proactively and effectively by identifying the specific target audience in both Sri Lanka and Japan. For example, aside from targeting experts and the general population, it is possible to develop teaching materials on international development for primary and junior high school students. Devising such dissemination strategies for different purposes including diplomatic, aid, and historical and cultural perspectives can achieve wider awareness-raising of the population on good practices of the Japanese assistance.

Furthermore, through the document review conducted by the Evaluation Team, a case of delayed dissemination of one of JICA’s project evaluation results was identified. In order to follow up on proactive information dissemination mentioned above, timely publication of all evaluation results is recommended.

### 3-2 Classification of the Recommendations

The classification of the recommendations and the institutions responsible for follow-up are outlined in the table below:

**Table 3-1: Classification of the Recommendations<sup>5</sup>**

Recommendation (Heading)	Recommendation (Sub-heading)	Level of Priority	MOFA	Embassy of Japan	JICA Headquarters	JICA Sri Lanka
<b>1. Recommendation regarding Relevance of Policies</b>	(1) Incorporating gender sensitivity in the Country Assistance Policy to Sri Lanka	○	✓	✓		
	(1) Implementing high-quality assistance	◎		✓		✓
<b>2. Recommendations regarding Effectiveness of Results</b>	(2) Expanding assistance to sectors using Japanese technologies and skills	◎		✓		✓
	(3) Promoting South-South Cooperation	◎	✓	✓	✓	✓
	(1) Strengthening policy and budgetary decision-making processes and the project formulation processes	◎	✓		✓	✓
<b>3. Recommendations regarding Appropriateness of Processes</b>	(2) Leading an aid coordination role using existing donor coordination mechanisms	◎		✓		✓
	(3) Proactive information dissemination on the Japanese assistance to Sri Lanka	○	✓	✓	✓	✓

Source: Created by the Evaluation Team

Since the first recommendation regarding relevance of policies requires follow-up at the institutional level, it will take some time for implementation.

With respect to Recommendation 2, all of the recommendations should be followed up urgently since they are integrally related to the ongoing assistance and aim to improve the implementation of the current assistance.

Within Recommendation 3, (1) and (2) should be pursued with urgent priority. The policy and budgetary decision-making processes should be strengthened in the short term through the active participation of the MOFA headquarters in the local policy consultations and annual consultations. Furthermore, strengthening of the project formulation processes requires the engagement of not only the JICA Sri Lanka Office but also JICA headquarters. As for (3), because various collaborations, such as with schools, can be devised and implemented as a way of information dissemination both in Japan and Sri Lanka, the follow-up should be undertaken during the medium- to long-term.

<sup>5</sup> In the table, ◎ signifies that the recommendation that should be addressed in the short term (within 1-2 years) and ○ signifies that the recommendation that should be addressed in the medium to long term (within 3-5 years).

### **3-3 Lessons Learned**

#### **3-3-1 Lessons Learned 1: Lessons Learned Regarding Country Evaluations**

##### **(1) Developing Evaluation Indicators for the Programs**

As was the case of the Country Assistance Policy, Country Assistance Policies in recent years have made a certain amount of progress in programing, such as the clear identification of issues addressed by each program on Rolling Plans and JICA's Country Analytical Work, as well as setting up the program goals and results. However, no specific indicators were developed for programs such as energy, disaster prevention and health under the Country Assistance Policy. In order to evaluate the policy-level results of the Japanese ODA in an appropriate manner, it is important to develop specific indicators, including qualitative indicators for each Assistance Program under the Rolling Plans in accordance with the Country Assistance Policy.

##### **(2) Identifying and Responding to the Common Issues Addressed by Each Country Evaluation**

It is likely that many issues identified by this evaluation are institutional issues within the overall Japanese assistance, which can be found not only in Sri Lanka but in other countries. It is necessary to understand the common issues of the Japanese assistance and improve the system as a whole. Therefore, it is recommended to conduct an analysis of the results of each country evaluation in a cross-cutting manner and identify common issues and recommendations.

#### **3-3-2 Lessons Learned 2: Lessons Learned regarding Implementation**

##### **(1) Utilizing the Lessons Learned on Conflict Response in Sri Lanka**

While Sri Lanka's experience in post-conflict reconstruction can be shared as a good practice, there was a comment from an NGO that Japan's emergency assistance is limited and lacks the medium- to long-term strategy to link emergency and reconstruction assistance. This issue is relevant not only in Sri Lanka but also for the overall Japanese policy and system on emergency assistance which has limited effect to date. Therefore, when Japan reassesses its overall policy on systematic conflict response, it is suggested to learn from the experience in Sri Lanka's conflict-affected areas as to how Japan should respond and expand its emergency assistance.

##### **(2) Responding Flexibly to the Changing Needs on the Dispatch of Japanese Experts**

While the overall feedback on Japanese experts engaged in the projects in Sri Lanka were holistically positive, one implementing partner pointed out that the experts sent to work on the project lacked the knowledge and skills relevant to the local needs.

Appropriate staffing is one of the critical conditions to ensure smooth implementation of the projects. Therefore, in order to tailor to the local stakeholders' changing needs on Japanese experts in a flexible manner after the project formulation, it is necessary to continue regular consultations with implementing partners during the implementation phase.