

Third Party Evaluation Report 2015  
Ministry of Foreign Affairs of Japan

# **Evaluation of Assistance for the South Caucasus**

**February 2016**  
**Foundation for Advanced Studies**  
**on International Development**

## Preface

This report, under the title of Evaluation of Assistance for the South Caucasus, was undertaken by Foundation for Advanced Studies on International Development, entrusted by the Ministry of Foreign Affairs of Japan (MOFA) in fiscal year 2015.

Since its commencement in 1954, Japan's Official Development Assistance (ODA) has contributed to the development of partner countries, and has contributed to bringing solutions for international issues which vary over time. Recently, in both Japan and the international community, implementing ODA requires higher effectiveness and efficiency. MOFA has been conducting ODA evaluations every year, of which most are conducted 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 transparency and objectivity.

This evaluation study was conducted with the objective of reviewing Japan's overall policies on assistance to Republic of Azerbaijan, Georgia and Republic of Armenia from FY2005 through 2015, including the Country Assistance Policy for Republic of Azerbaijan, Georgia and Republic of Armenia, drawing on lessons to make recommendations for reference in policy planning and its effective and efficient implementation of future assistance to these countries by the Government of Japan, and ensuring accountability by making the evaluation results widely available to the general public.

Professor Kaoru Hayashi of Faculty of International Studies, Bunkyo University served as a chief evaluator to supervise the entire evaluation process, and Associate Professor Yoko Hirose of Faculty of Policy Management, Keio University served as an advisor to share her expertise on the Caucasus. They have made enormous contributions from the beginning of the study to the completion of this report. In addition, in the course of this study both in Japan and in Republic of Azerbaijan, Georgia and Republic of Armenia, we have benefited from the cooperation of MOFA, Japan International Cooperation Agency (JICA), and the local ODA Task Force, as well as government agencies in these countries, donors, and non-governmental organizations (NGOs). We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

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

February 2016

Foundation for Advanced Studies on International Development

Note: This English version of the Evaluation Report is a summary of the Japanese Evaluation Report of Evaluation of Assistance for the South Caucasus

## Evaluation of Assistance for the South Caucasus (Brief Summary)

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

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- Consultant : Foundation for Advanced Studies on International Development

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

September 2015 – February 2016

### **Field Survey Country**

Republic of Azerbaijan, Georgia and Republic of Armenia

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

Japan has assisted the South Caucasus countries (*i.e.*, Azerbaijan, Georgia and Armenia) because these countries are located in a geopolitically important area adjoining Europe, Asia, Russia and the Middle East, and the peace and prosperity of this area is important for the stability of Eurasia as a whole. In this evaluation survey, the assistance that Japan had provided for the three countries to date was evaluated objectively to learn lessons and make recommendations for the improvement of the effectiveness of the assistance to this region. The policies on the assistance to the South Caucasus countries implemented between 2005 and the time of the field survey in 2015 and their performance were scope of evaluation. With regard to projects implemented under the Grant Assistance for Grass-Roots Human Security Projects (GGP), only those implemented in the five-year period from 2010 were evaluated because the storage period of the data of the GGPs implemented earlier had ended, and, therefore, those data were no longer available.

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

#### ● **Development Viewpoints**

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

Japan's country assistance policies (CAPs) for the three countries are highly consistent with the development policies, needs of the respective countries and Japan's high-level policies. They also conform to the international priority issues and the assistance policies of other donors and international organizations for those countries. The comparative advantage of Japan's assistance has been utilized in the projects implemented under the policies. These observations have proved that the relevance of Japan's assistance policies for these countries is "high."

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

Outcomes of Japan's assistance to the three countries have been verified in almost all the priority areas, including the economic infrastructure improvement, stabilization of the people's livelihood and disaster risk reduction measures. Therefore, the effectiveness of the results was evaluated to be "high."

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

Although Japan International Cooperation Agency (JICA) has no office in the three countries, the regular monitoring of assistance projects and the sharing of information of the projects with people concerned were performed appropriately throughout the process, from the formulation to the implementation of projects, under the leadership of the Embassies of Japan in Azerbaijan and Georgia. As the Embassy of Japan in Armenia was established recently (January 2015), strengthening of the implementation structure in this country is recommended. The evaluation team concluded that the appropriateness of processes of Japan's assistance in Azerbaijan and Georgia were "high." Meanwhile, those used in Armenia were evaluated as "moderate."

#### ● **Diplomatic Viewpoints**

The peace and stability of the South Caucasus countries is indispensable because of their geopolitical importance. Therefore, the diplomatic importance of Japan's assistance to these countries is high. Japan's assistance to the three countries has contributed to the strengthening of the bilateral relations between Japan and each of the three countries, and diplomatic impacts of Japan's assistance have been verified in each of these countries.

## **Recommendations**

### **● Azerbaijan**

#### **(1) Clarification of the Purpose of the Assistance for Agriculture and Rural Development**

The role and purpose of the projects for agriculture and rural development should be defined clearly in the assistance policy.

#### **(2) Strengthening of Assistance for Capacity Development**

The current state of economic growth in Azerbaijan requires more assistance on capacity development and technology transfer.

### **● Georgia**

#### **(1) Establishment of Areas in Which Japan Has Comparative Advantages in order to Promote Coordination with Japanese Private Sector in Georgia**

As assistance that utilizes the characteristics and comparative advantages of the private sector of Japan is highly effective, promotion of such assistance is recommended.

#### **(2) Continuous Assistance in Rural Areas through Grant Assistance for Grass-Roots Human Security Projects**

It is desirable to continue Grant Assistance for Grass-Roots Human Security Projects for the people living in rural areas, including Internally Displaced Persons (IDPs) and residents of conflict-affected areas.

#### **(3) Promotion of Communication and Coordination with the Implementing Agencies of Georgia and Other Partners**

The assistance implementation structure has to be improved to facilitate cooperation with the implementing agencies of Georgia and other partners.

### **● Armenia**

#### **(1) Strengthening Capacity of ODA Implementation of the Embassy of Japan in Armenia**

The assistance implementation structure of the Embassy of Japan in Armenia has to be strengthened for the effective implementation of ODA projects.

#### **(2) Participation in Coordination Mechanism among Partners for the Enhancement of Development Effectiveness**

It is desirable that Japan participates in aid coordination in order to maximize the effectiveness of its assistance with limited input.

#### **(3) Continuous Assistance for Disaster Risk Reduction**

Considering that there is high demand and expectation for Japanese technology in this area, it is desirable to continue the assistance in disaster risk reduction

#### **(4) Promotion of Public-Private Partnership in order to Promote Coordination with Japanese Private Companies**

Promotion of public-private partnership that facilitates the expansion of business of Japanese companies in Armenia and contributes to the economic development of Armenia is recommended.

### **● The South Caucasus**

#### **(1) Promotion of Assistance for Common issues among the Three Countries**

Opportunities for exchange of opinions and interaction among the three countries should be created through the assistance on the issues common to them.

#### **(2) Review of Implementation Structure in order to Provide Regional Assistance for the South Caucasus**

The evaluation team recommends that the assistance implementation structure be modified to enable assistance to joint efforts of the three countries in addressing common issues in addition to individual projects in each country.



Shimal Gas Combined-Cycle Power Plant (Second Unit), Azerbaijan



Construction site of the East-West Highway Improvement Project, Georgia



Firefighting equipment at No 8 Fire Station provided by JICA project in Yerevan City, Armenia

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## Chapter 1 Objectives and Policies of the Evaluation

### 1-1 Background and Objectives of the Evaluation

Japan has provided assistance to the South Caucasus countries (*i.e.*, Azerbaijan, Georgia and Armenia) because these countries are located in a geopolitically important area adjoining Europe, Asia, Russia and the Middle East, and the peace and prosperity of this area is important for the stability of Eurasia as a whole.

While Azerbaijan produces large quantities of crude oil and natural gas, the Government of Azerbaijan intends to diversify its natural-resource-based economy. In response to this intention, Japan has been providing Azerbaijan with assistance that contribute to agricultural development and the development of infrastructure (including power supply, water supply and sewerage systems), and to the infrastructure development for the improvement of basic social services such as health and medical care services.

Japan has been providing Georgia with the following assistance: i) improvement of economic infrastructure (in the sectors of transport, power supply etc.) and ii) assistance that contributes to the stabilization of people's livelihood, mainly in the areas of development of agriculture (a major industry in rural areas), regional development, and health and medical care services.

Japan has been providing Armenia with assistance in the development of basic infrastructure, including the power supply system to boost rural economy and human resource development for the promotion of small and medium sized enterprises (SMEs), and in disaster risk reduction as well, considering that Armenia is an earthquake-prone country.

Japan has been providing all three countries with assistance in infrastructure development for economic development, human resource development for the introduction of the market economy, regional development for the correction of regional disparities, and health and medical care services as their common issue, taking into account specific needs in each country.

This evaluation survey was conducted with a view to evaluating objectively the assistance that Japan had provided for the three countries to date and to learn lessons and make recommendations for the improvement of the effectiveness of the assistance to this region.

### 1-2 Scope of the Evaluation

The policies on the assistance to the South Caucasus countries implemented between 2005 and the time of the field survey in 2015, as well as their performance, were evaluated in this survey. With regard to projects implemented under Grant Assistance for Grass-Roots Human Security Projects (GGP), only those implemented in the five-year period from 2010 were evaluated because the storage period of the documents of the GGP implemented earlier had ended, and, thus, they were no longer

available. The significance, basic policies and priority areas of Official Development Assistance (ODA) described in the ODA Data Book of the Ministry of Foreign Affairs (MOFA) of Japan, as well as Japan's Country Assistance Policies (CAPs) for the three countries, were subject of the evaluation. While a few changes were made in the priority areas in the policies for the three countries during the evaluation period, these changes were minor. Therefore, the latest CAPs were used as reference in the analysis of the policy objectives. Fig.1 shows the objective frameworks of Japan's CAPs for the South Caucasus countries.

### 1-3 Methodology of the Evaluation

#### 1-3-1 Framework of the Evaluation

Based on "The ODA Evaluation Guidelines (9th edition)" (published in May 2015), this evaluation was conducted from (1) the development viewpoints (relevance of policies, effectiveness of results and appropriateness of processes) and (2) the diplomatic viewpoints. The Embassies of Japan in Azerbaijan, Georgia and Armenia were established in 2000, 2009 and January 2015, respectively. Activities of Japan International Cooperation Agency (JICA) in the three countries are supervised by the JICA Uzbekistan Office.<sup>1</sup> The implementation structure used for the exchange of information with other donors was also studied reflecting upon this status. See the attached document for the evaluation criteria and the details of the evaluation.

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

This evaluation survey was conducted between September 2015 and February 2016. The evaluation team, under the supervision of the chief evaluator and advisor, studied relevant documents, interviewed people involved in the assistance to the three countries (including MOFA, JICA and consultants who implemented the assistance projects) and held four consultation meetings with the officials of the relevant divisions of MOFA and the relevant staff of JICA to exchange views on the assistance. The team conducted a field survey in Azerbaijan, Georgia and Armenia between 22nd November 2015 and 5th December 2015 and collected information on Japan's assistance to the three countries via interviews with the people involved in Japan's assistance to those countries (including the Embassies of Japan, relevant government ministries and agencies of each country, other donors and international organizations and the Japanese involved in the assistance projects) and visit to Japanese ODA projects. The results of the evaluation from the development viewpoints were rated using the rating scale shown in Table 1.

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<sup>1</sup> JICA headquarters has supervised the ODA loans in the three countries.

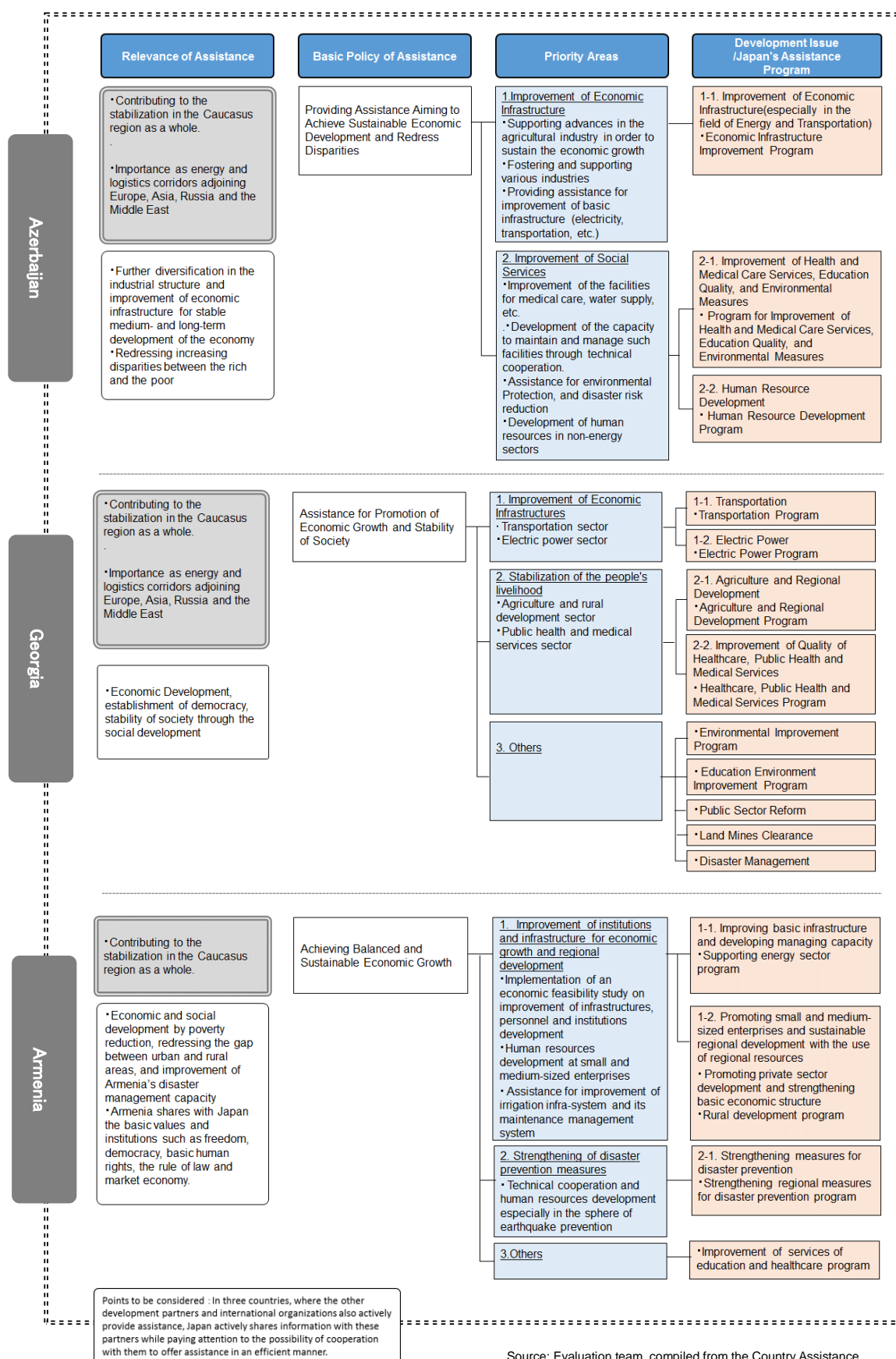
Table1 Evaluation Items and Rating Scale

Evaluation Items	Rating Scale
Relevance of Policies	<p><b><u>Very high</u></b>: Obtained an evaluation of “extremely high” for all items, and strategically conducted activities with originality and ingenuity.</p> <p><b><u>High</u></b>: Obtained an evaluation of “high” for most items.</p> <p><b><u>Moderate</u></b>: Obtained an evaluation of “high” for many items.</p> <p><b><u>Marginal</u></b>: Not obtained an evaluation of “high” for many items.</p>
Effectiveness of Results	<p><b><u>Very high</u></b>: A very large effect was confirmed in all main sectors of assistance.</p> <p><b><u>High</u></b>: Significant effect was observed in most main assistance sectors.</p> <p><b><u>Moderate</u></b>: Some effect was confirmed in a number of main assistance sectors.</p> <p><b><u>Marginal</u></b>: Not obtained any noticeable effect in a number of main assistance sectors.</p>
Appropriateness of Processes	<p><b><u>Very high</u></b>: Obtained an extremely high evaluation for all items in the implementation process, and good practices were confirmed in the process of policy formation or implementation, which could be a reference for other countries.</p> <p><b><u>High</u></b>: Obtained a high evaluation for most items in the implementation process.</p> <p><b><u>Moderate</u></b>: Obtained a high evaluation for many items in the implementation process.</p> <p><b><u>Marginal</u></b>: Not obtained a high evaluation for many items in the implementation process.</p>

Source: Evaluation Team based on ODA Evaluation Guidelines 9<sup>th</sup> Edition



Figure 1 Objective frameworks of the Country Assistance Policies for the South Caucasus countries



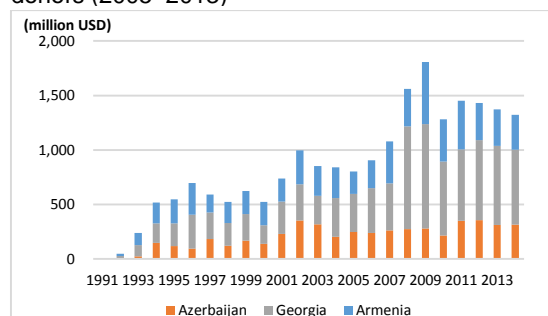
Source: Evaluation team, compiled from the Country Assistance Policies for the three countries currently in effect

## Chapter 2 Overview of ODA Trends in the South Caucasus

### 2-1 ODA to the South Caucasus

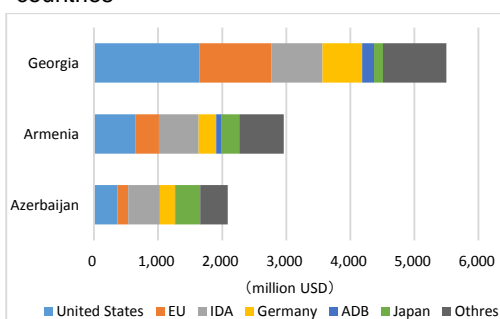
Fig. 2 shows the changes in the total amount of assistance to the three Caucasus countries from donors since 1991. The figure shows that a sharp increase in the amount of assistance to Georgia after the South Ossetia Conflict in 2008 has resulted in the large cumulative amount of assistance to Georgia. Although a small fluctuation has been observed in the amounts of assistance to Azerbaijan and Armenia in this period, they have been within certain ranges (Fig. 2). Japan's assistance accounted for 15.3%, 2.5% and 10.9% of the total amounts of assistance provided by all donors during the evaluation period to Azerbaijan, Georgia and Armenia, respectively (Fig. 3).

Figure 2 Cumulative totals of the amount of ODA provided to the three Caucasus countries by donors (2005–2013)



Source: Data based on total expenditure prepared by the evaluation team from the data of OECD-DAC

Figure 3 Changes in the total amounts of ODA provided by donors to the three Caucasus countries



Source: Data based on total expenditure prepared by the evaluation team from the data of OECD-DAC

Table 2 Performance of Japan's assistance to the South Caucasus countries by type of assistance

	Aid Schemes	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Total Amount
Azerbaijan	ODA Loans	292.8	-	-	328.51	-	-	-	-	-	621.31
	Grant Aid	0.79	10.34	3.57	4.87	1.46	4.23	1.02	1.17	9.35	36.8
	Technical Cooperation	1.56	1.7	1.23	0.48	1.39	0.94	1.34	1.29	1.98	11.91
	Acceptance of Technical Training Participants	62	48	37	14	17	24	27	25	23	277
	Dispatch of Experts	3	1	-	-	-	-	2	-	-	6
Georgia	ODA Loans	-	-	-	-	177.22	-	-	-	-	177.22
	Grant Aid	8.54	0.68	0.87	14.29	1.39	6.27	0.85	2.01	2.44	37.34
	Technical Cooperation	2.86	1.54	1.77	0.35	1.47	0.38	0.91	0.68	0.42	10.38
	Acceptance of Technical Training Participants	47	53	41	20	24	15	17	12	21	250
	Dispatch of Experts	-	-	-	1	1	-	15	4	-	21
Armenia	ODA Loans	-	-	-	104.91	-	-	-	-	-	104.91
	Grant Aid	1.36	0.09	2.12	9.71	2.23	0.36	0.09	0.26	0.33	16.55
	Technical Cooperation	3.81	1.59	2.03	1.98	1.1	2.68	2.22	1.5	1.61	18.52
	Acceptance of Technical Training Participants	62	47	44	37	41	46	40	36	35	388
	Dispatch of Experts	9	13	3	1	1	6	10	11	10	64

(Unit: hundred million yen for ODA loans, grant aid and technical cooperation, number of people for the Acceptance of Technical Training Participants and Dispatch of Experts, "-": not applicable)

Source: ODA Data Book and the attachment (reference data) of the Annual Report of JICA (2014). The performance of technical cooperation between FY2005 and 2012 includes the technical cooperation of all Japanese organizations, while that in FY2013 includes only the technical cooperation provided by JICA. The figures in the table are total (gross) amounts of disbursement.

## 2-2 Japan's ODA to Azerbaijan

Japan's assistance to Azerbaijan began with the acceptance of technical training participants in 1993. The Government of Japan supports the policies promoted by the Government of Azerbaijan and provides assistance for the improvement of economic infrastructure, particularly in the power sector, and the improvement of social services, including health and medical care services, water supply, sewerage and education. The CAP for the Republic of Azerbaijan formulated in October 2014 describes "providing assistance aiming to achieve sustainable economic development and redress disparities" as the basic policy and the two areas mentioned below as the priority areas of the assistance to Azerbaijan.

### (1) Priority Area 1: Improvement of Economic Infrastructure (in particular, in the energy and transport sectors)

Priority Area 1, the "Economic Infrastructure Improvement Program," provides assistance for improvement of the economic infrastructure mainly in energy sector, such as reconstructing old and deteriorated thermal power stations built in the former Soviet era. A major project in the program is the "Shimal Gas Combined-Cycle Power Plant Construction Project (Second Unit)." In this project, a 400-MW gas combined-cycle power station and power transmission facilities were constructed in eastern Azerbaijan (near the capital, Baku), where there is a high demand for electric power. The project supported extending the stable power supply and improving the efficiency of the power supply in the area. The facilities constructed in this project have been contributing to the economic development of the whole Azerbaijan.

### (2) Priority Area 2: Improvement of Social Services

Priority Area 2, "improvement of social services," consists of two programs, the "Program for Improvement of Health and Medical Care Services, Education Quality and Environmental Measures" and the "Human Resource Development Program."

The former program is assisting in the improvement of the quality of and access to public services such as health and medical care services, education and water supply, which bring direct benefits to the poor from the viewpoint of Human Security, since the gap between the rich and the poor has been widening while the economy grows. The former program is also assisting in the construction/improvement of waterworks and in the formulation of projects regarding environmental protection. The major projects in this program include the "Provincial Cities Water Supply and Sewerage Project" for the development of basic waterworks and sewerage infrastructure in provincial cities and the "Project for Improvement of Equipment for Amelioration and Irrigation (Phase 2)" for the provision of equipment required for the construction of irrigation channels in the semi-arid southern part of the country.

As regional disparities and income inequality between urban and rural areas have

widened, the development of human resources is one of the important issues of the Government of Azerbaijan for sustainable economic growth. In order to develop human resources that contribute to the development of non-oil industries and promotion of SMEs and agriculture, issue-based training programs in the sectors concerned have been implemented in the latter program, the “Human Resource Development Program.”

### 2-3 Japan’s ODA to Georgia

Japan’s assistance to Georgia began with the acceptance of technical training participants and experts in 1991. Japan began the provision of medicines, kerosene and vaccine carriers/cold boxes, as part of emergency humanitarian assistance to the former Soviet republics, in 1993. In the policy dialog held between the Governments of Georgia and Japan in 1999, economic infrastructure, social sector and human resource development were identified as three priority areas of Japan’s assistance to Georgia. The two governments concluded the agreement on technical cooperation in 2007. Responding to the South Ossetia Conflict which broke out in 2008, the Government of Japan announced assistance to Georgia, the amount of which was the second largest among bilateral donors, following the U.S.A. The CAP for Georgia formulated in 2014 describes “assistance for promotion of economic growth and stability of society” as the basic policy and the two areas mentioned below as the priority areas in order for Japan’s assistance to contribute to the economic growth and the stabilization of people’s livelihood in Georgia.

#### (1) Priority Area 1: Improvement of Economic Infrastructure

There are two programs, the “Transportation Program” and the “Electric Power Program,” in the economic infrastructure development sector. The former includes the “East-West Highway Improvement Project,” aiming at increasing the transport capacity in Georgia and developing the regional economy with the development of a trunk road running in the east-west direction. The latter includes the “Power Rehabilitation Project,” which was completed in 2008.

In addition, the “National Digital Mapping Project” provided the knowledge and technology required for the creation of digital maps that forms the foundation of city development in this priority area.

#### (2) Priority Area 2: Stabilization of the People’s Livelihood

There are two programs, the “Agriculture and Regional Development Program” and the “Public Health and Medical Services Program,” in the area of stabilization of the people’s livelihood. The projects implemented in the former program include Non-Project Grant Aid for the provision of tractors and agricultural machinery and “Regional Development through Integration of Rural Tourism and Value-Added

Agriculture” (a country-focused training program). In addition, Georgians have participated in the many issue-based training programs in agricultural business management and marketing, and many Grant Assistances for Grass-Roots Human Security Projects (GGP) have been implemented in the agriculture sector.

In the Public Health and Medical Services Program, “Japan’s Non-Project Grant Aid for Introduction of Japanese Advanced Products and Its System (Medical Equipment and Welfare Apparatus Package)” has been implemented to assist the improvement of the quality of medical care services with the provision of X-ray computed tomography systems and ultrasound systems and to facilitate overseas business expansion of Japanese companies. In addition, GGP has been used for the provision of medical equipment.

### (3) Others

“The Project for Introduction of Clean Energy by Solar Electricity Generation System,” aiming at reducing greenhouse gas emission with the provision of photovoltaic power generation systems, is being implemented under the “Environmental Improvement Program.” In the same program, three non-project grant aid projects are being implemented. The possibility of waste recycling in Georgia is being studied in the “Feasibility Survey for System of Waste Management and Recycling in Georgia” implemented as a “Feasibility Survey for the Private Sector for Utilizing Japanese Technologies in ODA Projects.”

In the disaster risk reduction sector, a project for reducing flood damage is being implemented with the funding from GGP, and a “Program for Road Safety against Falling Rocks in Georgia” is being implemented as a project under the Collaboration Program with the Private Sector for Disseminating Japanese Technology.

In addition, GGP projects have been implemented in the areas of education environment improvement and land mines clearance.

## 2-4 Japan’s ODA to Armenia

Japan’s economic cooperation with Armenia began with the dispatch of Japan Disaster Relief Team to Armenia (three times) and provision of urgent rehabilitation and reconstruction support, including construction equipment for the removal of debris after the Spitak earthquake in 1988 when Armenia was a republic of the Soviet Union. Japan began the acceptance of technical training participants from Armenia in 1991, immediately after its independence, and provided medicines and assistance to refugees within the framework of emergency disaster relief. The Government of Japan established diplomatic relations with the Government of Armenia in 1992 and began the full-scale ODA assistance to Armenia in 1994. The two governments concluded the agreement on technical cooperation in June 2005 in the effort to promote economic cooperation. The CAP for Armenia formulated in December 2012 describes “achieving

balanced and sustainable economic growth” as the basic policy and the two areas mentioned below as the priority areas.

(1) Priority Area1: Development of Economic Infrastructure and Regional Development  
Armenia has problems of poor access from villages located in the mountains to cities and low agricultural productivity. Therefore, approximately 60% of the GDP of Armenia is concentrated in the capital, Yerevan. Japan has been assisting Armenia in the development of basic infrastructure, including power distribution networks that form the foundation of economic activities and people’s lives, in order to correct disparities between the urban and rural areas by boosting rural economy.

The Rolling Plan formulated in April 2015 describes that 1) “Supporting Energy Sector Program,” 2) “Promoting Private Sector Development and Strengthening Basic Economic Structure” and 3) “Rural Development Program” are to be implemented. The major projects in this priority area include two ODA loan projects, “Power Transmission and Distribution Network Improvement Project” and “Yerevan Combined Co-Generation Power Plant Project,” and technical cooperation projects such as human resource development in promotion of SMEs and local industries development via the One Village One Product movement.

#### (2) Priority Area 2: Strengthening of Disaster Prevention Measures

Most of the land of Armenia is in mountainous areas, and natural disasters such as earthquakes and landslides occur frequently in the country. Therefore, Japan’s experience and technologies concerning disaster risk reduction have been utilized for the improvement of disaster risk reduction measures of Armenia at the prevention, emergency and reconstruction stages. Under the current rolling plan, a “Strengthening Regional Measures for Disaster Prevention Program” is being implemented. Technical cooperation projects including “The Study on Landslide Disaster Management,” the “Project for Seismic Risk Assessment and Risk-Management Planning,” “Development of Communities Affected by Landslides” and the “Landslide Disaster Management Project” have been implemented for the formulation of a master plan and human resource development for the strengthening of the disaster risk reduction capacity in Armenia.

#### (3) Others

Under the current rolling plan, a program for improvement of services of education and healthcare is being implemented. A technical cooperation project, the “Reproductive Health Project,” was implemented in this program. Other major projects in this program include the construction of health centers and provision of materials and equipment to rural schools funded by GGP.

## Chapter 3 Results of the Evaluation

### 3-1 Azerbaijan

Japan's assistance to Azerbaijan has contributed to sustainable economic growth and improvement of social services that the Government of Azerbaijan aims at. As the concentration of wealth and economic development in the capital, Baku, and its surrounding area continues, the economic disparity between urban and rural areas and disparity in wealth have been increasing. Under such circumstances, GGP projects that had been implemented mainly in rural areas were highly appreciated by their beneficiaries.

Meanwhile, Azerbaijan, which aims at transforming itself from a middle-income country to a developed country, is classified as a relatively high-income country among the recipient countries of Japan's assistance. In this point of view, transforming from poverty reduction focused assistance to assistance for middle-income countries that focuses on economic and industrial development may be necessary. At the same time, the Azerbaijani side has requested the introduction of advanced technologies of Japan and projects for human resource development in a wide variety of sectors, as demand for assistance in the improvement of productivity and technological innovation has been increasing in Azerbaijan.

In regard to the current implementation structure, the JICA Uzbekistan Office is responsible for the implementation of grant aid and technical cooperation projects in Azerbaijan. During the survey, the evaluation team found that there were some issues concerning information collection and networking in Azerbaijan. It is also necessary to improve the project implementation structures of Azerbaijan counterpart organization. Therefore, the team suggests the Governments of Japan and Azerbaijan to improve the project implementation structures in a concerted effort for the effective and efficient assistance.

Japan's assistance to Azerbaijan has strengthened further the bilateral relations between the two countries, which have been generally favorable, and Japan's presence in Azerbaijan has increased widely among its government officials and many of its people as well. Japan's assistance to Azerbaijan has also contributed significantly to the strengthening of the mutual trust relationship between the two countries in the diplomatic area. The evaluation team hopes that a new strategic assistance policy for Azerbaijan will be formulated in the future, considering the abovementioned observations and geopolitical importance of Azerbaijan in the current global situation.

### 3-2 Georgia

Japan's assistance policy to Georgia (CAP for Georgia) conforms to the development policies and needs of Georgia, which aims at becoming a transport hub of the region. In Georgia, there are two regions over which the Government of Georgia does not have effective control. Under this unstable condition, Japan's assistance to ensure the

safety of the people living near the administrative boundaries of those regions and the stability of their livelihood seems to be more than just provision of facilities and equipment. It signifies Japan's solidarity with Georgia in the respect for its sovereignty and peacekeeping.

The effectiveness of Japan's assistance has been verified in each priority area in the CAP for Georgia. Various types of Japan's assistance have produced effective results using their respective characteristics: ODA loans for the development of basic infrastructure which Georgia needs, including roads and electric power supply facilities; GGP and Grant Aid for General Projects for socially vulnerable people, such as Internally Displaced Persons (IDPs) and the handicapped; and technical cooperation in which the strong points and characteristics of Japanese technologies are integrated.

In the CAP for Georgia, "to share information with other donors frequently and to consider the possibility of collaboration with them" is described as a point to be considered. It seems somewhat difficult to participate in donor meetings with the current implementation structure. In such a difficult situation, the publicity activities related to Japan's assistance conducted by the Embassy of Japan in Georgia are highly evaluated. The evaluation team considers that the assistance that promotes interaction between the private sectors of the two countries and leads to business will have a greater significance in the future.



Column: “Regional Development through Integration of Rural Tourism and Value-Added Agriculture” <sup>(\*)</sup>  
(a country-focused training program for Georgia)

Georgia, well known for its 8,000-year history of winemaking, has rich agricultural resources, including high-quality honey and mineral water. Meanwhile, although the government intends to use agriculture for rural development, many farmers in Georgia are engaged in small-scale subsistence farming, <sup>(\*)</sup> and they have challenges in such areas as quality control, distribution and marketing. While Georgia has a high tourism potential, with a rich historical heritage and beautiful scenery, there are rooms for improvement in both infrastructure and services in transport, accommodation, information dissemination and hospitality to boost the tourism industry.

JICA Hokkaido International Center conducted a training program entitled “Regional Development through Integration of Rural Tourism and Value-Added Agriculture” with 12 participants from Georgia for approximately one month beginning at the end of September 2015.

The training was designed to provide the participants with opportunities to learn and experience the practical measures taken in Japan by local governments and small, local private companies for agriculture and tourism-based regional development. It also included opportunities to acquire knowledge and experience in product planning, sales promotion and the collaboration and cooperation between farmers and local governments and private companies. In this training, 11 private companies in Hokkaido; local governments, including the governments of Hokkaido, Ebetsu City and Niseko Township; and the organizations and NPO involved in regional development cooperated with JICA. The private companies, in particular, introduced to the participants many activities that Georgian farmers could use readily as reference, including development of export-oriented products, quality control and branding, organic farming, operation of a farm restaurant using locally produced crops, wine tourism at a small-scale winery and operation of a tourism farm where visitors can practice harvesting and processing of crops.

Participants, in groups, prepared an action plan for their area before returning to Georgia. In the field survey conducted two months after the training, the evaluation team confirmed that the training had already produced outcomes: a staff member of the Ministry of Agriculture had put the concept of the “One Village One Product movement” learned in Japan into practice and organized an association of 500 farmers to start hazelnut farming.

The training was designed after the Japanese side had collected detailed information concerning regional development in Georgia and had held discussions with government officials, SMEs and farmers of Georgia and after the Japanese and Georgian sides had established the common understanding of the problems for regional development in Georgia. Therefore, the latest knowledge and experience of Japan in this area were fully utilized in the training. The training was designed to teach farmers ways to cooperate with the central and local governments and the private sector so that it would lead to interaction and creation of business between private companies in the end.

The Georgian side highly evaluated this training. For example, one of the participants commented, “I think that this training program is a fusion of Japan’s traditional methods and new technologies. Georgia also needs new technologies that match with its long tradition. What I learned in Japan can be utilized in Georgia as it is. Japan’s assistance uses an unique approach that cannot be found in the assistance of the other donors.” (\*3)



Training on quality control (Photo, courtesy of JICA)



Training at a farm (Photo, courtesy of JICA)

(\*1)“Value added agriculture” is an approach to develop regional business and create new business for the development of rural villages with the integration of the primary industry in an area and the secondary and tertiary industries (processing and sales) associated with products of the primary industry.  
(<http://www.maff.go.jp/j/shokusan/sanki/6jika.html>.) (in Japanese)

(\*2)Farmland area per farmer in Georgia is smaller than the corresponding figure in Japan.

(\*3)Interview at the Ministry of Agriculture

### 3-3 Armenia

Japan’s CAP for Armenia is consistent with the goals of the Armenia Development Strategy (ADS), economic growth and job creation, and it is considered to have contributed to the development of Armenia, judging from the performance of its input. In particular, the technical cooperation in the promotion of SMEs is intended to contribute to the economic development in rural areas by expanding the wealth and job opportunities that have been concentrated in Yerevan to rural areas. It is expected to create a foothold for the correction of the regional disparities, which have long been a problem in Armenia. Although similar assistance has been provided by other donors and international organizations, the technical cooperation of Japan, utilizing its comparative advantages, including the *kaizen* method and the One Village One Product movement, is highly evaluated. Assistance in the construction of an energy-efficient power station in Armenia has also played a significant role in terms of the energy security in Armenia since it has few energy resources and has to import 70% of the resources for power generation. Based on these observations, the ODA of Japan is considered to have contributed to the poverty reduction in Armenia by contributing to its economic growth. The knowledge and experience of Japan have been utilized in the provision of equipment and materials, the assistance in human

resource development for disaster risk reduction and the assistance in the formulation of disaster risk reduction plans. These types of assistance can also be evaluated as achievement of Japan's assistance that is consistent with the needs of Armenia and that utilizes the strong points of Japan.

Although the amount of Japan's assistance has not been large, the government officials think highly of the considerate project formulation and the high-quality technical cooperation that corresponds to the needs of Armenia. The evaluation team hopes that strategic assistance will be provided continuously in the priority areas under the CAP for Armenia which will be formulated in the future. Meanwhile, a need for improvement was identified in the appropriateness of the processes, such as the cooperation structure between the Embassy of Japan and JICA and participation in donor meetings.

Japan's assistance to Armenia can also be evaluated highly from the diplomatic viewpoints, as it has contributed to the strengthening of the bilateral relationship and indirectly to the stabilization of the South Caucasus.

### 3-4 The South Caucasus

The Government of Japan has not formulated an assistance policy that targets at the South Caucasus countries as a whole. However, the concept "sustainable economic development" and "stabilization of the society" mentioned as the basic policies of the assistance in the CAPs of these countries are consistent with Japan's Development Cooperation Charter and the priorities of the assistance for Central Asia and Caucasus countries described in the Priority Policy for Development Cooperation FY2015. Therefore, relevance of policies of the CAPs for the South Caucasus countries is high. The economies of the three Caucasus countries have been growing steadily in recent years under the stable political conditions. The evaluation team considers that Japan's assistance in the projects for economic infrastructure development implemented in the three countries, its assistance for the introduction of the market economy and solving problems in rural areas with GGP have contributed to the stable economic growth of the three countries. Meanwhile, project implementation structures and project monitoring situation are different in the three countries because JICA has no offices in these countries. In order to improve the effectiveness of assistance and information collection, this situation should be improved. The good performance of Japan's assistance has raised the expectation of the governments of the three countries regarding Japan's assistance and, thus, led to the strengthening of the diplomatic relationship between these countries and Japan. Because of the difference in the political situation in the three countries, bilateral cooperation is more effective than multilateral cooperation in the entire South Caucasus in many cases, and, therefore, Japan has not implemented a regional program in the region, except for training programs, under the current ODA policies. As the diplomatic importance of the South

Caucasus countries is expected to increase in the future, the evaluation team considers it is the time Japan should begin a study on formulation of a strategic assistance policy for the South Caucasus, in addition to a diplomatic policy.

While the governments of the three countries need funds to develop infrastructure, they seem wary of increasing their sovereign debt. The Government of Azerbaijan takes a negative attitude toward increasing its debt because of its worsening financial situation resulting from the fall of oil prices. The Government of Georgia is considering the use of the public-private partnership (PPP) scheme in the infrastructure development, and the Government of Armenia seems wary of increasing new public debt. Meanwhile, it is not easy to procure purely private investment under the current international relationship, which cannot be described as stable. With the recent movement by China taken into account, it is possible that the governments of the three countries request funding without government guarantee. Under such circumstances, the Government of Japan is required to take diverse and flexible measures, including making the ODA loan conditions more attractive, the use of the PPP scheme, and the use of the overseas investment loan function of JICA and loans from the Japan Bank for International Cooperation in order to respond to the needs of the three countries.

## Chapter 4 Recommendations

### 4-1 Recommendations to Azerbaijan

#### (1) Clarification of the Purpose of the Assistance for Agriculture and Rural Development

Projects in the agriculture-related areas are classified in Development Issue 2-1, “Program for Improvement of Health and Medical Care Services, Education Quality and Environmental Measures,” in Priority Area 2, “Improvement of Social Services,” and are considered a part of assistance for poverty reduction and the improvement of social services in the current CAP for Azerbaijan. However, the CAP for Azerbaijan does not clearly describe how to use the assistance for agriculture, as an approach of Development Issue 2-1, to realize such development effectiveness. In view of the good performances in the past, the possibility of Japan’s assistance for agriculture is not clearly defined in the CAP.

The Government of Azerbaijan focuses on the development of the agriculture, designating the year 2015 as a year of agriculture, hence the development of agriculture and rural areas continues to be a high priority area of its development policy because it contributes to poverty reduction and the development of non-oil industries. The need for assistance to poor farmers in rural areas is still high as the Ministry of Agriculture has begun a study on establishing bases for the assistance to small-scale farmers. Therefore, such assistance is expected to expand.

Although the percentage of the agricultural sector in the gross domestic product (GDP) is not large, it is desirable that the role of the projects in agriculture and rural development and the purposes of the assistance in the CAP should be clearly defined so that the knowledge and technology of Japan in the agriculture sector can be fully utilized in the assistance to Azerbaijan to facilitate the development of non-oil industries and rural areas.

#### (2) Strengthening of Assistance for Capacity Development

Although Azerbaijan is in a difficult financial environment because of the recent fall of oil prices, the Development Assistance Committee (DAC) has already classified it as an upper middle-income country, and the foundation for self-reliant economic growth is being established. It is confirmed that the industrial structure has been changing, though slowly, as a result of the strong commitment of the Government of Azerbaijan to break away from the natural-resource-dependent economy. The long-term development policy of the Government of Azerbaijan clearly states a vision for competitive economic development based on the innovation of sophisticated technologies and human resource development. The evaluation team considers that Japan’s assistance can play a significant role in Azerbaijan during its transition period. Japan’s assistance to Azerbaijan has included several country-focused training programs every year, in addition to issue-based training programs. The Azerbaijani

counterparts in the technical cooperation currently implemented in the electric power, water supply and agriculture sectors requested additional technology transfer and training. While there are many parastatal companies and inappropriate governance is currently pointed out as a considerable issue in Azerbaijan, the government's interest in private-sector-oriented economic development, including the promotion of private investment, is high. It will be useful to consider the assistance designed for middle-income countries, including stepwise promotion of PPP development of human resources for industries, and formulation of cost-sharing projects in Azerbaijan.

#### 4-2 Recommendations to Georgia

##### (1) Establishment of Areas in which Japan has Comparative Advantages in order to promote coordination with Japanese Private Sector in Georgia

Georgia is already a middle-income country. It is no longer eligible for assistance from the International Development Association (IDA) or Grant Aid for General Projects of Japan. Its preparation for EU membership is in progress. For these reasons, it is desirable that Japan aims at establishing business partnership relations with Georgia in the medium-term. The evaluation team expects that ODA plays a role in facilitating private-sector-based economic development for the establishment of such a partnership.

Many donors, compared to the size of the population of the country, including the EU member countries, the U.S.A. and emerging donors, are implementing projects in Georgia. Considering such a situation, Japan will require a unique approach using the characteristics and comparative advantages of its assistance in order to increase its presence regardless of its ODA size.

For example, JICA developed a new training program on regional development through integration of tourism and agriculture for the country-focused training for Georgia, which was appreciated by Georgian side. This training program has shown that assistance utilizing Japan's strong points can serve to improve the image of Japan in Georgia and nurture a friendly relationship, not only contributing to its development. In addition to the agriculture and regional development sector, disaster risk reduction and environmental technology are the areas in which Japan's knowledge and experience can be utilized. Assistance in disaster risk reduction and the environment sector is currently implemented, and the tangible outcome of the assistance is awaited at present. The evaluation team expects that these areas should become important areas of cooperation utilizing Japan's comparative advantage in both the public and private sectors.

## (2) Continuous Assistance in Rural Areas through Grant Assistance for Grass-Roots Human Security Projects

The constant destabilizing factor in the country should be considered when providing assistance to Georgia. Japan's assistance for IDPs and the people living near the administrative boundaries with South Ossetia and Abkhazia, and for demining, both provided under GGP, has been important because it has contributed to the peace and stability in Georgia directly and indirectly. The assistance also symbolizes the solidarity between Japan and Georgia. Therefore, the evaluation team expects that the provision of this assistance be continued while carefully examining local needs.

## (3) Promotion of Communication and Coordination with Implementing Agencies of Georgia and Other Partners

As many donors have established their offices in Georgia, some Georgian project-implementing agencies and partners feel that communication with the Japanese implementing agency is limited, since it does not have an office in Georgia. Emerging donors and new international organizations such as the Asian Infrastructure Investment Bank have begun assistance to Georgia. The effort for aid coordination led by the Office of the Prime Minister is beginning to gain momentum. However, Japan's involvement in the aid coordination has inevitably been limited because of the current implementation structure. The evaluation team recommends that the establishment of a structure that enables active participation in donor meetings and smooth information provision to the Aid Coordination Unit of the Office of the Prime Minister be considered.

### 4-3 Recommendations to Armenia

#### (1) Strengthening Capacity of ODA Implementation of the Embassy of Japan in Armenia

Considering that there were requests from the relevant ministries and agencies of the Government of Armenia and other bilateral donors to strengthen the implementation structure of Japan's ODA in Armenia for the smooth communication and coordination and for quick decision making by Japan, and that the Embassy of Japan in Armenia reported shortage of staff, it is required the embassy increase the number of staff members responsible for economic affairs and development cooperation. For example, if a Researcher or Coordinator for Economic Cooperation is assigned to the embassy and attend aid coordination meetings, the shortage of staff will be alleviated. In addition, it is expected that the presence of Japan's economic cooperation in the country will be recognized more by other donors and international organizations.

#### (2) Participation in Coordination Mechanism among Partners for the Enhancement of Development Effectiveness

It is desirable that Japan promotes aid coordination for active cooperation with

international organizations and other donors in the future, as such cooperation is considered a means to increase the development effectiveness of Japan's assistance in Armenia with limited input. The evaluation team recommends that the Embassy of Japan in Armenia and the JICA Uzbekistan Office should activate ODA task force, show the mobility required of the task force and participate actively in the aid coordination meeting, which is gaining momentum in Armenia.

### (3) Continuous Assistance for Disaster Risk Reduction

There is a high demand and expectation in Armenia for assistance in disaster risk reduction, and it is an area where experience and technical advantages of Japan can be utilized as well. In the survey, the evaluation team confirmed that assistance in this area is highly effective from the diplomatic viewpoints, as it enhances the visibility of Japan's ODA. Therefore, the evaluation team recommends the continuation of the assistance in disaster risk reduction.

### (4) Promotion of Public-Private Partnership in order to Promote Coordination with Japanese Private Companies

The development strategy of Armenia describes job creation and economic development as the highest-priority issues. As it is expected that investment from Japan contribute to job creation and development of human resources for industries in Armenia, the evaluation team expects Japan promotes PPP effectively, and its ODA performs a catalytic function of attracting private-sector investment from Japan. Japan's assistance has already produced results in the areas of disaster risk reduction and the promotion of SMEs (in production of local specialties and tourism). JICA's schemes for the implementation of PPP, the Collaboration Program with the Private Sector for Disseminating Japanese Technology and the Support for Small and Medium-Sized Enterprises, have been utilized in Japan's assistance to Georgia. Therefore, PPP projects could be implemented in the above-mentioned areas using these schemes in Armenia.

## 4-4 Recommendations to the South Caucasus

### (1) Promotion of Assistance for Common Issues among the Three Countries

Regional assistance programs for the South Caucasus countries have been implemented in the form such as training programs. In the survey, several issues were identified as areas in which such multilateral assistance may be provided.

Firstly, as they are all earthquake-prone countries, the interest in disaster risk reduction is high in the three countries. Projects for landslide prevention and measures against falling rocks have already been implemented in Armenia and Georgia. The Ministry of Emergencies of Azerbaijan and a Japanese company have begun taking measures against landslides in cooperation. Secondly, the potential of tourism as an engine of



economic development in the three countries is high because they have many tourism resources. Thirdly, the worsening environmental degradation caused by economic development is one of the issues of particular concern to the three countries.

Japan accepts participants of training programs from the South Caucasus countries, together with those from the countries in Central Asia and other member states of the Commonwealth of Independent States (CIS), within the frameworks of the country-focused and issue-based training programs and the Training Programs for Young Leaders. The evaluation team recommends that Japan provide assistance in such forms as assistance projects, training, seminars and symposia, with an element of regional cooperation in it, in such sectors as disaster risk reduction, development of tourism and the environmental sector to facilitate exchange of opinions and interaction among working level officials of the three countries beyond their political interest.

## (2) Review of Implementation Structure in order to Provide Regional Assistance for the South Caucasus

Grant aid projects and technical cooperation projects are implemented independently in the three countries under the supervision of the JICA Uzbekistan Office. It has been difficult to implement a regional joint program because of the differences in Japan's project implementation structures and the political background in the three countries. On the other hand, the three countries think highly of Japan's assistance that has been provided to them, and Japan's assistance is expected to play a significant role in achieving stability and prosperity of the South Caucasus countries in the future.

When measures are considered to strengthen the ODA implementation structures of MOFA, the Embassies of Japan, JICA headquarters, and the local JICA Office for the South Caucasus countries, the evaluation team expects that it is reviewed taking into account that there are common issues among the three countries that can be addressed more effectively by a joint effort (for example, the measures against the pollution of international rivers and tourism promotion).

Table3 List of Recommendations with Priority Levels and Recommended Implementing Organizations

Target country	Classification of recommendation	Brief description of recommendation	Responsible organization				Time frame
			MOFA	JICA Hqs	Embassy of Japan	JICA local office	
Azerbaijan	Direction of policy and strategy	Clarification of the Purpose of the Assistance for the Agriculture and Rural Development	◎	○	○	○	S-T
	Assistance method and procedure	Strengthening of Assistance for Capacity Development	◎	○		○	M-T
Georgia	Direction of policy and strategy	Establishment of Areas in Which Japan Has Comparative Advantage in order to Promote Coordination with Japanese Private Sector in Georgia		○	○	◎	S-T
		Continuous Assistance in Rural Areas through Grant Assistance for Grass-Roots Human Security Projects	○		◎		S-T
	Assistance method and procedure	Promotion of Communication and Coordination with Implementing Agencies of Georgia and Other Partners		◎	○	◎	S-T
Armenia	Direction of policy and strategy	Strengthening Capacity of ODA Implementation of the Embassy of Japan in Armenia	◎		○		S-T
		Continuous Assistance for Disaster Risk Reduction		◎		◎	S-T
	Assistance method and procedure	Participation in Coordination Mechanism among Partners for the Enhancement of Development Effectiveness		◎	○	◎	S-T
		Promotion of Public-Private Partnership in order to Promote Coordination with Japanese Private Companies		◎	○	○	M-T
South Caucasus	Direction of policy and strategy	Promotion of Assistance for Common Issues among the Three Countries	◎	○		○	S-T
	Assistance method and procedure	Review of Implementation Structure in order to Provide Regional Assistance for the South Caucasus	○	○	○	◎	M-T

◎: Responsible organization, ○: Supporting organization

Response period: S-T = Short-term (1 - 2 years), M-T = Medium-term (3 - 5 years)

Source: Evaluation Team

## Reference

### Evaluation framework

Evaluation viewpoint	Evaluation criterion	Description and indicator of evaluation
Relevance of policies	1. Consistency between the CAP and development policies and needs of recipient country	1-1. Is the CAP for each country (Azerbaijan, Georgia or Armenia) consistent with the development plan of the country? 1-2. Is the CAP consistent with the development needs of each country?
	2. Consistency between Japan's assistance policies, including CAP, and its high-level/diplomatic policies	2-1. Is the CAP consistent with the Development Cooperation Charter (2015), Japan's Medium-Term Policy on ODA (2005) or Japan's ODA Charter (2003)? 2-2. Is the CAP consistent with Japan's diplomatic policy for each country or the "Arc of Freedom and Prosperity" policy (2006)?
	3. Consistency with international priority issues	3-1. Are the CAP and other assistance policies consistent with international issues/policies or international trends?
	4. Consistency with assistance policies of other donors and international organizations	4-1. Is the CAP consistent or cooperative with assistance policies of other donors or international organizations?
	5. Comparative advantage of Japan	5-1. Is the comparative advantage of Japan utilized in the CAP or other assistance policies and in Japan's assistance? 5-2. Activities of emerging donors and their influence on Japan's assistance
Effectiveness of results	1. Performance of Japan's assistance (input)	1-1. Input made in assistance provided in accordance with the CAP (by sector) 1-2. Ratio of the amount of Japan's assistance to the amount of the development budget in each country 1-3. Ratio of the amount of Japan's assistance to the total amount of assistance provided by donors and international organizations
	2. Level of achievement of objectives (output)	2-1. To what extent have the set objectives been achieved? 2-2. What output has assistance produced?
	3. Performance and impact of assistance in priority areas (outcome)	3-1. What kind of assistance has Japan provided in the priority areas? Has such assistance produced an impact? 3-2. What kind of impact has assistance produced against development needs?
Appropriateness of processes	1. CAP formulation process	1-1. Were the needs fully identified before the formulation of the CAP and assistance based on it? 1-2. Who and what organizations were involved in the formulation of the CAP? 1-3. What kind of procedure was used in the finalization of the CAP?
	2. Appropriateness of efforts and approaches in priority areas	2-1. Were implemented programs an effective approach to solve problems in the basic policy and priority areas mentioned in the CAP? 2-2. Were implemented programs an approach that supported efforts of regional organizations (including GUAM)? In what way were regional organizations used in assistance? 2-3. Was the approach considerate to gender issues and socially vulnerable people? 2-4. What kind of consideration was given to the "points to be considered" in the CAP during the formulation, selection, adoption and implementation of assistance?

Evaluation viewpoint	Evaluation criterion	Description and indicator of evaluation
Appropriateness of processes	3. Implementation structures in Japan and recipient countries	3-1. Was the role of each organization involved in ODA defined clearly? 3-2. In what way did relevant organizations (local governments, private companies, universities, NGOs etc.) cooperate in the assistance? 3-3. What kind of effort was made to produce an impact in an entire-country approach?
	4. Regular monitoring of the state of policy implementation	4-1. Was the progress of effort continuously monitored, and were necessary follow-up measures taken when a problem was found?
	5. State of cooperation with other donors and international organizations	5-1. In what way did Japan cooperate with other donors and international organizations in the assistance?
	6. Cooperation and collaboration between Japan's assistance schemes	6-1. In what way were various schemes of Japan's assistance (technical cooperation projects, grant aid, ODA loans, Dispatch of Experts, Training in programs in third countries, issue-based training, GGP etc.) integrated in the assistance to produce outcome?
	7. Publicity activities	7-1. Were publicity activities implemented effectively? 7-2. In what way was the information of Japan's assistance in each country disseminated to the international community?
Diplomatic viewpoints	1. Diplomatic importance	1-1. What significance and importance does the assistance to each country have? 1-2. Does the assistance contribute to the strengthening of the bilateral relationship (such as cooperative action in the international community)? 1-3. Has the assistance made the diplomatic relationship (VIP visits increase etc.) closer?
	2. Diplomatic impact	2-1. How has the assistance to each country contributed to the diplomacy of Japan (stabilization and sustainable development of the Caucasus etc.)? 2-2. Has the assistance increased the support to or improved the understanding of Japan's standpoint in the international society of the government of each country? 2-3. Has the assistance contributed to the enhancement of Japan's presence in each country? 2-4. Has the assistance contributed to the strengthening of the economic relationship or the expansion of business of private companies? 2-5. Has the assistance strengthened the friendly relationship between Japan and each country? 2-6. Has the assistance changed the level of understanding towards Japan among the people of each country? 2-7. Has the assistance produced synergetic diplomatic impact with the "GUAM + Japan" approach?

## Photos Azerbaijan



Interview with Azerenegy



Water supply facility constructed by JICA project at Gusar Region



Medical Point constructed by GAGP in Hulovlu Village of Khachmaz Region



Shimal Gas Combined-Cycle Power Plant (Second Unit)



Medical equipment at Unified Hospital No. 26 provided by JICA project

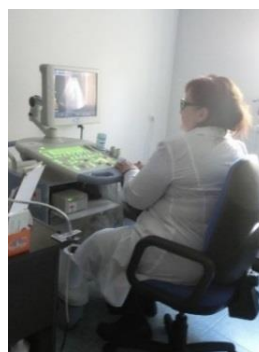


Interview with medical superintendents at Baku City Clinical Hospital

## Georgia



Prosthetic Orhopedic Center in TbilisiCity constructed by GGP



Medical equipment provided by GGP at Tbilisi Balneological Center



Casting concrete at construction site of the East-West Highway Improvement Project



School of Arts in Nikozi Village constructed by GGP

## Armenia



Interview with Small and Medium Entrepreneurship Development National Center



Interview with Ministry of Territorial Administration and Emergency Situations



Yerevan Combined Cycle Co-generation Power Plant



Firefighting equipment at No 8 Fire Station provided by JICA project in Yerevan City



Armenia-Japan Scientific, Education and Cultural Center "Hikari" renovated by GGP



Specialized Education Complex #8 for Children with Serious Speech Impediments in Yerevan