Third Party Evaluation Report 2014
Ministry of Foreign Affairs of Japan

Review of Grant Aid for Countries
with Relatively High Income

February 2015
International Development Center of Japan, Inc.
Preface

This report under the title of Review of Grant Aid for Countries with Relatively High Income was undertaken by the International Development Center of Japan, Inc. (IDCJ), on consignment from the Ministry of Foreign Affairs of Japan (MOFA) in fiscal 2014.

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 is required not only in Japan but also in the international community. MOFA conducts ODA evaluations every year mainly at 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 review examines the ex-post evaluation reports of grant aid with the objective of formulating aid policies for countries with relatively high income levels and offering implications for effective and efficient aid implementation based on past lessons. Moreover, this study aims to fulfill its accountability to the public by widely publicizing the results.

Yuriko Minamoto, Professor of Meiji University, served as the chief evaluator to supervise the entire evaluation process, and Yusuke Murakami, Associate Professor of Kyoto University, served as an advisor to share his expertise and provide recommendations. Both have made an enormous contribution from the beginning of the study to the completion of this final report.

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 2015
International Development Center of Japan, Inc.

Note: This English version of the Review Report is a summary of the Japanese Report of Review of Grant Aid for Countries with Relatively High Income.
Review of Grant Aid for Countries with Relatively High Income
(Brief Summary)

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- Advisor: Yusuke Murakami, Associate Professor of Center for Integrated Area Studies, Kyoto University
- Consultant: International Development Center of Japan, Inc.

Period of the Evaluation Study: July 2014 to March 2015

Objectives and Subjects of the Study
This study examined whether the grant aid projects implemented in countries with relatively high income had sufficient significance as initially planned by clarifying 1) the background, objectives and specific reasons to implement the projects, and 2) their achievements (“effectiveness” concerning primarily outcome and impact). This study is based on 78 ex-post evaluation reports prepared between the Japanese Fiscal Year (JFY) 2008 to JFY2012 for grant aid projects, including 5 Cultural Grant Assistance, executed in the upper and the lower income countries (income levels defined by the World Bank.)

Development Issues for Project Implementation (Background of Projects)
A majority of the 78 targeted projects aimed to deal with multiple development issues; yet the number of projects tackling the issue of “Poverty Reduction” (59 projects, 76%) exceeds the one with other development issues, such as “Economy and Industry” (34 projects, 44%) and “Issues Derived from Characteristics of Developing Countries” (19 projects, 24%). Although they are countries with relatively high income levels, “Poverty Reduction” remains as an important development issue because of widening domestic socioeconomic inequality. It is, hence, essential for these countries to respond to the Basic Human Needs (BHN) of the poor—such as their living environment and wellbeing—in order to ensure long-term sustainable development and socioeconomic stability. In addition, as seen in the Jordanian case, some projects were carried out in targeted regions and countries from the perspective of geopolitical and strategic importance, regardless of the background of the individual projects and income levels. Furthermore, a high proportion of the projects for “countries with relatively high income” focused not only on “Poverty Reduction” but also on development of the “Economy and Industry.” This tendency, in particular, was seen in many grant aid projects in the sectors of Fisheries, Electrical Power, Roads and Ports.

Analysis of Effectiveness and Impact of the Targeted Projects
The ratings of the effectiveness and impact of the 78 targeted projects in this study are as follows; 50 projects (64%) are A-rated, 27 (35%) are B-rated, and 1 (1%) is C-rated. The chart below summarizes the features of the targeted projects by development issue, sector and region.

<table>
<thead>
<tr>
<th>Development Issue</th>
<th>Overview</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty Reduction</td>
<td>Most projects (57 projects, 98%) aimed at contributing to “Poverty Reduction” made a certain level of contribution, followed by “Economy and Industry” (32 projects, 96%) and “Issues Derived from Characteristics of Developing Countries” (19 projects, 100%).</td>
<td>Projects that addressed “Poverty Reduction” have a higher percentage of project implementation as planned than other projects that aimed to contribute to other development issues.</td>
</tr>
<tr>
<td>Economy and Industry</td>
<td>Out of more than 5 projects in main 6 sectors, approximately less than half of the projects were A-rated in 3 sectors: “Fisheries” (21%), “Water Supply” (55%) and “Water Resources Development” (60%).</td>
<td>Although “Fisheries” aimed to primarily contribute to “Economy and Industry,” “Poverty Reduction” and “Issues Derived from Characteristics of Developing Countries,” the degree of project implementation is not sufficient.</td>
</tr>
<tr>
<td>Water Supply</td>
<td>In the 6 main sectors, many</td>
<td>“Water Supply and Water Resources Development” aimed at “Poverty Reduction.” Although all the projects accomplished some achievements, the</td>
</tr>
</tbody>
</table>
projects were B-rated. However, in “Health and Health Care”—a main sector that trails behind “Fisheries” in terms of project number—all the projects were A-rated. degrees of achievements were not sufficient.

- “Health and Health Care” set “Improvement of the Level of Medical Activities” as its principal project goal, and it has steadily realized its objectives and, as initially planned, realized outcome impact.

<table>
<thead>
<tr>
<th>Region</th>
<th>Of the 26 projects implemented in Latin America &amp; the Caribbean—the region which had the largest number of projects in this study—only 12 projects (46%) achieved A-rating, 13 (50%) achieved B-rating, and 1 (4%) achieved C-rating. Projects that were rated with B and C outnumbered those that achieved A-rating. Compared with other regions, the evaluation results were much lower.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The lower evaluation results in Latin America &amp; the Caribbean, compared with other regions of the world, can be derived from the high proportion of projects in “Water Supply” and “Water Resources Development,” which had lower evaluation results than other sectors.</td>
</tr>
<tr>
<td></td>
<td>Factors specific to Latin America and the Caribbean influence the low evaluation results. The region is susceptible to “Policy Changes” and “Unsuitable Equipment Selection and Ensuring Maintenance and Spare Parts,” which are both hindrances that negatively impact the evaluation results.</td>
</tr>
</tbody>
</table>

**Contributing Factors and Obstacles to Effectiveness and Impact**

The most common contributing factor was “Sufficient Technical Capability of the Implementing Agency,” followed by “Appropriate Operation and Maintenance System of the Implementing Agency” and “Sound Financial Status of the Implementing Agency.” The most common obstacles were “Issues of the Financial Status of Recipient Countries and Implementing Agencies” and “Issues of the Operation and Maintenance System of Implementing Agencies,” followed by “Obstacles to the Technical Capability of Implementing Agencies.”

**Implications of Grant Aid for Countries with Relatively High Income**

1. “Grant Aid for Countries with Relatively High Income” has been implemented with the aim of “Poverty Reduction” as a main objective. Despite increased income, there still exist regional and class inequalities, which are often correlated with ethnic and racial structures.

2. In spite of increased income, many countries have failed to attain economic take-off. Even among countries that have achieved middle-income status, industrialization has not progressed sufficiently, and many continue to depend on primary commodities for export. Thus, a multifaceted approach—one of the key features of the “Grant Aid for Countries with Relatively High Income”—that combines the two main issues of “Poverty Reduction” and “Economic and Industrial Development” has important implications.

3. Of the “Grant Aid for Countries with Relatively High Income,” approximately two thirds of the projects were A-rated for “Effectiveness and Impact,” and almost all were A-rated for relevance. These evaluation results were better than those of the projects implemented in less developed and low-income countries, indicating that these projects are necessary and effective for these countries. In particular, projects intended to contribute to “Poverty Reduction” had high evaluation results, and sufficient contribution can be expected.

4. Based on the satisfactory results that “Grant Aid for Countries with Relatively High Income” has produced in the past, it is vital to consider past aid performance as a “valuable asset” and to continue implementing effective projects that aspire to alleviate poverty, reduce socioeconomic disparities and enhance industrial development.

5. Some projects within the “Grant Aid for Countries with Relatively High Income” scheme are implemented not only for their project-level background and factors but also for Japan’s national interest (e.g. diplomatic influence, economic benefits). If the grant aid is provided to fulfill Japanese national interests, it is necessary to 1) clearly indicate the standards of project implementation and fulfill accountability in an adequate manner, and 2) thoroughly evaluate whether the project concerned and/or other related aid interventions achieved the intended national interest.
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Chapter 1: Overview of the Study

1.1 Background and Objectives of the Study

The Review of Administrative Programs (Autumn Review) conducted by the Cabinet Secretariat took place in November 2013 and pointed out that it should be considered whether grant aid projects implemented in countries of middle income and above be evaluated in terms of their suitability. Hence, this study was conducted as a response to this Review of Administrative Programs, and it identified 1) the background, objectives and specific reasons, and 2) the outcomes (“effectiveness” primarily in terms of outcome and impact) of the grant aid projects (individual projects) implemented in countries with relatively high income. By doing so, this study aims to grasp the relationship between the income levels of the recipient countries and the project's effectiveness, as well as the significance of the grant aid projects initially assumed at the planning phase. This study also aims to follow up the Review of Administrative Programs and to deliberate on the role of grant aid.

1.2 Scope of the Study

This study examines the evaluation results and information included in the ex-post evaluation reports of the targeted projects, and identifies 1) the background, objectives and specific reasons for the grant aid projects, and 2) the results of the projects (“effectiveness” in terms of outcome and impact). By doing so, this study aims to clarify the following points:

① Effectiveness of the results (outcome and impact) at project level

② The background, objectives and various other factors of the grant aid projects on effectiveness, and the degree of their influence on effectiveness

③ Effectiveness of the results by countries, objectives, sectors, and other factors

Based on these points, this study will primarily analyze the “effectiveness of the results” of the grant aid scheme for “countries with relatively high income.” By this analysis, the study aims to clarify the following points:

① Achievements of grant aid for “Countries with Relatively High Income”

② Influence of the “Project Background and Objectives” on the “Effectiveness of the Results”

Chapter 2: Overview of the Study of Grant Aid for Countries with Relatively High Income

JICA publishes ex-post evaluation reports of grant aid projects on its website, of which 358 ex-post evaluations were conducted in the last five years. Of these evaluations, 191 (53%) were for less developed countries, 88 (25%) were for low income countries, 58 (16%) were for lower middle income countries, 15 (4%) were for upper middle income countries, and 6 (2%) were for high income countries. Projects for countries with relatively high income account for 20%. This study covers 78 ex-post evaluation reports,
including 73 reports for grant aid projects and 5 reports for Cultural Grant Assistance for upper and lower middle income countries.

The geographic distribution of the 78 targeted projects are Latin America and the Caribbean with 26 projects (33%), Oceanica, and Middle East and North Africa with 14 projects (18%) each, Europe with 10 projects (13%), Sub-Saharan Africa with 6 projects (8%), East Asia with 4 projects (5%), Central Asia and the Caucasus with 3 projects (4%), and South Asia with 1 project (1%). The countries with relatively high income are, for the most part, located in Latin America and the Caribbean, Oceanica, and the Middle East and North Africa. On the other hand, low income countries are predominantly in East Asia, Latin America and the Caribbean, the Middle East & North Africa, and less developed countries are predominantly in Sub-Saharan Africa, East Asia, and South Asia, but not in Latin America and the Caribbean, and Europe.

The 6 major sectors of the 78 targeted projects with more than 5 projects are Fisheries with 14 projects (18%), Health and Healthcare with 12 projects (15%), Water Supply with 11 projects (14%) and Water Resources Development, Electrical Power and Culture with 5 projects (6%) each. These 6 major sectors comprise two thirds of the total number of projects that are subject to this study. The three key sectors (Fisheries, Health and Health Care, and Water Supply) also account for approximately half of the total projects, as shown in Table 2-1.

| Table 2-1: Number of Projects by Sector and Region (N=78) |

<table>
<thead>
<tr>
<th>Sector</th>
<th>Culture (Cultural Grant Assistance)</th>
<th>General Transportation</th>
<th>Road</th>
<th>Water Transport &amp; Ships</th>
<th>Ports</th>
<th>Roads</th>
<th>Water Supply</th>
<th>Electrical Power</th>
<th>Water Resources Development</th>
<th>General Industry</th>
<th>General Government</th>
<th>Trade</th>
</tr>
</thead>
<tbody>
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<td>0</td>
<td>0</td>
<td>6</td>
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<td>0</td>
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<td>Oceania</td>
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<td>0</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
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<td>0</td>
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</tr>
<tr>
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</tr>
<tr>
<td>South Asia</td>
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<tr>
<td>Total</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>5</td>
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</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Education</th>
<th>Primary Education</th>
<th>Vocational Training</th>
<th>Health &amp; Health Care</th>
<th>Basic Health Care</th>
<th>Social Welfare Services</th>
<th>Urban Sanitation</th>
<th>Agricultural Engineering</th>
<th>Fisheries</th>
<th>Environmt Issue</th>
<th>Weather &amp; Earthquakes</th>
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<td>Latin America &amp; the Caribbean</td>
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<td>3</td>
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<td>Middle East &amp; North Africa</td>
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<td>Sub-Saharan Africa</td>
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</tr>
<tr>
<td>East Asia</td>
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<td>0</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
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<td>0</td>
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</tr>
<tr>
<td>Central Asia &amp; the Caucasus</td>
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</tr>
<tr>
<td>South Asia</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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</tr>
<tr>
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<td>1</td>
<td>14</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>78</td>
</tr>
</tbody>
</table>

Source: Prepared by the Evaluation Team

2 Reports of “Evaluation Study of Grant Aid for Cultural Cooperation for Central and South American Countries” by contract with the Ministry of Foreign Affairs, FY2012
3 Based on sectoral classification of the “Search Results of Ex-Post Evaluation Reports,” as published on the JICA evaluations website
Chapter 3: Development Issues of Grant Aid Projects (Background for Project Implementation)

3.1 Classification of Development Issues

In order to shed light on the background and rationale for implementing grant aid for countries with relatively high income, this study identified the development issues to which the implementation of the project would contribute, described as the background in the Basic Design Report of each project. As shown in Table 3-1-1, the development issues identified by the study team are classified into 6 main categories and 28 sub-categories into which the 78 targeted projects are categorized.

Table 3-1-1: List of Development Issues

<table>
<thead>
<tr>
<th>Main Categories</th>
<th>Sub-Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Issues Derived from Characteristics of Developing Countries</td>
<td>1. Large Area Development, 2. Vulnerability of Natural Environment, 3. Financial Vulnerability</td>
</tr>
</tbody>
</table>

Source: Prepared by the Evaluation Team

3.2 General Situation

The 78 targeted projects are categorized by development issue as in Figure 3-2-1 (main categories) and Figure 3-2-2 (sub-categories). As many of the projects contribute to multiple development issues, the number of issues totaled 171 for the main categories, and 262 for the sub-categories (instead of 78, as the number of evaluation projects may suggest).

Source: Prepared by the Evaluation Team

Figure 3-2-1: Development Issues for Project Implementation (Main Categories)
In terms of the main categories of development issues, the majority of the targeted projects (59 projects, 76%) aim to contribute to “Poverty Reduction.” This indicates that even in developing countries that have already achieved a certain income level, poverty reduction remains a critical development issue not only among the rural and minority population, but also among the urban populace. Thus, as shown in Figure 3-2-2 (sub-categories), the demand for the implementation of grant aid projects to achieve “Poverty Reduction” by contributing to “Basic Utilities” (e.g. Water supply), “Illness and Health” through enhancing medical facilities, and the living environment is high.

“Poverty Reduction” as a development issue (main categories) is followed by “Economy and Industry” with 34 projects (44%). Due to the rapid advancement of economic globalization in recent years, many countries that have attained a certain income level suffer from a weak industrial base and structures. This trend is particularly pronounced in micro-businesses and local industries, and the strengthening of these businesses has been taken into consideration when implementing grant aid.
Other major development issues (main categories) are “Issues Derived from Characteristics of Developing Countries” with 28 projects (36%) and “Emergency Response” with 24 projects (31%), both of which account for approximately one third of all the projects. The specific contents (sub-categories) of the "Issues Derived from Characteristics of Developing Countries" involve, for example, “Large Area Development” (24 projects, 24%) and “Financial Vulnerability” (10 projects, 13%). Even for countries that have achieved a certain income level, transnational businesses that benefit multiple countries across borders as well as the construction and maintenance of domestic basic facilities (e.g. “flagship” hospitals) remain important issues that bring nationwide benefit.

“Emergency Response” concerns the reconstruction of facilities that experienced damage from “Disasters” and “Conflicts.” Regardless of the income levels of the target countries, this assistance can be sought from a humanitarian standpoint and accounts for one third of all the projects. Although the proportion (15 projects, 19%) is not necessarily high, some projects relate to “Japan’s National Interest and Merit” (e.g. “Japan’s Diplomatic Influence”) as the background and rationale behind project implementation.

3.3 Sector and Regional Situations

The projects in “Fisheries” account for a relatively large proportion of all the development issues (main categories), indicating that they attempt to address broader development issues than the projects in other sectors. In particular, many projects in this sector address the issues of “Poverty Reduction” and “Economy and Industry” by contributing to development of the economy and industries as well as poverty reduction in the fishery sector. Projects in this sector contribute to Japan’s national interest and merit more than other issues by importing fishery products to Japan.

All the projects in the “Health and Health Care,” “Water Supply,” and “Water Resources Development” sectors aim to contribute to “Poverty Reduction,” indicating greater emphasis on BHN. In the sub-categories, many projects aim to contribute to “Basic Utilities,” “Illness and Health,” “Inequality” and “Living Environment”; by contributing to these development issues, the projects aim to contribute to “Poverty Reduction.” However, each of the projects in the “Water Supply” and “Water Resources Development” sectors focuses on fewer development issues and aims to contribute to “Poverty Reduction” by ensuring access to “Basic Utilities.” On the other hand, as the proportion of both “Issues derived from Characteristics of Developing Countries” and “Emergency Response” has increased within the “Health and Health Care” sector, the maintenance and reconstruction of medical facilities that enhance disaster emergency response and yield national and regional benefits have become prioritized.

In terms of the regional characteristics of the development issues (main categories), Oceania countries account for a high proportion of the projects in “Fisheries,” reflecting regional characteristics that also lead to an extremely high percentage of projects that focus on the development issues of “Economy and Industry.” Yet, because the development issues of “Countries with Relatively High Income” share certain features, no significant difference in the trends of development issues was present in the regional differences, unlike in the sector-specific observations.

3.4 Grant Aid with Strategic Purposes

Some grant aid is implemented in “Countries with Relatively High Income” for Japan’s national interest or international contribution (e.g. peacebuilding), regardless of the recipient countries’ income levels.
Jordan, for instance, is an important country and key player in the promotion of the Middle East peace process. Because maintaining Jordan’s political stability is essential to the stabilization of the Middle East region as a whole, and the region’s energy sources are of importance to Japan’s national interest, grant aid and other forms of assistance have been actively carried out in Jordan.

Following the Yugoslav wars (1991~2001), the socioeconomic structures of the Western Balkan countries (Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia, Montenegro) were severely damaged. Although the region experienced gradual stabilization after the conflict, it has continued to experience vulnerability—as exemplified in the violent unrest in Kosovo that broke out in 2004—and the situation underlines the importance of consolidating peace and achieving sustainable economic development. Moreover, the Western Balkan region is crucial for European stabilization. In the midst of the EU’s efforts to integrate Europe, the Western Balkan region has strategic importance. Considering these circumstances, the Government of Japan implemented projects totaling more than US$1.3 billion between 1991 and 2005, and the grant aid comprised an important scheme in these projects.

Chapter 4: Evaluation Results of Effectiveness and Impact of the Projects, and their Contribution to Development Issues

4.1 Scope of the Study

This chapter examines the effectiveness of the individual grant aid projects implemented in countries with relatively high income by assessing the degree to which these grant aid projects achieved the planned outcomes. In order to do so, this study used the following two perspectives:

① Evaluation results of the projects’ “Effectiveness and Impact” in the ex-post evaluation reports

② Degree of contribution to development issues by the implementation of each project (as discussed in Chapter 3).

Using the two aforementioned perspectives, this study classified the 78 targeted projects in three levels. In the ex-post evaluations, most of the projects were examined in accordance with the perspective on the “Effectiveness and Impact,” and some were not. The Evaluation Team rated them using the following criteria (three-tiered evaluation by the ABC rating system).

A The project attained the objectives and realized the effects.

B The project attained the objectives to a certain degree but did not realize some effects.

C The project attained few objectives and did not realize any effects.

The ex-post evaluations did not rate the degree of contribution of the project to development issues, and the Evaluation Team applied the rating based on the following criteria. It should be noted that the rating of the contribution to development issues utilizes lower case letters (three-tiered evaluation by the abc rating system) to distinguish it from the “Effectiveness and Impact” evaluations.

a The project contributed to development issues mostly as planned and realized the effects.

b The project contributed to development issues as planned to a certain degree but did not realize some effects.
c) The project did not contribute to development issues as planned and did not realize any effects.

4.2 Projects' Effectiveness and Impact

The results of the effectiveness and impact rating were as follows (See Figure 4-2-1): out of 78 projects that were subject to evaluation, 50 (64%) projects were rated A, 27 (35%) were rated B, and 1 project (1%) was rated C. Although many projects were A-rated, approximately one third of the projects were evaluated as B.

The evaluation results of the effectiveness and impact of the projects for countries with relatively high income are better as 63% of the projects are rated A for both less developed and low income countries. Furthermore, the proportion of C-rated projects for countries with relatively high income is lower than that of both less developed and low income countries.

4.3 Projects' Effectiveness and Impact by Development Issue, and Contribution to Development Issues

4.3.1 Effectiveness and Impact by Development Issue

Chapter 3 categorizes the 78 projects into development issues. The main categories cover 6 development issues, and the sub-categories cover 28 development issues. Figure 4-3-1 shows the evaluation results of the projects’ “Effectiveness and Impact,” categorized by development issue (main categories).

Figure 4-3-1 shows different patterns of the evaluation results for “Effectiveness and Impact” by development issues. Of the projects that addressed “Poverty Reduction” as a development issue, which was most common with 59 projects, 40 projects (68%) were A-rated. This percentage is higher than other development issues.

24 projects focused on “Emergency Response” as a development issue, and they achieved relatively positive evaluation results with 15 projects (63%) rated A. However, the projects that aimed to contribute to issues such as “Economy and Industry,” “Issues Derived from Characteristics of Developing Countries” and “Human Resources Development” have low evaluation results with 60% A-rated.
Fig. 4-3-2 shows the evaluation results of the projects’ “Effectiveness and Impact,” categorized by development issue (sub-categories). Even within the same main category, the disparity in evaluation results among sub-categories is large. Though the majority of the sub-categories under “Poverty Reduction” have A ratings, projects implemented to contribute to development issues such as “Basic Utilities,” “Illness and Health,” “Living Environment” and “Inequality” have a high proportion of A ratings with a high percentage of projects achieving their objectives and overall goals. In the main categories of “Emergency Response,” “Human Life” and “Disaster and Reconstruction,” there is a high percentage of A-rated projects that boosts the overall evaluation results.

On the other hand, in “Conflict and Reconstruction,” projects with B ratings outnumber those with A ratings.

In “Economy and Industry” and “Issues Derived from Characteristics of Developing Countries,” the majority of development issues in the sub-categories tend to have low evaluation results. In “Economy and Industry,” more than two thirds of the projects intended to contribute to development issues by promoting “Micro-Businesses and Local Industry” were rated as B, and the low evaluation results stand out. Even within the same main categories, the disparity in evaluation results among the development issues in the sub-categories is large.

4.3.2 Contribution to Development Issues

This section analyzes the evaluation results of the projects’ contribution to development
issues, based on the aforementioned criteria. Because each project addressed multiple development issues, this study confirmed that 78 projects attempted to contribute to 139 development issues in the main categories (average of about 1.8 per project) and 251 in the sub-categories (average of about 3.2 per project).

1. Situation of Main Categories

(1) Overall Situation

In terms of the main categories of development issues, the most common is “Poverty Reduction,” and most of these projects (59 projects, 98%) have contributed to development issues above a certain evaluation level (a and b) (See Figure 4-3-3). Although this is followed by “Economy and Industry” (32 projects, 96%) and “Issues Derived from Characteristics of Developing Countries” (19 projects, 100%), it can be observed that, compared to other issues, the contribution to “Poverty Reduction” is the most prominent.

Although more than half of the projects aimed at each and every one of the contributions to development issues are a-rated, “Poverty Reduction” (71%) and “Emergency Response” (88%) in particular have a large proportion of a-rating and a high degree of contribution.

(2) Results of the Multifaceted Approach to Contributing to “Poverty Reduction” and “Economy and Industry” Simultaneously

Approximately one third of the grant aid projects for countries with relatively high income were implemented to contribute to both “Poverty Reduction” and “Economy and Industry.” In view of the plans, the projects achieved roughly the expected results. 24 projects aimed to contribute to both “Poverty Reduction” and “Economy and Industry,” and 22 projects experienced a certain degree of success in each of the development issues. Considering this outcome, the two-track approach functions well. On the other hand, only 11 projects are a-rated for both “Poverty Reduction” and “Economy and Industry,” and it can be seen that the achievements may not necessarily be sufficient.

2. Situation of Sub-categories

This section assesses the contribution to the development issues in the sub-categories by implementation of the projects.

The most prominent contribution to development issues includes “Basic Utilities” by 28 projects (26%), “Living Environment” by 22 projects (20%) and “Illness and Health” by 20 projects (18%), which are all included in the main categories of “Poverty Reduction.” Contributions to development issues are not included in “Poverty Reduction” but are in “Key Industries” (14 projects), “Industrial Development and Strengthening,” (11 projects), “Micro-Businesses and Local Industries” (10 projects) and “Large Area Development” (19 projects).

Contributions to development issues were made by effective project implementation. Of
the main contributions to development issues (more than 10 projects), “Illness and Health” presents the highest proportion of a-rated projects (90%). Moreover, more than 70%, at most, of the key contributions to development issues (sub-categories) in the main category of “Poverty Reduction” are a-rated, and their evaluation results, on average, are high. On the other hand, the percentage of a-rated projects for contribution to development issues not categorized in “Poverty Reduction,” as a whole, only reaches 50%. Furthermore, the following issues can be observed here and there: 1) the contribution to development issues is not confirmed vis-à-vis the project plans (the percentage of a-rated projects is below 50%), and 2) the contribution to development issues is not necessarily sufficient (many are b- and c-rated).

Examining each development issue in “Poverty Reduction” indicates that many projects were not effective at addressing “Increased Income and Employment” and “Inequality,” and other projects were somewhat effective in “Rural Development” and “Increased Income and Employment”, but the achievements were not sufficient. These issues arise because 1) the issues cannot be sufficiently addressed and improved by only one project, and 2) they require long-term solutions.

In “Economy and Industry” and “Issues Derived from Characteristics of Developing Countries,” both achieved a certain level of success in, for example, industrial development in “Micro-Businesses and Local Industries” and “Large Area Development.” Yet many of the projects did not attain the planned objectives. In addition, in “Emergency Response,” “Conflict and Reconstruction” is a noticeable example of projects which has not attained its expected outcomes.

4.4 Effectiveness and Impact and Contribution to Development Issues by Sector

4.4.1 Effectiveness and Impact by Sector

Examining the projects’ effectiveness by sector reveals a relatively large difference (See Figure 4-4-1). 6 sectors have more than 5 projects for each, and of these sectors, 3 sectors have a lower number of A-rated projects: “Fisheries” has 21% of projects A-rated, “Water Supply” has 55%, and “Water Resources Development” has 0%. This trend is also common throughout the low income countries and the less developed countries.

In particular, “Fisheries” has a lower number of A-rated projects than the others. The proportion of projects with A-rating remains slightly above one fifth, and the majority of projects are B-rated. Although the “Fisheries” sector aims to contribute to key development issues such as “Economy and Industry,” “Poverty Reduction” and “Issues Derived from Characteristics of Developing Countries,” they were not effective. “Economy and Industry”—which has the largest number of projects—focused on enhancing “Micro-Businesses and Local Industries” and “Key Industries (Fishing Industry in Island Countries)”; nonetheless, there were many cases in which the results were not achieved as planned due to a variety of factors (e.g. external factors, market factors). Moreover, the promotion of “Exports” was not realized. Consequently, in many projects, “Increased Income” was not realized as expected, resulting in lower evaluation results of “Poverty Reduction.”

On the other hand, in “Health and Health Care”—a main sector that trails behind “Fisheries” in terms of project number—all 12 projects were A-rated, and their outcome impact was realized as initially planned.
Examining the contribution to development issues by sector, all or most of the planned projects under “Fisheries” reached a certain level of achievement in key development issues such as “Economy and Industry,” “Poverty Reduction” and “Issues Derived from Characteristics of Developing Countries.” Yet the achievements were not necessarily rated high.

“Water Supply” and “Water Resources Development” focus on “Poverty Reduction” as the main development issue and achieved certain outcomes in all the implemented projects. However, the degree of achievement is not sufficient. “Poverty Reduction” has sub-categories of development issues, such as “Basic Utilities,” “Living Environment” and “Rural Development.” Although there is a certain level of achievement, the proportion of b- and c-rated projects is noticeably high. Of the projects in the sector of “Water Supply,” there were many a-rated projects that addressed “Increased Water Supply” and “Improvement of Water Distribution Efficiency.” Nevertheless, a number of projects that addressed “Increase in Water Supply Time,” “Increase in Water-Supply Population” and “Increase in Number of Wells” received b and c ratings, accentuating

Source: Prepared by the Evaluation Team

Figure 4-4-1: Number of Projects, Effectiveness and Impact Rating (N=78)

### 4.4.2 Contribution to Development Issues by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries</td>
<td>11.79%</td>
<td>6.55%</td>
<td>3.21%</td>
</tr>
<tr>
<td>Health &amp; Health Care</td>
<td>12.00%</td>
<td>3.60%</td>
<td>4.80%</td>
</tr>
<tr>
<td>Water Supply</td>
<td>5.45%</td>
<td>2.40%</td>
<td>3.60%</td>
</tr>
<tr>
<td>Water Resources Development</td>
<td>1.20%</td>
<td>1.20%</td>
<td>4.80%</td>
</tr>
<tr>
<td>Electric Power</td>
<td>1.20%</td>
<td>4.80%</td>
<td>4.80%</td>
</tr>
<tr>
<td>Culture</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
</tr>
<tr>
<td>Roads</td>
<td>1.20%</td>
<td>1.20%</td>
<td>4.80%</td>
</tr>
<tr>
<td>Ports</td>
<td>1.33%</td>
<td>2.66%</td>
<td>3.21%</td>
</tr>
<tr>
<td>Basic Healthcare</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Vocational Training</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Education</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Water Transport &amp; Ships</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Primary Education</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>General Government</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>General Industry</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Urban Sanitation</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Social Welfare Services</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Agricultural Engineering</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Weather &amp; Earthquakes</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Environmental Issues</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Road Transport</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>General Transportation</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Trade</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
those projects that were not able to achieve the planned project outcomes. Consequently, it has become increasingly difficult to solve development issues. For b- and c-rated projects, their outcomes are likely to be dependent on the facilities' management levels and on the recipient countries' promotion of voluntary activities (e.g. well excavation, management unionization)—which may have affected their low evaluations.

Although “Health and Health Care” is a key sector and has the second largest number of projects after “Fisheries,” all 12 projects were A-rated with outcomes and impact as initially planned. The principal project outcome, “Improvement of the Level of Various Medical Activities,” has been steadily attained. The sector has also achieved satisfactory results in a wide range of development issues, such as “Poverty Reduction” (“Illness and Health” sub-classification), “Emergency Response” (“Human Life” sub-category) and “Issues Derived from Characteristics of Developing Countries” (“Large Area Development” sub-category). Yet, among the low income countries and less developed countries,” “Health and Health Care” is not a sector with high evaluation ratings; it is, hence, a sector in which “Countries with Relatively High Income” can yield outcomes as planned without difficulty.

4.5 Effectiveness and Impact and Contribution to Development Issues by Region

4.5.1 Effectiveness and Impact by Region

Observing the project effectiveness by region indicates that Latin America and the Caribbean—where a large number of projects were implemented—received comparatively low evaluation results (See Figure 4-5-1). Out of 26 projects implemented in the region, only 12 (46%) were A-rated, 13 (50%) were B-rated, and 1 (4%) was C-rated. With B- and C-rated projects slightly outnumbering those that achieved A-rating, the evaluation results in Latin America and the Caribbean, compared with other regions, are low. The main factor that contributed to this outcome is the high proportion of “Fisheries,” “Water Supply,” and “Water Resources Development” projects, which tend to receive low evaluation results.

Other than Latin America and the Caribbean, Sub-Saharan Africa suffers from low evaluation results. Though only 6 projects were allocated to Sub-Saharan Africa, half of these projects are B-rated.

4.5.2 Contribution to Development Issues by Region

From the viewpoint of development issues, the projects implemented in Latin America and the Caribbean often did not achieve the planned outcomes due to the high proportion of b- and c-rated projects under “Economy and Industry.” Because the projects under “Economy and Industry” in Latin America and the Caribbean often focus on “Fisheries”—which encompasses low-rating projects to enhance “Micro-Businesses and Local Industries” and “Exports”—their evaluations are low. Furthermore, within the
Latin American and the Caribbean context, the region is susceptible to “Policy Changes” and “Unsuitable Equipment Selection and Maintenance of Spare Parts,” both of which had a negative impact on the evaluation results.

Additionally, approximately 80% of all the projects in each region aimed to make a contribution to “Poverty Reduction” and actually achieved the planned contribution.

4.6 Other Impacts
4.6.1 Positive and Negative Impacts

The ex-post evaluation reports mention unplanned positive impacts and negative impacts regarding the environment and resettlement in 14 and 6 projects, respectively.

Of the 14 projects that had unplanned positive impacts, 7 projects were located in Latin America and the Caribbean, 4 projects in the Middle East and North Africa, 2 projects in Europe and 1 project in Sub-Saharan Africa. In terms of sector, “Culture” accounts for 4 projects, “Health and Health Care” and “Water Supply” for 2 projects each, and “Fisheries,” “Weather and Earthquakes,” “Primary Education,” “General Industry,” “Electrical Power” and “Urban Sanitation” for 1 project each. Examples of the impacts are 1) Japan’s aid becoming the model for construction plans in the recipient countries, 2) a ripple effect on regional development of Japanese river and waterway maintenance, 3) synergy of Japanese aid, assistance from other donors and activities of recipient governments, 4) synergistic effect of Japanese grant aid and technical cooperation, and 5) youth enrichment programs and correction of regional disparities through cultural exchanges.

Only 6 projects had negative impacts (8 items in total): 2 projects were located in Latin America and the Caribbean, and 1 project each in the Middle East and North Africa, Oceania, Europe and East Asia. In terms of sector, 2 projects each were in “Fisheries” and “Water Supply,” and 1 project each in “Water Resources Development” and “Water Transport and Ships.” Examples of the impacts are 1) processing of increased sewage due to greater use of the water supply has not been conducted properly, and river pollution measures are insufficient, 2) ice making machines that were introduced to improve the livelihoods of fishermen have been damaged, driving the fishermen to purchase expensive ice from shops, 3) in planning market and pier construction, high waves often come into the market site, and 4) residents that live on the periphery of the Coast Guard’s transmitting stations face the risk of high electromagnetic radiation.

4.6.2 Effects on Japan’s Diplomacy, Public Relations and Economic Benefits

17 ex-post evaluations examined the effects on Japan’s diplomacy, public relations and economic benefits, and many effects in terms of public relations were found. Certain public relations effects were observed in some cases, including 1) ODA labels were placed on equipment and facilities provided by Japan’s ODA schemes, which increased awareness of Japan’s assistance, 2) mourning for the victims of the Great East Japan Earthquake was shown by the direct beneficiaries, and 3) ministerial visits to signing ceremonies, as well as during project implementation and after completion, were reported in newspapers and on television. Out of 17 projects, 5 highly impacted Japan’s diplomacy (1 project), public relations (3 projects) and economic benefits (1 project). A specific example of the fisheries sector’s diplomatic impact was that Morocco—which supports the sustainable use of resources and, historically, has maintained amicable relations with Japan—always attempts to stand on the same footing as Japan in international conferences in the fisheries sector (e.g. IWC [International Whaling Commission], ICCAT [the International Commission for the Conservation of Tunas]). As a result, positive effects were observed in Japanese “fisheries diplomacy.” Moreover, as an example of economic benefit to Japan through Cultural Grant Assistance in Costa
Chapter 5: Contributing Factors and Obstacles for Attaining Effects and Impact

This chapter discusses the contributing factors and obstacles for achieving effects and impact.

The most common contributing factor was “Sufficient Technical Capability of the Implementing Agency,” followed by “Appropriate Operation and Maintenance System of the Implementing Agency” and “Sound Financial Status of the Implementing Agency” (See Figure 5-1). These contributing factors are related to the implementing agency’s organizational structure.

The most common obstacles were “Issues of the Financial Situation of Recipient Countries and Implementing Agencies,” followed by “Issues of the Technical Capability of Implementing Agencies” (See Figure 5-2). Similar to the case of the contributing factors, project obstacles consist of the implementing agency’s organizational structure. When examining the rating results of the obstacles and “Effectiveness and Impact,” the most common hindrances regarding the implementing agencies were 1) financial condition, 2) management system and 3) technical level, and approximately half of the projects with these hindrances received B-rating. Moreover, of the projects that indicated “Changes in Demand, Market and Sales Channels,” “Policy Changes,” “Operating Costs” and “Inappropriate Planning” as obstacles, over 70% of the projects received B-rating. Hence, it can be deduced that these obstacles affect the results of the effectiveness and impact evaluations.

Regarding the projects that received B- and C-ratings in the effectiveness and impact evaluations, there is a correlation among development issues, regions and sectors. More specifically, in the projects that address “Economy and Industry” or “Issues Derived from Characteristics of Developing Countries,” the evaluation results in Latin America and the Caribbean tend to be low. In particular, of the projects that focus on “Economy and Industry,” fisheries projects in Latin America and the Caribbean are likely to receive low evaluation results. There is generally a negative correlation between the number of obstacles and the evaluation results. In particular, “Changes in Demand, Market and Sales Channels” followed by “Policy Changes” and “Issues of the Capacity of Recipient Government and Implementing Agencies” tend to lower the evaluation results.
Many of the projects A-rated in the effectiveness and impact evaluations are in the “Health and Health Care” sector. Yet no striking characteristics are observed among the regions. With regard to development issues, many projects aim to address “Poverty Reduction,” “Economy and Industry” and “Issues Derived from Characteristics of Developing Countries.” Projects implemented in the health sector are also inclined to address “Poverty Reduction” and “Issues Derived from Characteristics of Developing Countries.” This study found that the most significant contributing factor was “Sufficient Capacity of Implementing Agencies”; yet in cases where a synergic effect between the “Development of Related Facilities” and “Technology Transfer” via Japanese technical cooperation is observed, a certain level of results can be expected.

Chapter 6: Evaluation Results of the Projects’ Relevance

This chapter summarizes the rating results of the relevance of the 78 projects. Although the rating results were utilized directly from the contents published in the ex-post evaluation reports, the projects that have yet to be rated were evaluated by the Evaluation Team based on the following criteria (three-tiered evaluation by the ABC rating system).

A Adequate consistency
B Some lack of consistency
C Serious problems with consistency

The ratings of the 78 projects’ relevance were that 75 projects (96%) were A-rated, and 3 projects (4%) were B-rated (See Figure 6-1). The evaluation results of the relevance
of the projects in relatively high income countries are better than in less developed and low income countries with 44 projects out of 48 (92%) in low income countries, and 105 projects out of 108 (97%) in less developed countries. Even in countries with relatively high income, the demand for grant aid projects still exists, and no problems are observed from the perspective of relevance.

Chapter 7: Implications of Grant Aid for Countries with Relatively High Income

Based on the aforementioned study results, this chapter summarizes the “State of Grant Aid for Countries with Relatively High Income” and underlines the following points.

(1) “Grant Aid for Countries with Relatively High Income” has been implemented with the aim of “Poverty Reduction” as a main objective. Despite increased income, there still exist regional and class inequalities, which are often correlated with ethnic and racial structures.

(2) In spite of increased income, many countries have failed to attain economic take-off. Even among countries that have achieved middle-income status, industrialization has not progressed sufficiently, and many continue to depend on primary commodities for export. Thus, a multifaceted approach—one of the key features of “Grant Aid for Countries with Relatively High Income”—that combines the two main issues of “Poverty Reduction” and “Economic and Industrial Development” has important implications.

(3) Of the “Grant Aid for Countries with Relatively High Income,” approximately two thirds of the projects were A-rated for “Effectiveness and Impact” and almost all were A-rated for relevance. These evaluation results were better than the projects implemented in the least developed and low-income countries, indicating that these projects are necessary and effective for these countries. In particular, projects intended to contribute to “Poverty Reduction” had high evaluation results, and adequate contribution can be expected.

(4) Based on the satisfactory results that “Grant Aid for Countries with Relatively High Income” has produced in the past, it is vital to consider past aid performance as a “valuable asset” and to continue implementing effective projects that aspire to alleviate poverty, reduce socioeconomic disparities and enhance industrial development.

(5) Some projects within the “Grant Aid for Countries with Relatively High Income” scheme are implemented not only for their project-level background and factors, but also for Japan’s national interest (e.g. diplomatic influence economic benefits). If the grant aid is provided to fulfill Japanese national interests, it is necessary to 1) clearly indicate the standards of project implementation and fulfill accountability in an adequate manner, and 2) thoroughly evaluate whether the project concerned and/or other related aid interventions achieved the intended national interest.

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4 The ex-post evaluation reports did not rate the relevance of 40 out of 88 projects in low income countries and 83 projects out of 191 in less developed countries. For the purpose of comparison, these projects without relevance ratings were excluded, and only the 48 projects in low income countries and 108 projects in less developed countries were considered.