

Third Party Evaluation Report 2017  
Ministry of Foreign Affairs of Japan

**Evaluation of Individual Project  
under  
Grant Aid**

February 2018  
Global Group 21 Japan, Inc.

## Preface

This report, under the title “Evaluation of Individual Project under Grant Aid”, was undertaken by Global Group 21 Japan, Inc. entrusted by the Ministry of Foreign Affairs of Japan (MOFA) in the fiscal year 2017.

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.

MOFA has not conducted these evaluations on a project level so far, so this time MOFA decided to conduct a third-party evaluation of an individual project under Grant Aid implemented by MOFA (with an amount more than one billion Japanese Yen), in order to strengthen the feedback mechanism of its Grant Aid. The below two projects are chosen for this purpose.

- (1) Emergency Grant Aid for the Project to Implement Measures in Response to the Influx of Syrian Refugees (FY2013 Jordan)
- (2) Non-Project Grant Aid (FY2014 Palestine)

Prof. Juichi INADA of Senshu University, Japan served as a chief evaluator to supervise the entire evaluation process, and Prof. Yasushi KATSUMA of the Graduate School of Waseda University, Japan served as an advisor to share his expertise on Jordan and Palestine. They have made enormous contributions from the beginning of the study to the completion of this report. Also, this report was privileged to receive some valuable comments from Prof. Kazuhisa NAJIMA of Niigata University, Japan as an expert. In addition, during the course of this study in Japan, Jordan and Palestine, we have benefited from the cooperation of MOFA, Japan International Cooperation Agency (JICA), Japan International Cooperation System (JICS), as well as government agencies in Jordan and Palestine, along with some various international organizations. 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 views or positions of the Government of Japan.

February 2018  
Global Group 21 Japan, Inc.

Note: This English version of the Evaluation Report is a summary of the Japanese Evaluation Report version of “Evaluation of an Individual Project under Grant Aid”.

## Brief Summary for Evaluation Report on Individual Project under Grant Aid

### Objective of Evaluation

Among the completed projects under the Grant Aid by Ministry of Foreign Affairs of Japan (MOFA) with project amount more than one billion Japanese yen, the following projects were evaluated this time;

1. Emergency Grant Aid for the Project to Implement Emergency Measures in Response to the Influx of Syrian Refugees (FY 2013 Jordan)
2. Non-Project Grant Aid (FY 2014 Palestine)

Until now, MOFA has been conducting policy/program level evaluations (third-party evaluations) rather than individual project level. To strengthen the feedback mechanism of its Grant Aid, MOFA decided to implement evaluation of individual projects.

### Evaluators (Evaluation Team)

- Chief Evaluator: Prof. Juichi INADA, Senshu University, Japan
- Advisor: Prof. Yasushi KATSUMA, Graduate School of Waseda University
- Consultants: Global Group 21 Japan, Inc.

**Period of the Evaluation Study:** August 2017 - February 2018

**Field Survey Country:** Jordan and Palestine

### **1. Emergency Grand Aid for the Project to Implement Emergency Measures in Response to the Influx of Syrian Refugees (FY 2013 Jordan)**

#### (1) Project outline

A large-scale pro-democracy movement broke out in Syria on March 2011 that developed into the Syrian crisis, and more than 500,000 Syrian refugees inflow into Jordan through September 2013. In reaction to this, the Japanese government extended Grant Aid in the amount of one billion Japanese yen to Jordan for emergency and humanitarian purposes. Specifically, Compactors, Wheel Loaders, Water Tankers and Vacuum Trucks were procured and delivered to the municipalities (host communities) receiving Syrian refugees scattered all around Jordan.



Compactor delivered to Rabyeh Al Koorah Municipality, Irbid

Specifically, Compactors, Wheel Loaders, Water Tankers and Vacuum Trucks were procured and delivered to the municipalities (host communities) receiving Syrian refugees scattered all around Jordan.

#### (2) Summary of Evaluation

- Evaluation from Development Viewpoints

##### (a) Relevance of Project (Evaluation result: C. partially unsatisfactory)

The policy decision to extend Emergency Grand Aid in 2013 when Jordan's economic and social situation was severe and vulnerable, was evaluated as highly satisfactory. However, because the objective of this project was to respond to the emergency and humanitarian needs of the Syrian refugees in Jordan, whether the project's scope suited that objective was the crucial point in evaluating the project relevance. This project contained a certain aspect of satisfying the development needs of municipalities who had been underserved before the Syrian crisis. Specifically, wheel loaders for construction works, not directly related to Syrian refugees, were procured under this project. Another such case is that a bulk of equipment was delivered to the southern region where the number of Syrian refugees was relatively small. These outcomes did not

correlate well with the emergency and humanitarian purposes of the project. Therefore, the project scope should have been examined more carefully to respond to the project purposes properly. As a result, the project relevance was found to be partially unsatisfactory.

(b) Effectiveness of Results (Evaluation result: C. partially unsatisfactory)

Within the limited number of municipalities visited during the on-site survey, it was affirmed that the equipment needed in each host community was delivered, and were operated and maintained in good condition, in general. However, the project included some questionable equipment and coverage, as mentioned above (a), as to whether the project was truly an effective emergency and humanitarian project. Therefore, project effectiveness was judged partially unsatisfactory.

(c) Appropriateness of Processes (Evaluation result: C. partially unsatisfactory)

In light of the emergency nature of this project, it was found that the procedures were rapidly implemented. However, it was also found that there were some areas for further improvement, such as processes to examine and ensure the relevance of project scope, public relations and information disclosure, and with regards to maintaining record of changes in the project scope.

- Evaluation from Diplomatic Viewpoints

The Japanese government has continuously extended its bilateral assistance to Jordan with a total amount of more than 100 billion Japanese yen, including a Yen ODA loan for the support of Syrian refugees. With this support, the relations between Japan and Jordan have been very good, including top leaders of both sides. For Japan, who relies on the Middle East region for most of its energy resources, supporting the stability of Jordan who has a diplomatic relations with Israel and proactively promoting the Middle East peace process, directly serves the overall stability of the Middle East, and in turn, meets a Japanese national interest as well. In the international society, such as the UN General Assembly, Japan has been appealing for contributions to Syrian refugees, and leading the donor community in Jordan recently.

However, since this Emergency Grand Aid was just a portion of the Japanese government's support to Jordan, it is difficult to evaluate its importance and direct effect on the impact of the diplomatic relations between Japan and Jordan from this Emergency Grand Aid alone. Therefore, the series of Japan's aid to Jordan was grasped from diplomatic viewpoints, and this was evaluated as a part of that.

(3) Recommendation

(a) Clarification of project scope according to each purpose of emergency/humanitarian assistance and development assistance

Although this project had emergency and humanitarian purposes, it included a strong development-oriented scope which was neither urgent nor humanitarian based. It should be made clear how to prevent such development objectives to enter into the scope of an emergency and humanitarian assistance project.

(b) Enhancement of function to ensure the relevance of project scope in the project planning stage

In the project planning stage, not only is it important to respect the project contents requested by the recipient country, it is also important for MOFA to

confirm the relevance of project scope swiftly in the beginning stage. This form of initial project assessment should be strengthened.

(c) Preservation of discussion record of changes to project scope

When important changes to the project scope were made, the process of consideration should be made clear and the record should be appropriately kept.

(d) Implementation of appropriate public relations

The information disclosure is limited for this project and the overall picture of Japanese support for Syrian refugees is not sufficiently communicated to the public. Therefore it is necessary to make more appropriate public relations about such projects to show the presence of Japan in the Middle East as a key region through fulfilling its global responsibility for the Syrian crisis.

(e) Report of operation & maintenance from recipient country

Jordan was not required to report the operation & maintenance conditions after the delivery of equipment. In order to ensure project effectiveness, it is recommended to require the Ministry of Municipality Affairs of Jordan (the project executing ministry) to report back to Japan after some time, for example, three to five years after project completion.

## 2. Non-Project Grant Aid (FY 2014 Palestine)

### (1) Project outline

The economy of the Palestinian Authority (PA) continued to be in a difficult situation from the destruction of a wide range of social and economic infrastructure through the series of conflicts after September 2000, followed by drastic decrease in employment opportunities. To enhance the Middle East Peace Process in such conditions, it was necessary to stabilize and develop the livelihood of Palestinians by supporting economic and social development efforts of the PA. Non-Project Grant Aid (NPGA) of one billion Japanese Yen was extended for that purpose, and this NPGA was intended for the purchase of commodities critically needed for daily economic activities in the Palestinian Territories; gasoline and diesel oil. Furthermore, the fund accumulated through selling such commodities (counterpart fund) was to be utilized for economic and social development in the Palestinian Territories.



PA's Ministry of Finance and Planning

### (2) Summary of the Evaluation

- Evaluation from Development Viewpoints

(a) Relevance of Project (Evaluation result: A. highly satisfactory)

In 2014, the Gaza conflict broke out further affecting the chronically difficult PA budget situation. This NPGA was extended under such backdrop as a part of international support to PA. Therefore, project relevance is considered to be highly satisfactory.

(b) Effectiveness of Results (Evaluation result: B. satisfactory)

The share of this one billion Yen NPGA against the total assistance to PA, and the share of the imported gasoline/diesel oil against the total such imports to Palestine Territories are small. However, from 2007 to 2014, NPGA of about one billion Yen was extended to PA annually, and as a whole, this was very much

appreciated by PA as a stable and predictable source of financing. The counterpart fund under FY2014 NPGA was yet to be deposited and implemented at the time of on-site survey, but considering the past track records, the counterpart fund is expected to be used effectively for priority projects.

(c) Appropriateness of Processes (Evaluation result: A. highly satisfactory)

In light of implementing this NPGA in an emergency, the processes were taken without delay. Furthermore, cooperation with JICA's technical cooperation was pursued actively, and implemented projects were regularly monitored by the PA and the Representative Office of Japan to the PA (ROJ).

- Evaluation from Diplomatic Viewpoints

Support to the PA from the Japanese government since 1993 stood cumulatively at USD 1.78 billion (as of July 2017), and since 2007, ten Non-Project Grant Aids to the PA totaling 10.2 billion Yen have been extended. Such steady and continuous support is considered to have helped develop favorable relations between Japan and Palestine.

The Representative Office of Japan to the PA (ROJ) was proactively using development assistance as a means of diplomacy by collaborating with JICA in utilizing the counterpart fund of NPGA. ROJ was also playing an important role for enhancing both development and diplomatic impact through brisk public relations activities including SNS.

However, since this NPGA was just a portion of the Japanese government's support to the PA, it is difficult to evaluate its importance and direct effect on the impact of the diplomatic relations between Japan and Palestine from this NPGA alone. Therefore, the series of Japan's assistance to the PA was grasped from diplomatic viewpoints, and this NPGA was evaluated as a part of that.

(3) Recommendations

(a) More collaboration between MOFA Headquarters and its Overseas Establishments

Submission of the completion report about NPGA's counterpart fund projects from recipient government to MOFA is a prerequisite for MOFA to examine the new counterpart fund project requests from the recipient government. Therefore, it is important for both MOFA Headquarters and its Overseas Establishments to collaborate more closely to be able to achieve further diplomatic impact and accountability to the public at the same time.

(b) Compilation of counterpart fund project operations as office references

A combination of counterpart fund projects monitored by ROJ and technical cooperation by Japan International Cooperation Agency (JICA) were actively pursued and implemented at the field level. Such examples of collaboration of different schemes should be compiled as office references and shared among concerned parties elsewhere.

(c) Implementation of more active domestic public relations activities

The information disclosure of this NPGA was limited, and the publicizing of information on counterpart fund projects was also not sufficient in Japan. Since counterpart fund projects were highly appreciated in Palestine, MOFA should implement more active information disclosure and domestic public relations activities. That in turn will improve the understanding of NPGA scheme among a wider public audience, and further enhance diplomatic impact.

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## Abbreviation

DAC	Development Assistance Committee
GDP	General Directorate of Petroleum
JICA	Japan International Cooperation Agency
JICS	Japan International Cooperation System
MOFA	Ministry of Foreign Affairs of Japan
MOFP	Ministry of Finance and Planning of Palestine
MOMA	Ministry of Municipal Affairs of Jordan
MOPIC	Ministry of Planning and International Cooperation of Jordan
NPGA	Non-Project Grant Aid
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PA	Palestinian Authority
ROJ	Representative Office of Japan to the PA
RRP	Regional Response Plan
PFM	Public Finance Management
PMC	Palestine Medical Complex
PRDF	Palestine Recovery and Development Trust Fund
UN	United Nations
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WASH	Water Sanitation and Hygiene



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

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

There is growing demand internationally and domestically for higher quality, effectiveness and efficiency for implementing Official Development Assistance (ODA), one of the major means of Japan's international contribution. Therefore, the Ministry of Foreign Affairs of Japan (MOFA) is striving to improve its ODA through evaluations.

MOFA has been conducting ODA evaluations at the policy level, and so far, it has not conducted evaluations at an individual project level. This time, MOFA decided to conduct third-party evaluations of individual projects under Grant Aid implemented by MOFA between FY 2013 and FY 2016, with amount more than one billion Japanese Yen, in order to strengthen the feedback mechanism of its Grant Aid. Projects were chosen taking into consideration the situations of recipient countries including security, a survey was conducted, lessons were derived, and an evaluation report was compiled herein.

### **1-2 Projects Evaluated**

The below two projects were chosen for the evaluation.

#### **(1) Emergency Grant Aid for the Project in Response to the Influx of Syrian Refugees (FY2013 Jordan)**

This Emergency Grant Aid for emergency and humanitarian purposes was to procure Japanese vehicles to be used in the water and sanitation sectors, such as compactors, wheel loaders, water tankers and vacuum trucks, for the municipalities (host communities) receiving Syrian refugees in Jordan.

#### **(2) Non-Project Grant Aid (FY2014 Palestine)**

This Grant Aid was intended to improve the budgetary situation of the Palestinian Authority (PA) through the procurement of gasoline and diesel oil. The funds accumulated through the selling of gasoline and diesel oil (counterpart fund) was to be utilized for economic and social development in the Palestinian Territories.

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

In accordance with the evaluation criteria of MOFA's ODA Evaluation Guidelines (10th Edition) based on OECD-DAC evaluation criteria (relevance, effectiveness, efficiency, impact, sustainability), this evaluation was conducted from development viewpoints with the following three criteria: "relevance of project", "effectiveness of results", and "appropriateness of processes". With Japan's

national interests in mind, the evaluation was also conducted with diplomatic viewpoints: diplomatic importance and diplomatic impact. For the evaluation on the “Emergency Grant Aid for the Project to Implement Measures in Response to the Influx of Syrian Refugees”, special attention was given in that the purposes of the Grant Aid were for emergency and humanitarian purposes.

#### 1-4 Evaluation Methods

This evaluation was conducted from August 2017 to February 2018. The evaluation workflow is diagrammed in Figure 1-1.

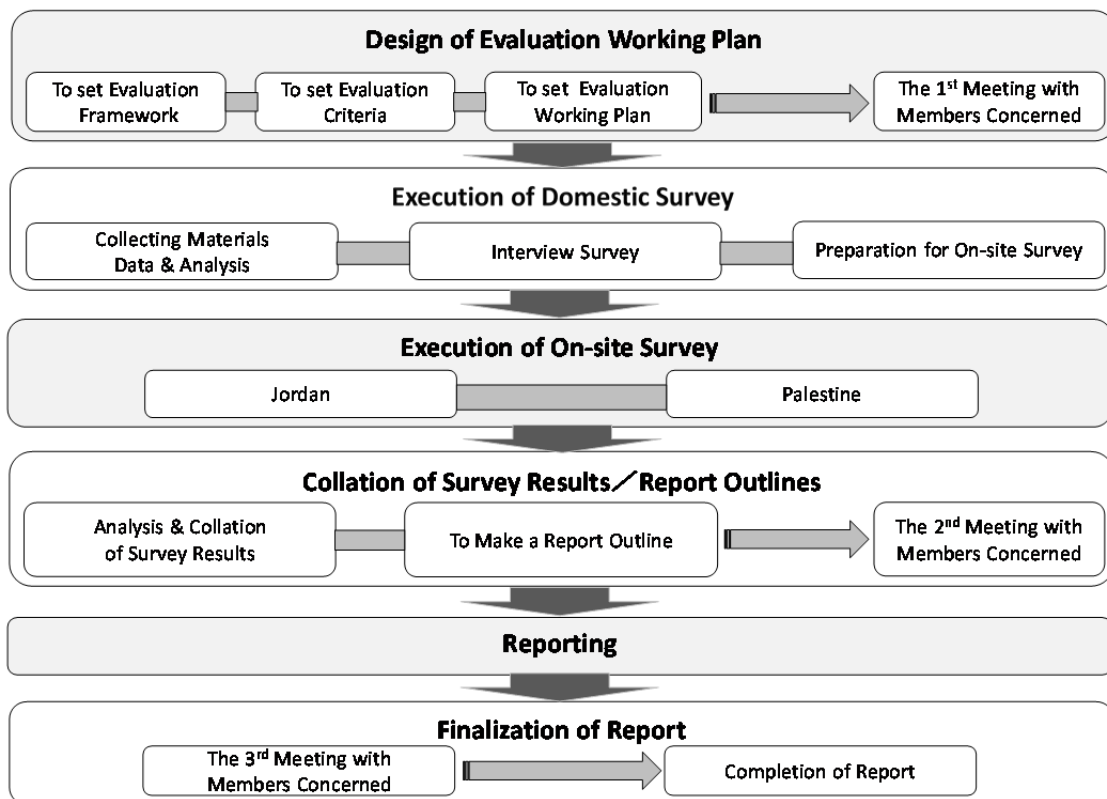


Figure1-1) Evaluation Workflow

##### (1) Evaluation Working Plan

The framework, criteria, and schedule of the evaluation were designed in a draft Evaluation Working Plan and discussed at the first meeting whose members included staff members from MOFA, Japan International Cooperation Agency (JICA), and an independent expert. Based on the results of the first meeting, the Evaluation Working Plan was solidified.

##### (2) Domestic Survey

A literature survey was conducted and information was collected and analyzed in Japan. Interviews were also made with members of MOFA, JICA, Japan International Cooperation System (JICS), and Office of the United Nations High Commissioner for Refugees (UNHCR), etc.

### (3) On-Site Survey

An on-site survey was conducted in Jordan and Palestine from October 24 to November 3, 2017. Interviews were made with Japanese embassies, recipient government's agencies, JICA offices, international organizations, etc. In Jordan, visits were made at six municipalities where equipment procured under the Grant Aid had been delivered. In Palestine, a visit was made to a medical complex where funding from the counterpart fund of a past NPGA was utilized.

### (4) Outlining Evaluation Report

Results of domestic and on-site surveys were analyzed and collated to form outlines of the evaluation report. They were presented at the second meeting for discussion.

### (5) Report drafting

Based on the results of the second meeting, a draft evaluation was made based on comments from the meeting to make the draft final evaluation report.

### (6) Final Meeting/ Finalization of the Evaluation Report

The draft final evaluation report was discussed at the third meeting, and based on the results of the meeting, the evaluation report was completed.

## 1-5 Implementation Structure of the Evaluation

The evaluation was conducted by the Evaluation Team supervised by a Chief Evaluator, an Advisor, and three consultants from Global Group 21 Japan, Inc.

This evaluation was the first time for MOFA to implement an individual project level evaluation by a third-party. For that reason, MOFA invited Prof. Kazuhisa Najima, Faculty of Law, University of Niigata, Japan, to the meetings and obtained his advice on a wide range of issues for this project level evaluation.

Table1-1) Evaluation Team

Chief Evaluator	Mr. Juichi INADA	Professor, Senshu University, Japan
Advisor	Mr. Yasushi KATSUMA	Professor, Graduate School of Waseda University, Japan
Consultant	Mr. Yukimasa FUKUDA	Senior Consultant, Global Group 21 Japan, Inc.
Consultant	Mr. Katsunori SAWAI	Senior Consultant, Global Group 21 Japan, Inc.
Consultant	Mr. Hajime SONODA	Senior Consultant, Global Group 21 Japan, Inc.

## Chapter 2. Evaluation on “Emergency Grant Aid for the Project to Implement Emergency Measures in Response to the Influx of Syrian Refugees” (FY 2013 Jordan)

### 2-1 Outline of Project

#### 2-1-1 Background

The Syrian crisis broke out on March 2011 and many Syrian refugees flowed out to neighboring countries. Although the number of Syrian refugees to Jordan was about 4,000 early 2011, it rapidly increased to more than 500,000 in September 2013<sup>1</sup>, and almost 90% of the refugees stayed in the urban and rural areas in Jordan. Although the public services and financial conditions of municipalities in Jordan had become worse since the financial crisis in 2008, the Syrian crisis made them even more serious. Under these circumstances, the Jordanian government requested assistance from the Japanese government.

The influx of Syrian refugees destabilized the livelihood of the Jordanian people. The problems facing social infrastructure such as water supply, education and medical service, etc. were also further strained. In 2013, the readiness to receive Syrian refugees in Jordan could not catch up with the rapid inflow, and the living conditions of refugees became a dire humanitarian issue within the international society. Therefore, responding to the emergency needs of assistance was a very high priority then.

#### 2-1-2 Emergency Grant Aid

- |                         |   |
|-------------------------|---|
| (1) Request from Jordan | On September 15, 2013, through consultation between the Japanese Embassy in Jordan and Ministry of Planning and International Cooperation (MOPIIC) of Jordan.   |
| (2) Scheme              | Emergency Grant Aid for emergency and humanitarian purposes   |
| (3) Amount              | One billion Japanese yen  |
| (4) Pledge              | September 26, 2013  |
| (5) Note Verbale        | October 27, 2013  |
| (6) Method              | Procurement by a third-party on behalf of the recipient country (Procurement agent was Japan International Cooperation System (JICS))   |
| (7) Sector              | Water and Sanitation  |
| (8) Equipment Supplied  | Japan-made equipment which was urgently required for the host communities receiving Syrian refugees.<br>(a) Compactors: 69 units                      (b) Wheel Loaders: 16 units<br>(c) Water Tankers: 9 units                      (d) Vacuum Trucks: 9 units |
| (9) Project Completion  | 12 months after the date of entry into contract with the Agent.   |

<sup>1</sup> Registration basis in UNHCR (Office of United Nations High Commissioner for Refugees). See <http://data.unhcr.org/syrianrefugees/regional.php>.

## 2-2 Evaluation on Relevance of Project

### 2-2-1 Consistency with development needs in Jordan

#### (1) Socio-economic impact of Syrian refugees in Jordan

The United Nations (mainly UNHCR) published the “Regional Response Plan (RRP)” in March 2012, which outlined the emergency and humanitarian plan to support Syrian refugees, and was appropriately revised as needed.

In the RRP 2013, the development of refugee camps was an extremely urgent issue. Since the number of refugees in host communities reached more than 700,000 (mainly in the northern and central regions) at the end of 2013, it became a serious issue that Syrian refugees as well as Jordanian people could not enjoy basic public services such as education and medical care. This sparked resentment by the Jordanian people towards the Syrian refugees which needed to be mitigated. Therefore, RRP 2013 highlighted the emergency strategic target to support the vulnerable Syrian refugees and Jordanians by mitigating the negative socio-economic impacts stemming from the influx of Syrian refugees.

As for the main area targeted by this project such as solid waste management, water supply and sanitation sectors, one of eight strategic objectives in the RRP, “Water Sanitation and Hygiene (WASH)” dealt with this. Although RRP 2013 focused on the water and hygiene mainly in the refugee camps, it also mentioned the necessity to improve access to water and hygiene facilities in the host community.

RRP 2014 further built on the problem of Syrian refugees and host communities in the northern and central regions in Jordan. Especially, food security, education, health, WASH, and cash were areas identified to be with a high priority for assistance.

“Local Governance and Municipal Services” was clearly described for the first time in the strategic objective in RRP 2015, and the solid waste management in host communities was hereafter treated with a high priority.

As stated above, it was entirely justifiable that the Japanese government made a policy decision to extend the Emergency Grant Aid. However, considering the fact that a wheel loader for construction work was supplied and much of the equipment was delivered to the southern region receiving a relatively small number of Syrian refugees, whether or not the project scope was appropriate as an emergency and humanitarian assistance for host communities in Jordan was the point of argument. (See 2-3)

## (2) Emergency of project

The Jordanian government explained “As a consequence of financial crisis since 2007, the infrastructure and equipment of local municipalities have deteriorated and the very severe financial condition also continues. Then, the Syrian crisis broke out in 2011 and the deterioration of public services in municipalities were further strained by the influx of Syrian refugees. The emergency grant assistance responded to these needs.” Furthermore, they mentioned that the project was something like a budgetary support for Jordan. This might mean that the Jordanian government used the assistance for Syrian refugees towards practical use of the potential development needs which had grown critical, and the Japanese government responded to it by extending the Emergency Grant Aid. There might have been a difference in the interpretation of “emergency” between the two governments.

## (3) Continuous support

The strategic objective “Local Governance and Municipal Services” was added in RRP 2015 and the solid waste management issue was recognized as a high priority. Even more, in the Supporting Syria and the Region Conference held in London in 2016, the Jordanian government presented the “Jordan Compact” and appealed to the international society for more support to Jordan.

In order to respond to those needs, the Japanese government contributed in the water and sanitation sectors through international organizations like UNHCR and UNICEF<sup>2</sup> etc., and also supplied Japan-made equipment in those sectors with the Grant Aid for the Economic and Social Development Plan. The Japan International Cooperation Agency (JICA) continuously implemented financial and technical cooperation as well.

Thus, it was highly evaluated that Japan supported Jordan with the smooth transition from humanitarian to development assistance, ensuring continuity of its support to Jordan.

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<sup>2</sup> According to the brochure “Development Cooperation 2017 to Jordan” by Japanese Embassy in Jordan. The contributions through international organizations are with amount of 27.5 mil.US\$ in 2012, 19.183 mil.US\$ in 2013, 27.698 mil.US\$ in 2014 and 66.607 mil.US\$ in 2015, 29.07 mil.US\$ respectively.

## 2-2-2 Consistency with Japanese Superior Policy

### (1) Consistency with the Middle East policy of Japan

The Middle East is situated in a geopolitically important location supplying a significant volume of crude oil and natural gas to the world. Therefore, it is an extremely important area for Japan.

In a speech for the Middle East policy by Prime Minister Mr. Abe on April 2013<sup>3</sup>, he declared that Japan would drastically strengthen its relations with the region in order to build a comprehensive partnership toward stability and prosperity. This served as a turning point to show, both domestically and internationally, the emphasis on the Middle East, and to build comprehensive, multilayered relations with countries in the region. Thereafter, the Minister for Foreign Affairs of Japan (MOFA) expressed in the statement “Japan’s New Policy of Support within Syria”<sup>4</sup> that Japan would respond to such humanitarian needs of the region to the greatest extent possible through its assistance.

Therefore, supporting Jordan who was playing a very important role as a promotor of regional peace was consistent with the Middle East policy of Japan.

### (2) Consistency with policy in human security and humanitarian assistance

Japan has led the international discussion on “Human Security”<sup>5</sup> for a long time. As for the humanitarian assistance<sup>6</sup> which was recognized as a part of the effort to ensure human security, MOFA claimed to cope with it in a proactive manner. This diplomatic policy has been continuously emphasized. Therefore, the decision made to extend the Emergency Grant Aid for the purpose of humanitarian assistance to host communities receiving Syrian refugees was consistent with the policy of the Japanese government.

### (3) Consistency with Japanese ODA policy

In the ODA Charter<sup>7</sup> decided upon by the Cabinet in 2003, the basic policies include the perspective of human security and the partnership and collaboration with the international community. This primarily includes the promotion of peace process, consisting of humanitarian and rehabilitation

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<sup>3</sup> See [http://www.mofa.go.jp/region/page6e\\_000028.html](http://www.mofa.go.jp/region/page6e_000028.html) of MOFA Web site.

<sup>4</sup> See [http://www.mofa.go.jp/press/release/press6e\\_000112.html](http://www.mofa.go.jp/press/release/press6e_000112.html) of MOFA Web site.

<sup>5</sup> See [http://www.mofa.go.jp/policy/human\\_secu/index.html](http://www.mofa.go.jp/policy/human_secu/index.html) of MOFA Web site.

<sup>6</sup> See [http://www.mofa.go.jp/policy/emergency/pdfs/aid\\_policy\\_japan.pdf](http://www.mofa.go.jp/policy/emergency/pdfs/aid_policy_japan.pdf) of MOFA Web site.

<sup>7</sup> See <http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf> of MOFA Web site.

assistance such as assistance for displaced persons, restoration of basic infrastructure, social and economic development, and enhancement of administrative capabilities of governments. Japan extended the necessary cooperation for peace and stability in the Middle East because the region was having destabilizing factors. This policy is basically the same as the Development Cooperation Charter revised in 2015.

In the Country Development Cooperation Policy for Jordan<sup>8</sup>, especially pertaining to the Syrian crisis, the basic policy stated that “Japan will assist Jordan in order to maintain its stability as a moderate faction in the Middle East, and develop its industrial infrastructure for self-reliant economic development in accordance with Jordan’s national development plan and its policy for the response on the Syrian crisis”.

Therefore, this project was in line with the Japanese ODA policy and development cooperation policy for Jordan.

#### 2-2-3 Consistency with international priority issue

After the Syrian crisis in March 2011, the international society organized numerous conferences in an effort to strengthen and implement the humanitarian assistance for the displaced persons in Syria, and the Syrian refugees flowing out to other countries. The issue of Syrian refugees was discussed as the most important topic and the fact that this is still an ongoing crisis. Therefore, the international priority on this issue has not changed to date.

#### 2-2-4 Coordination with other donors

MOFA understood that the Jordanian government requested assistance after they did the necessary coordination with other donors and international organizations. MOFA also explained that it respected the project scope requested by Jordan. However, it could have been better to have reviewed the contents of the RRP more carefully, to have exchanged views or to have coordinated with the relevant organizations as necessary so the Japanese government could objectively examine the project scope, and the humanitarian needs requested by Jordan.

#### 2-2-5 Comparative advantage of Japan

Since Japan does not have an unfavorable past history in the Middle East, unlike some Western countries, Japan is recognized as a reliable partner.

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<sup>8</sup> See <http://www.jordan.emb-japan.go.jp/files/000282104.pdf> of MOFA Web site.



As for the Japanese ODA, Japan absolutely puts the commitment into action, so this is also one of the reasons that Japan is considered trustworthy. In addition, the Jordanian side explained that it requested Japan for Japan-made equipment because of the high quality. Furthermore, Jordan highly appreciated the fact that Japan supported host communities with its bilateral ODA before other donor countries did.

### 2-3 Evaluation on Effectiveness of Results

The logical framework of this project is shown in Figure 2-1. According to this, the project input, output and outcome/ impact were analyzed.

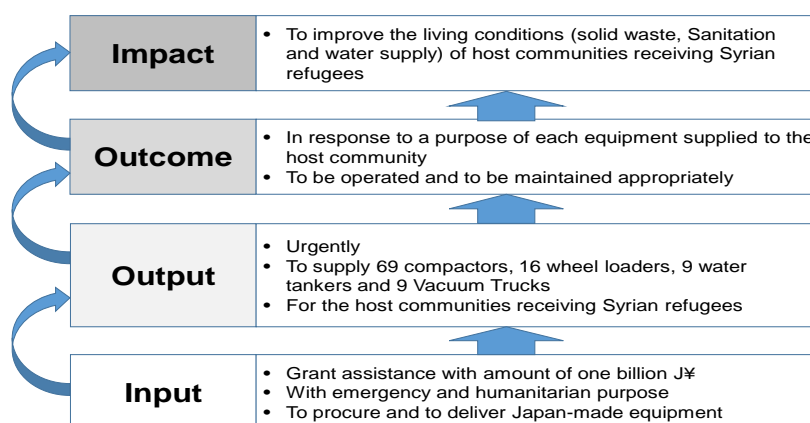


Figure 2-1) Logical Framework for Emergency Grant Aid to Jordan in FY2013

#### 2-3-1 Input

The Japanese government received an official request for the Grant Aid from the Jordanian government on September 15, 2013 and exchanged the Note Verbale on October 27, 2013. It took a little less than two months from the request to the exchange of the Note Verbale. This was a very speedy process of decision making. However, at the time of exchange of the Note Verbale, JICS and the Ministry of Municipal Affairs (MOMA) of Jordan were under discussion about the equipment to be procured from Japan, and the host communities to receive the equipment were considered to be mainly in the northern region. It meant that the concrete project scope had not been determined at that time yet.

#### 2-3-2 Output

The procurement procedures for equipment went smoothly and the schedule responded to the project emergency.

The actual equipment procured is shown in Table 2-1. This was a result of an arrangement to procure equipment from Japan within the amount of one billion Japanese yen.

Specific host communities to receive equipment were determined by MOMA just before the shipment. As Table 2-2 shows, basically one piece of equipment was delivered to each of about one hundred host municipalities in the nation. On the other hand, about 40% of total equipment was delivered to the southern region where they received only about 4% of the total Syrian refugee inflow. This fact raised doubts as to whether the project was effective for emergency and humanitarian purposes.

Table 2-1) Results of Equipment Procurement

Equipment	Unit	Contractor	Contract Amount	Date of Contract	Acceptance	Date of Operational Training
1. Compactor (8m <sup>3</sup> ) (Including spare parts with amount of 10% of FOB price)	69	Mitsubishi Corp./ Isuzu·ShinMaywa	538 Mil. JYen	Dec. 27, 2013	Nov. 25, 2014 to Jan. 28, 2015	Dec. 8, 2014
2. Wheel Loader (17.5t)	16	Toyota Tsusho/ KCM	270 Mil. JYen	Jan. 10, 2014	Aug. 31 to Sep.16, 2014	Oct. 19 to 21, 2014
3. Water Tanker (8,000L) (Including spare parts with amount of 5% of FOB price)	9	Mitsubishi Corp./ Isuzu·ShinMaywa	64 Mil. JYen	Dec. 27, 2013	Nov. 25 to Dec. 4, 2014	Dec. 8, 2014
4. Vacuum Truck (6,000L) (Including spare parts with amount of 5% of FOB price)	9	Mitsubishi Corp./ Isuzu·ShinMaywa	87 Mil. JYen	Dec. 27, 2013	Dec. 4, 2014 to Jan.28, 2015	Dec. 8, 2014
Commission			41 Mil. JYen			
Total amount			1,000Mil. JYen			

(Source) Final Report by JICS

Table 2-2) Equipment Delivered to Municipalities

Equipment Delivered	Unit	Northern Region	Central Region	Southern Region	Total
(a) Compactor (8m <sup>3</sup> )	69	19 municipalities in 4 governorates	25 municipalities in 4 governorates	25 municipalities in 4 governorates	69 municipalities in 12 governorates
(b) Wheel Loader (17.5t)	16	3 municipalities in 2 governorates	2 municipalities in 2 governorates	11 municipalities in 4 governorates	16 municipalities in 8 governorates
(c) Water Tanker (8,000L)	9	5 municipalities in 2 governorates	1 municipalities in 1 governorates	3 municipalities in 3 governorates	9 municipalities in 6 governorates
(d) Vacuum Truck (6,000L)	9	5 municipalities in 2 governorates	1 municipalities in 1 governorates	3 municipalities in 1 governorates	9 municipalities in 4 governorates

(Source) Final Report by JICS

Table 2-3) Registered No. of Syrian Refugees by Governorates in 2013

(excluding the refugee camps)

Region	Governorate	Registered No. of Syrian Refugees	Region	Governorate	Registered No. of Syrian Refugees
<b>Northern (48.0%)</b>	Jerash	10,721	<b>Central (47.7%)</b>	Zarqa	46,259
	Irbid	129,580		Madaba	8,181
	Mafraq	64,073	<b>Southern (4.3%)</b>	Karak	8,840
	Ajloun	9,968		Tafilash	2,181
<b>Central</b>	Amman	142,831	Maan	6,104	
	Balqa	15,375	Aqaba	2,354	

(Source) UNHCR statistics

### 2-3-3 Outcome/ Impact

The equipment procured in this project was delivered to the host communities which needed them, and they operated them well, in general. Their needs were met in general and they seemed to contribute to maintain and to improve the public services such as water supply and sanitation in the host communities. In addition, the Japan-made equipment was highly appreciated by the users and there were no reports of major mechanical failure or repair needs.

However, some problems were found, i.e. some host communities accepted equipment which they did not request, some host communities used other compactors and saved the Japanese ones which were of better quality and higher value, maintenance problems for compactors with different specifications by different donors, the project included development-oriented scope which was different from emergency and humanitarian purposes, etc. The problems mentioned above likely occurred because the equipment list was arranged within the budget of one billion Japanese yen, then the Japan-made equipment was procured, thereafter the host communities to receive equipment were determined, and about one piece of equipment each was delivered to around one hundred host communities.

However, since only six of the host communities investigated by the evaluation team were in the northern region, it is difficult to evaluate the project outcome/ impact as a whole based on this.

## 2-4 Evaluation on Appropriateness of Processes

### 2-4-1 Process to examine the project

According to the press release by MOFA in September 2013, it announced that “Japan provides up to one billion Japanese yen to Jordan who has been continuously receiving Syrian refugees. This assistance will be mainly utilized to procure Japan-made equipment and supplies urgently needed at refugee camps, etc.” However, the detailed project scope was still undecided at the time of this release.

Thereafter, as a result of the site survey by JICS in early October 2013, it was confirmed that Jordan required Japan-made equipment to support the host communities receiving Syrian refugees, and it was decided to procure the compactors, wheel loaders, water tankers and vacuum trucks. The list of host communities to receive the equipment had not been decided yet. MOFA explained that they basically respected the project scope requested by Jordan.

Some problems could be pointed out in these processes, i.e. MOFA did not consider it important to review the RRP or to exchange views with international organizations like UNHCR etc. who was taking the initiative in supporting Syrian refugees, whether the project scope was appropriate for emergency and humanitarian purpose was not significantly discussed, the project scope should have been set with the logical framework in the planning stage, the appropriate public relations should have been made to convey the proper information to inform the Japanese people etc.

#### 2-4-2 Process to determine the equipment and the host community

##### (1) Equipment procured

The equipment list requested by MOMA in October 2013 was changed after JICS and MOMA reviewed and adjusted the price and specification of each equipment in detail. As a result of this, the equipment was procured as shown in Table 2-1. A series of these works were to combine the equipment which could be procured within the budget of one billion Japanese yen, from the beginning to the end. Even in this stage, since the host communities to receive the equipment had not been informed by MOMA, the study to justify the units of equipment was not made by MOFA.

##### (2) Schedule

Although the project implementation schedule was set twelve months after the contract went into effect with JICS (which was the procurement agent) there was a 2 month delay due to the delay of shipment and custom clearance. Since this delay was a change of the contents of the Note Verbale, the Japanese government agreed to the schedule extension upon the MOPIC's request. This process was done properly.

##### (3) Delivery of equipment to host communities

The delivery of equipment to host communities was stated in 2-3-2. Regarding the delivery of bulk of equipment to the southern region, MOFA explained "Since the Syrian refugees inflowed to the whole of Jordan the attention should be paid to the southern region as well. A lot of resource investment to the northern and the central regions where many Syrian refugees inflowed negatively affected the southern region with relatively small number of refugees." MOFA continued "The support to the southern region met the project objective and it was also effective. It is important to support the host communities in a balanced manner."

The indirect negative effects in the southern region might be true. However, from a viewpoint of emergency and humanitarian purpose, the process was questionable to justify the delivery of the amount equipment to the southern region, and also the delivery of one piece of equipment each to almost one hundred host communities in the country.

#### 2-4-3 Institutional arrangement for project implementation

Since this project had a purpose of emergency and humanitarian assistance, the Humanitarian Assistance and Emergency Relief Division, International Cooperation Bureau of MOFA was in charge. The Japanese Embassy in Jordan played a key role in the policy dialogue with the Jordanian government, the information gathering, and project implementation at the local level.

On the Jordanian side, MOPIC was in charge of matters relating to receiving the Grant Aid, such as official request of Grant Aid, signature on the Note Verbale and contract with the procurement agency, etc. On the other hand, MOMA was in charge of project implementation such as the selection of equipment to be procured, determining host communities to receive the equipment, etc.

The procurement agency was JICS. JICS carried out the procurement procedures for equipment procured from Japan under this project on Jordan's behalf.

The institutional arrangement for project implementation was not a problem.

#### 2-4-4 Monitoring operation & maintenance

For project operation & maintenance, the Jordanian side was not required to report and the situation is not grasped fully. However, since this project delivered almost one piece of equipment each to nearly one hundred host communities, there is some concern as to whether the equipment would be utilized well or not, taking into consideration the management capacity of host communities in Jordan.

It is recommended to request a report of operation & maintenance conditions through MOMA, for example at intervals of three or five years after project completion.

#### 2-5 Evaluation on Diplomatic Importance

The stability of the Middle East region is a vital international concern, and the response to the Syrian refugee crisis requires a high degree of political navigation. It is considered as a matter of course for Japan, upholding the

universal values such as freedom, human rights and democracy as the pillars of its diplomacy, to burden its political responsibility concerning peace in the Middle East commiserating with its position. While Japan relies on the Middle East for about 80% of crude oil and about 30% of natural gas of its energy import, the peace and stability in the Middle East, in which Jordan plays a key role, is extremely important. The political and social stability and the economic development in Jordan are critical for Japan to ensure its energy security through peace and stability in the Middle East, and to maintain and to advance good relations between the two countries. Therefore, it is imperative to support Jordan through development cooperation.

In the United Nations General Assembly on September 2013, Prime Minister Mr. Abe reinforced commitment to this project with the statement “Japan will newly provide additional humanitarian assistance to Syria and surrounding countries of approximately US\$60 million. Under the flag of Proactive Contribution to Peace<sup>9</sup>, Japan has endeavored to bring peace and prosperity to the world.” It showed Japan’s unwavering stance towards peace in the Middle East and the Syrian crisis, and internationally demonstrated Japan’s presence that could be compared favorably with other nations, and that was highly appreciated internationally.

His Majesty King Abdullah II of Jordan expressed his support for the “Corridor for Peace and Prosperity”<sup>10</sup> initiative which Japan has promoted, and endorsed the philosophy expressed by Prime Minister Abe, namely “Proactive Contribution to Peace” and “Harmony is to be cherished”<sup>11</sup>. Regarding democratization, Jordan is praised for providing a model of reform in the region. Jordan has strived for various activities for democratization such as revision of its constitution and the implementation of a local assembly election. Also, they have proceeded with economic reform under the IMF program. Human security including humanitarian support is a pillar of Japanese diplomatic policy and Jordan is certainly a country who is applying it, as it received large numbers of Syrian refugees with humanitarian consideration. The series of Japanese support for Syrian refugees in Jordan through its bilateral and the multilateral assistance is highly evaluated as contributing to universal values including “Middle East Peace”, “Democratization” and “Human Security” to prevail.

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<sup>9</sup> See [http://www.mofa.go.jp/fp/nsp/page1we\\_000079.html](http://www.mofa.go.jp/fp/nsp/page1we_000079.html) in MOFA Web site.

<sup>10</sup> See [http://www.mofa.go.jp/region/middle\\_e/palestine/concept0607.html](http://www.mofa.go.jp/region/middle_e/palestine/concept0607.html) in MOFA Web site.

<sup>11</sup> See [http://www.mofa.go.jp/me\\_a/me1/eg/page24e\\_000067.html](http://www.mofa.go.jp/me_a/me1/eg/page24e_000067.html) in MOFA Web site.

## 2-6 Evaluation on Diplomatic Impact

The friendly relations between Japan and Jordan have been longstanding. A good relationship between the Japanese Imperial Family and Jordanian Royal Family is a symbol of this, and a number of very important people have been coming and going between the two countries frequently since 1954 when diplomatic relations were first established. His Majesty King Abdullah II is well known as a “Japanophile” who has visited Japan at least twelve times so far. Right after the Great East Japan Earthquake in March 2011, Jordan dispatched a medical supporting team and sent a donation as well. Furthermore, both countries celebrated the 60<sup>th</sup> anniversary of the establishment of diplomatic relations in 2014. During that period, both sides further developed mutual cooperation in various areas. The trust relationship has surely advanced.

It could be considered as the political impact that the leaders’ declaration for continuous support to Syrian refugees was settled by Premier Minister Abe’s initiative at the Ise-Shima Summit in May 2016.

In addition, during the unfortunate event when a Japanese citizen was killed by ISIL (Islamic State in Iraq and the Levant)<sup>12</sup> in Syria in January 2015, Japan received unstinted support from Jordan. This was made possible due to the high level of trust between the two countries. Overall, it is presumed that the relations between Japan and Jordan is extremely good and is continuing to be strengthened and developed further.

## 2-7 Recommendation

- (1) Clarification of project scope according to each purpose of emergency/humanitarian assistance and development assistance

Although this project had emergency and humanitarian purposes for Syrian refugees and host communities affected by them, it included strong development-oriented objectives which were neither emergent nor humanitarian. Such development objectives should be included in the scope of a project for development cooperation, and it should be made clear how to avoid such development objectives to enter into the scope of an emergency and humanitarian assistance project.

- (2) Enhancement of function to ensure the relevance of project scope in the project planning stage

Although the political decision on implementing this project within the

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<sup>12</sup> Islamic extremist group which is active mainly in Syria and Iraq.

scheme of Emergency Grant Aid to respond the emergency and humanitarian crisis of Jordan affected by the influx of Syrian refugees was agreeable, the discussion process to justify a project scope in the planning stage could not be confirmed. While respecting the project contents requested by the recipient country, it is also important for MOFA of Japan to confirm the project relevance swiftly in the beginning stage. To do this, the form of initial project assessment should be strengthened.

(3) Preservation of discussion record for project scope change

During the project implementation processes, there was no evidence to show the discussion record in order to justify such changes of the list of equipment to be procured within the budget, the host communities to receive the equipment etc. Although it is common to have changes during project implementation, the process of consideration should be made clear and a record should be appropriately kept when important changes to the project scope arises. This practice would help clarify accountability.

(4) Implementation of appropriate public relations

The information disclosure is limited for this project and the overall picture of Japanese support for Syrian refugees is not sufficiently made to the public. Therefore it is necessary to make more appropriate public relations about such project to show the presence of Japan in the Middle East as a key region which fulfills its global responsibility for the Syrian crisis.

(5) Report of operation & maintenance from recipient country

In the condition that this project was to deliver one piece of equipment each to nearly one hundred host communities, the administration of equipment operation & maintenance would vary from one host community to another. Therefore, it is desirable to confirm the situation of operation & maintenance of procured vehicles through MOMA (the project executing ministry) after some years upon project completion (3 to 5 years for example).



## Chapter 3. Evaluation on “Non-Project Grant Aid” (FY2014 Palestine)

### 3-1 Outline of Project

#### 3-1-1 Background

The economy of the Palestinian Authority (PA) continued to be in a difficult situation from the destruction of a wide range of social and economic infrastructure through the series of conflicts after September 2000, followed by drastic decrease in employment opportunities. To enhance the Middle East Peace Process in such conditions, it was necessary to stabilize and develop the livelihood of Palestinians by supporting economic and social development efforts of the PA. The Middle East Peace Process has been at a standstill for a long time and the improvement of the PA’s budgetary situation became an increasingly difficult task without any intervention. With that backdrop, the PA requested a Non-Project Grant Aid (NPGA) from the Japanese government. The PA has been receiving NPGA from Japan annually since 2007 to 2014.

#### 3-1-2 Non-Project Grant Aid

(1) Request from Palestine	On September 9, 2014, a formal request was made from the PA represented by the Ministry of Finance to Japanese government: Representative Office of Japan to the PA (ROJ).
(2) Scheme	Non-Project Grant Aid
(3) Amount	One billion Japanese yen
(4) Exchange of Notes	October 23, 2014
(5) Method	Procurement by third-party on behalf of the recipient country (Procurement agent was Japan International Cooperation System (JICS))
(6) Commodity Supplied	Petroleum products (diesel oil, gasoline)
(7) Project Completion	12 months after the date of Exchange of Notes

### 3-2 Evaluation of “Relevance of Project”

#### 3-2-1 Consistency with development needs in Palestine

##### (1) Difficulty of budgetary situation

Under the Israeli policy, the movement of Palestinians was restricted, and the borders were blocked off from time to time. Especially in Gaza, border blockades have been enforced since the 2014 Gaza conflict. Furthermore, since Europe’s debt crisis in 2010, international donors’ budgetary support to the PA has been decreasing, bringing about a sluggish economy and low domestic revenue. Consequently, the GDP growth of Palestine in 2014 dropped to negative 0.2%. The PA grappled with this budgetary shortage, to some extent, by delaying salary payments to public servants and to private contractors, and by borrowing from private banks. However, this is not

sustainable for the long-term. Moreover, conflicts between Fatah and Hamas were making it even more difficult for the PA to implement steady administration in Palestine.

## (2) Contents of request

The contents of formal request for NPGA from PA to Japan were the following:

- Need for fuel as the most critical component of economic activities of Palestinian people.
- Revenues generated from selling fuel (counterpart fund) would be used for priority sectors identified in the PA's Reform and Development Plan: health, education, social affair, and economic sector.
- Implementation of NPGA was appropriate for rapidly responding to such budgetary constraints and development needs of Palestine.

## 3-2-2 Consistency with Japan's higher-level policies

### (1) Consistencies with Japan's Middle East policies

The Middle East peace issue between Palestine and Israel is one of the core issues in the Middle East and North African region, and its resolve is indispensable for the stability of the region. Since the "Arab Spring", Palestine's economy has deteriorated with price hikes and high unemployment, especially among youth affected by destabilization of neighboring countries and prolonged impasse of the Middle East peace process.

Japan supports a two-state solution, whereby Israel and a future independent Palestinian state live side by side in peace and security. Based on that position, Japan is actively contributing in the process through three pillars; encouraging political dialogues with the parties concerned, promoting confidence-building between the Israeli and Palestinian sides, and extending economic assistance to the Palestinians. Japan's Official Development Assistance (ODA) is implemented in line with the last pillar supporting state-building efforts of the PA.

Therefore, Implementation of NPGA was consistent with Japan's Middle East Policies.

## (2) Consistencies with Japan's ODA policies

In 1953, Japan began extending financial support to Palestinians assisting the refugees through the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and since the Oslo Accords, Japan has been fully fledged and committed to assisting the Palestinians with a view to promote a favorable environment for the achievement of peace in the Middle East, and so far has provided assistance exceeding \$1.7 billion USD. Security deterioration by the second Intifada (uprising) in 2000, and the establishment of de facto authorities by Hamas in Gaza in 2007 hampered Japan's assistance to Palestine. However, since the establishment of an emergency cabinet by President Abbas in June 2007, Japan has renewed its direct support to the PA. Peace negotiations with Israel are still stalled, and the PA's budgetary base is fragile. On top of this, the Gaza conflict erupted in July 2014, further aggravating the livelihood of Palestinians, exacerbating tensions among them. To enhance the Middle East peace process, further international support to the PA is necessary.

In Japan's ODA Charter of 2003, the basic policies include the perspective of human security and the partnership and collaboration with the international community. This primarily includes the promotion of peace building consisting of humanitarian and rehabilitation assistance such as assistance for displaced persons, restoration of basic infrastructure, assistance including social and economic development, and enhancement of the administrative capabilities of governments. For the Middle East, the ODA Charter specified the importance of supporting social stability and peace building since the region was still facing destabilizing factors stalling the Middle East peace process. This policy was basically the same as the Development Cooperation Charter revised in 2015.

In the Country Development Cooperation Policy for Palestine drafted in 2012, the basic policy consisted of supporting the peace process by enhancing the capacity of economic and social self-reliance. As priority areas, stabilization and improvement of people's livelihood, strengthening of administrative capacity, and enhancement of sustainable economic growth were outlined.

Japan supports a two-state solution whereby Israel and a future independent Palestinian state live side by side in peace and security, thereby supporting the PA's budget is one of Japan's main focus points in its Middle East policies as it contributes to establishing the foundation of a

future Palestinian independent state.

The Middle East peace process has been stalled for a while, and the PA's budgetary situation has suffered from it. It is difficult for the PA alone to improve its budgetary situation, and so as not to discourage reform efforts, it is important to extend timely support to the PA despite Japan's ODA resources constraints.

Therefore, this NPGA was in line with the Japanese ODA policy and its development cooperation policy for Palestine.

### 3-2-3 Coordination with other donors

One of the characteristics of NPGA is that it can be swiftly mobilized for diplomatic needs, and usually it does not require donor coordination before implementing. Donor coordination was basically done by the PA, and the Ministry of Foreign Affairs of Japan (MOFA) respected the contents of their formal request.

Japan also contributed to the Palestine Recovery and Development Trust Fund (PRDF) administered by the World Bank. Quarterly donor meetings were held in Palestine lead by the World Bank and IMF. The PA's budgetary reform was closely monitored by the World Bank through administration of PRDF. That was useful when implementing NPGA in parallel. So far, Japan has contributed USD \$98 million to PRDF, 6.6% of the total USD \$1.5 billion, the fifth largest donor among nine.

### 3-2-4 Comparative advantage of Japan

In the Middle East, Japan is widely regarded as a country who does not demonstrate its political ambitions. This may be due to the fact that Japan does not have any negative history in the region, and has been neutral with regards to religious and ethnic issues.

Japan is favorably received by the peoples in the region presumably also due to its rapid modernization success as a non-European nation, ahead of other countries in Asia and Africa in the mid-eighteenth century, rapid economic recovery and global level comeback as a peace-loving nation after World War II, gaining a prominent position in the international community etc. Besides, plant construction, quality industrial products and anime have also formed a positive sentiment among the peoples in the region towards Japan.

Furthermore, Japan maintains good relations with Israel, and is expected to play

a role of helping bridge the two sides.

### 3-3 Evaluation of Project Effectiveness

The logical framework of this project is shown in Figure 3-1. According to this, the project input, output and outcome/impact were analyzed.

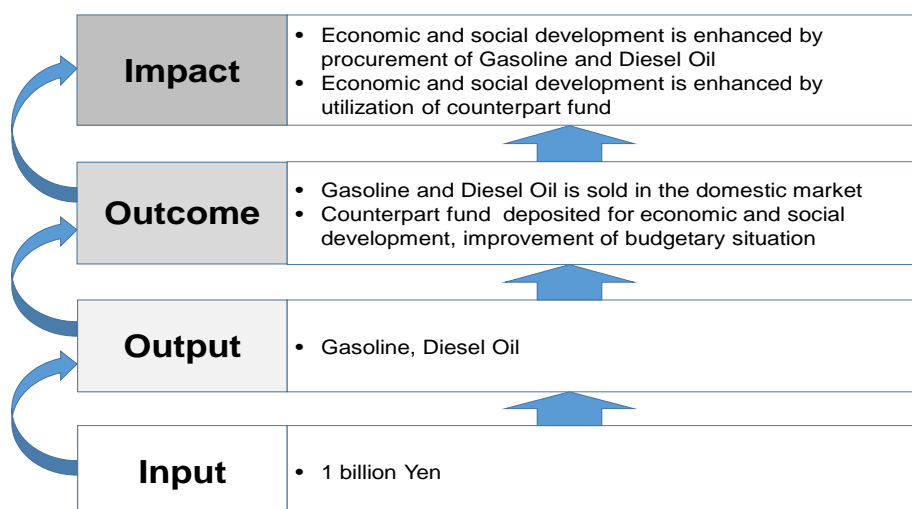


Figure 3-1) Logical Framework for Non-Project Grant Aid to Palestine in FY2014

#### 3-3-1 Input

Prompt decision making was done as it only took a month and a half from the date of the formal request (September 9, 2014) till the Exchange of Notes were signed and exchanged (October 23, 2014). Subsequent activities were also done promptly and properly.

November 18, 2014	Procurement Agent Agreement between PA and JICS
January 29, 2015	Disbursement from Japan to PA
March 4, 2015	Gasoline/Diesel Oil Purchase Contract
March 5 ~ 24, 2015	Delivery of Gasoline/Diesel Oil
September 11, 2015	Closing of Procurement Account

The amount of the Grant Aid (one billion Japanese Yen) was decided by MOFA by taking a comprehensive look at the development needs, anticipated effects, fiscal allocation to the PA in 2014, budget execution, commitments in the past, the counterpart fund deposit situation, etc.

#### 3-3-2 Output

Table 3-1 shows the output of this project. 10.7 million liters of diesel oil and 4.9 million liters of gasoline, totaling 15.6 million liters of petroleum products were procured from two Israeli companies. The procurement was properly done by the procurement agent, Japan International Cooperation System (JICS).

Table 3-1) Results of Petroleum Product Procurement

Contractor	Petroleum Products	Contract Amount USD 000	KL	Delivery
Paz Oil Company Ltd.	Diesel Oil	2,814	5,277	March 11~24, 2015
	Gasoline	1,206	2,413	March 11~23, 2015
Oil Refineries Ltd.	Diesel Oil	2,814	5,377	March 5~19, 2015
	Gasoline	1,206	2,463	March 5~17, 2015
	Bitumen	8		
	charges	268		
	Total JPY1 bill	8,316		

(Source) JICS Final Report, Oct. 2015

### 3-3-3 Outcome/Impact

#### (1) Impact on budgetary situation

The share of the amount of this NPGA in the total donor contribution to the PA's FY2014 budget was small, 0.8% (Table 3-2, e.). According to MOFP, this NPGA was statistically categorized as "Development Financing" in the budget.

Table 3-2) Donor Support to PA (million NIS)

	2011	2012	2013	2014	2015	2016	2017
a. Budget Support	2,915.2	2,985.5	4,531.6	3,676.1	2,757.4	2,317.5	1,965.5
Arab Donors	1,031.9	1,050.1	1,388.4	1,463.8	1,288.0	814.0	524.2
USA	185.0	-	1,258.0	380.3	-	292.3	265.6
France	52.4	93.7	90.6	37.2	33.7	67.6	33.1
EU	1,029.9	817.5	899.0	880.6	869.2	621.1	867.5
World Bank	616.1	1,024.2	856.7	910.8	512.4	360.7	275.1
b. Development Financing	604.7	601.1	383.5	726.2	347.4	603.0	631.7
c. External Financing (a + b)	3,519.9	3,586.6	4,915.1	4,402.4	3,104.8	2,920.5	2,597.1
d. Non-Project Grant Aid	44.9	38.6	29.6	33.7	-	-	-
e. d / c (%)	1.3	1.1	0.6	0.8	-	-	-
f. d / b (%)	7.4	6.4	7.7	4.6	-	-	-

(Source) MOFP Monthly Reports

Even under Development Financing, the share of this NPGA was 4.6% in FY2014 (Table 3-2, f.). Japan has been extending about one billion Japanese Yen of NPGA to the PA annually from 2007 to 2014, and the share has been a few percent annually.

Nevertheless, it was appropriate for Japan to promptly extend NPGA to the PA as a part of international support to alleviate their severe financial difficulties. It took only half a year from the date of the PA's formal request until the completion of delivery of petroleum products. Furthermore, NPGA was not only welcomed by the Palestinians but also by the major donors there.

## (2) Impact of gasoline and diesel oil procurement

Under this NPGA, 15.6 million liters of gasoline and diesel oil was procured, and the share against the total import volume was 2.2% (Table 3-3: delivery was made in March 2015). In other years also, the share was small: 1-4%.

Gasoline and diesel oil imported from Israel was generally sold at a price 3% less than the imported price in Palestine. Under the bilateral agreement between Palestine and Israel, the discount was restricted up to 15%.

However, even though each amount of NPGA may be small it has been provided to the PA annually (2007-2014) providing a stable and predictable source of finance for the PA who was suffering from chronic liquidity shortage. In the case of delay payment of gasoline/diesel oil import, a high tariff was charged by Israeli companies to the PA. While receiving NPGA, PA was free from such liquidity concern.

Table 3-3) Gasoline/Diesel Oil Import to the West Bank (million liters)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
a. NPGA	0	6.3	11.1	10.9	24.1	5.2	9.1	0	*15.6
b. WB	520.7	535.3	549.9	577.2	585.9	607.0	654.7	653.5	708.3
a./b. (%)	0	1.2	2.0	1.9	4.1	0.9	1.4	0	2.2

(Source) Palestine Central Bureau of Statistics, MOFP, Evaluation Team estimate

Note: \*Delivery of Gasoline/Diesel oil under FY2014 NPGA was done in March 2015.

## (3) Impact of the counterpart fund

One billion Japanese Yen equivalent of gasoline and diesel oil was sold in Palestine, and half of its F.O.B. price, 14 million NIS, was to be deposited in the counterpart fund with the PA under the agreement with Japan. At the time of the on-site survey (October 2017) it was confirmed that 10 million NIS was deposited, and the remaining amount of four million NIS was yet to be deposited.

Because it was found that the counterpart fund of this NPGA was still in the process of being deposited at that time, the usage of the counterpart fund from past NPGAs to the PA was alternatively studied for this evaluation.

There were 21 counterpart fund projects chosen through consultation between the PA and Representative Office of Japan to the PA (ROJ), and they were from the PA's priority sectors: health, education, etc. These projects were closely monitored by both sides from the identification stage to completion. According to a PA's Ministry of Health official, one of the major

characteristics of NPGA was that it allowed for them to use their own procurement procedures when using the counterpart fund, while other donors imposed tied aid and enforced their procedures. That official further added NPGA was critically important as other Japan's assistance schemes. The PA's top leaders also have expressed their gratitude by saying that NPGA was a useful alternative to direct budgetary support by EU, US, and Arab donors, presumably referring to its counterpart fund.

Moreover, the combination of the counterpart fund monitored by ROJ and technical cooperation managed by JICA were actively pursued. ROJ also was proactive in pursuing public relations and diplomatic impact when using the counterpart fund.

Submission of "Project Completion Report" of counterpart fund project by the PA is necessary for new projects to be considered at MOFA Headquarters. According to ROJ, mobility of the counterpart fund and its anticipated diplomatic impact would be decreased, if this examination process by the Headquarters would take time. Accordingly, ROJ suggested that it should have more autonomy in the counterpart fund operations at the field level to implement them in a more flexible and timely manner.

When evaluating an individual project of NPGA, it should be selected from one in which the counterpart fund has been fully used so that the counterpart fund operations are also covered within the scope of the evaluation. However, that was not found to be the case with this NPGA, and thus the past NPGAs to the PA were alternatively studied for this evaluation, as mentioned before. As a result, it was found that the current proper administration of the counterpart fund by both the PA and ROJ strongly suggested that the upcoming counterpart fund under this NPGA would be used effectively as well.<sup>13</sup>

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<sup>13</sup> MOFA's view on the counterpart fund of NPGA in the evaluation is as follows.

The main objective of NPGA is to provide grant fund for importing necessary goods to enhance socioeconomic development efforts of developing countries. Therefore, evaluation of NPGA should deal with the results of that, not that of the counterpart fund. Besides, when to implement counterpart fund projects and for how long depends very much on the recipient governments' plans, and the delay of completion of these projects may also delay the evaluation process. Therefore, it is not appropriate to include the results of the counterpart fund when evaluating NPGA.



### 3-4 Evaluation of Appropriateness of Processes

The implementation process of the project was appropriately conducted as below.

#### 3-4-1 Process to examine the project

The process from the receipt of the formal request from the PA until the decision making at MOFA is outlined as follows.

##### (1) Before formal request

Discussions leading up to the formal request from the PA to Japan was presumably done in daily close communication between the PA and ROJ. Before submitting the formal request to ROJ, MOFP selected fuel to be funded and the major sectors for the usage of the counterpart fund: health, education, social affairs, and economic sector.

##### (2) Request (September 9, 2014)

PA's formal request for NPGA emphasized the importance of funding for fuel. It also stated the PA's intention to use the counterpart fund for its priority sectors: health, education, social affairs, and the economic sector.

##### (3) ROJ's consideration on PA's request

The PA's formal request was received first at ROJ. ROJ summarized the following points and attached them with the formal request and dispatched them to MOFA Headquarters.

This included the PA's current poverty reduction measures, current situation in the priority development sectors, relation between PA's priority development policies and the requested NPGA, implementation capacity of PA, performance of the past NPGAs, ROJ's comment to the request, etc.

##### (4) Consideration at Ministry of Foreign Affairs Headquarters

At MOFA headquarters, contents of the request, emergency and humanitarian aspects, diplomatic aspect, etc. were considered comprehensively.

#### 3-4-2 Procurement process

Under this NPGA, two Israeli companies (Paz Oil Company Ltd. Oil Refineries Ltd.) concluded contracts with JICS as the procurement agent for this project. The tendering process was not applied and direct contracting was done because

of the limited number of qualified suppliers based on the procurement guideline, as had been the case with previous NPGAs.

#### 3-4-3 Coordination with other schemes

A combination of counterpart fund monitored by ROJ and technical cooperation managed by JICA were actively pursued at the field level. So far, about one third of counterpart fund projects have been implemented with JICA's collaboration.

#### 3-4-4 Institutional arrangement for project implementation

The main section in charge of this NPGA in Japan was Country Assistance Planning Division III, International Cooperation Bureau, MOFA. Negotiation with the PA, information collection, and project implementation support were done by ROJ in Ramallah. Local ODA taskforce meetings were held on quarterly basis in Ramallah. On the PA side, the Ministry of Finance and Planning (MOFP) was in charge of matters related to NPGA; i.e. making formal request to Japan, conclusion of Exchange of Notes, procurement agent contract, etc. General Directorate of Petroleum (GDP) was in charge of matters related to the procurement of gasoline and diesel oil. JICS was selected as the procurement agent for this project. Based on the procurement contract between MOFP and JICS, JICS took the necessary procedures for procuring gasoline and diesel oil on the PA's behalf. So far, no major problems have been reported in these arrangements.

#### 3-4-5 Monitoring and follow-up

Procurement of gasoline and diesel oil was closely administered by JICS, and that information was shared with the PA and ROJ.

ROJ and PA were closely communicating on a daily basis, not to mention the agreement between the two governments to monitor the progress of this NPGA including usage of the counterpart fund jointly.

#### 3-5 Evaluation on Diplomatic Importance

This NPGA was a part of Japan's overall support to the PA, and thus it was difficult to evaluate it from diplomatic viewpoints directly. However, as NPGA was provided annually from 2007 to 2014, totaling 10.2 billion Japanese Yen, and was a stable and predictable source of funding for the PA, these NPGAs as a whole have helped enhance good relations between Palestine and Japan. Interviews with PA officials during the on-site survey supported this view. To maintain and enhance good relations with recipient countries, the active role of the Japanese Overseas Establishments is crucial. For that, proactive use of

NPGA as a means of diplomacy by Japanese Overseas Establishments has been highly recommended.

Counterpart fund projects were chosen from the PA's priority sectors, and were jointly monitored by the PA and ROJ from the identification stage to completion. Through this process, the PA's basic capacity in public financial management was considered to have been fostered. Even if the amount might be small, building experience of managing development projects by themselves should enhance their basic capacity of state-building, which Palestinians have been yearning for so long. This aspect of NPGA should be more widely recognized.

### 3-6 Evaluation on Diplomatic Impact

During the on-site survey, interviews were also made with heads of major international organizations. They accurately understood the significance of NPGA as a stable and predictable source of funding for the PA. It is important to keep such key persons in the international community well informed of Japan's contributions.

Counterpart fund projects were occasionally taken up in the local media. They were received favorably by the Palestinian people as a token of Japanese steady support, while the international community has been losing its attention towards Palestine.

### 3-7 Recommendation

#### (1) More collaboration between MOFA Headquarters and its Overseas Establishments

Submission of "Project Completion Report" about NPGA's counterpart fund projects from recipient government to MOFA is a prerequisite for new projects to be examined at MOFA Headquarters. According to ROJ, mobility of the counterpart fund and its anticipated diplomatic impact would be decreased, if this examination process by the Headquarters would take time. Accordingly, ROJ suggested that it should have more autonomy in counterpart fund operations at the field level to implement them in a more flexible and timely manner. On the other hand, MOFA Headquarters claims that submission of a Project Completion Report is imperative to ensure accountability. Therefore, it is important for both MOFA Headquarters and its Overseas Establishments to collaborate more closely to be able to further achieve diplomatic impact and accountability at the same time.

(2) Compilation of counterpart fund project operations as office references

A combination of counterpart fund managed by ROJ and technical cooperation by JICA were actively pursued and implemented at the field level. ROJ was also proactive in achieving both public relations and diplomatic impact when using the counterpart fund. Such examples of collaboration of different schemes should be compiled as office references and shared among concerned parties elsewhere.

(3) Implementation of more active domestic public relations activities

ROJ was proactive in public relations activity for counterpart fund projects, and from that, Japanese contribution was well known among Palestinians, increasing diplomatic impact. On the other hand, at the MOFA Headquarters level, public relations were limited to press releases at the signing of the Exchange of Notes. Since counterpart fund projects were highly appreciated in Palestine, MOFA should implement more proactive information disclosure and public relations activities in Japan. That in turn will improve the understanding of NPGA scheme among a wider public, and further enhance diplomatic impact.