

Chapter 1

An Overview of ODA Evaluation

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The Beginning of ODA Evaluation

The ODA evaluation in Japan began when the then Overseas Economic Cooperation Fund (OECF) conducted ex-post evaluation on individual projects in 1975. One of the reasons behind this was the start of discussion on the necessity of ODA evaluation at the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC) from around 1970. In 1981, MOFA began ex-post evaluation of ODA projects, followed by the initiation of ex-post evaluation of ODA projects by JICA. The main objective of such initial evaluation was to properly manage individual projects in order to make Japan's ODA more effective.

The ODA Charter and Enhancement of ODA Evaluation

Since the 1980s, with expansion of the scale and scope of Japan's ODA and increasing public interest, ODA evaluation has come to draw attention as a means for the Government of Japan to fulfill accountability on ODA. Therefore, in addition to the main objective of ODA evaluation to improve ODA management, MOFA has set fulfilling accountability to the people of Japan as another main objective and begun its active engagement in publicity of the evaluation results. The former ODA Charter that was approved by the Cabinet in 1992 clearly stated, "For the future improvement of its ODA, project evaluations, including third party evaluations and joint evaluations with recipients and other donors and organizations, will be strengthened" and "comprehensive evaluation of ODA will be further promoted."

Since the 1990s, increasingly serious global challenges have been seen around the world, and it has become necessary to respond to various new challenges deeply related to development assistance, such as countermeasures against poverty aggravating as a result of globalization as well as regional and domestic conflicts and international terrorism. In order to tackle these issues, the MDGs were adopted at the United Nations in 2000. In the area of development assistance, there has been a growing emphasis on comprehensive aid approaches, such as country-based and sector-based approaches, in addition to individual project-based approaches, in order to further enhance the effectiveness of ODA. With regard to ODA evaluation as well, evaluation with a broader scope is required targeting sector-based, country-based, and issue-based assistance.

At the same time, the importance of the evaluation of overall public administration came to be widely recognized

in Japan, and the Government Policy Evaluation Act (GPEA) came into force in 2002, which requires all government offices, ministries, and agencies to implement self-evaluation of policies under their jurisdiction.

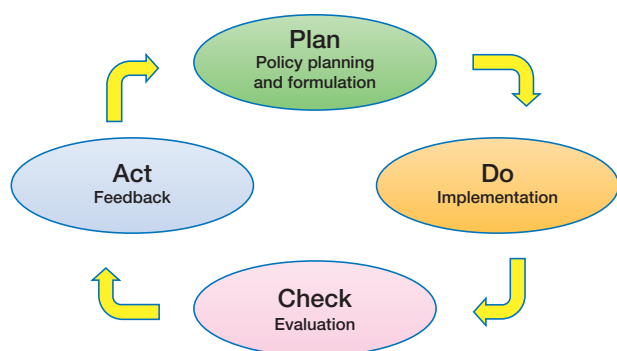
Under these circumstances, the ODA Charter was revised in August 2003, in which further enhancement of ODA evaluation was stipulated. The Charter set forth coherent evaluation from ex-ante to intermediary and from intermediary to ex-post stages; evaluation targeting policies, programs, and projects; promotion of evaluation by third parties with professional expertise to measure and analyze the effects of ODA objectively; and self-evaluation by administrative agencies following the adoption of the GPEA. It was stipulated in the Charter that evaluation results should be reflected in the subsequent formulation of ODA policies and its efficient and effective implementation (feedback).

Furthermore, as the Charter advocates collaboration with recipient countries and international organizations, implementation of joint evaluation with recipient countries and other donors as well as efforts to enhance the ODA evaluation capacities of recipient countries have been recommended.

ODA Evaluation and the PDCA Cycle

The policy statement "Basic Policies 2005" approved by the Cabinet states, "Objective third-party evaluation including cost-effectiveness analysis of ODA projects should be conducted. The outcomes should be disclosed to the public, and the PDCA (Plan, Do, Check, Act) cycle should be established in order to reflect such results in the formulation and planning of ODA policies." Therefore, MOFA came to emphasize the improvement of checking systems, aiming at enhancing the ODA evaluation system and reflecting the evaluation results in policies through establishment of the PDCA cycle of plan (policy planning and formulation), do (implementation), check (evaluation) and act (feedback). Specifically, by clarifying the importance of ODA evaluation in the PDCA cycle and strengthening the system to feedback evaluation results to divisions engaged in ODA policy formulation and implementation, MOFA further utilizes the lessons learned and recommendations derived from evaluation for future formulation and implementation of ODA policies. While the significance of ODA evaluation increases in Japan, expansion of evaluation objectives and scope, diversification of evaluators, reinforcement of independence, and strengthening of feedback functions have been undertaken.

PDCA Cycle (figure 1)



ODA Review

In 2010, MOFA conducted the “ODA Review” and announced its final report in June. With the recognition that there has not been sufficient understanding of ODA among the Japanese public, MOFA carried out the Review to gain the understanding and support from the public so that it can implement ODA in a more strategic and effective manner.

In the Review, it was decided that the following measures regarding ODA evaluation would be undertaken:

- (1) reinforcing the independence of evaluation units and recruiting external personnel to strengthen the ODA evaluation system
- (2) establishing mechanisms that ensure meaningful lessons from past successes and failures
- (3) disclosing information through promotion of “visibility” of evaluation.

Therefore, in 2011, the ODA Evaluation Division was relocated from the International Cooperation Bureau, which is in charge of ODA policies, to the Minister’s Secretariat, thereby strengthening its independence.

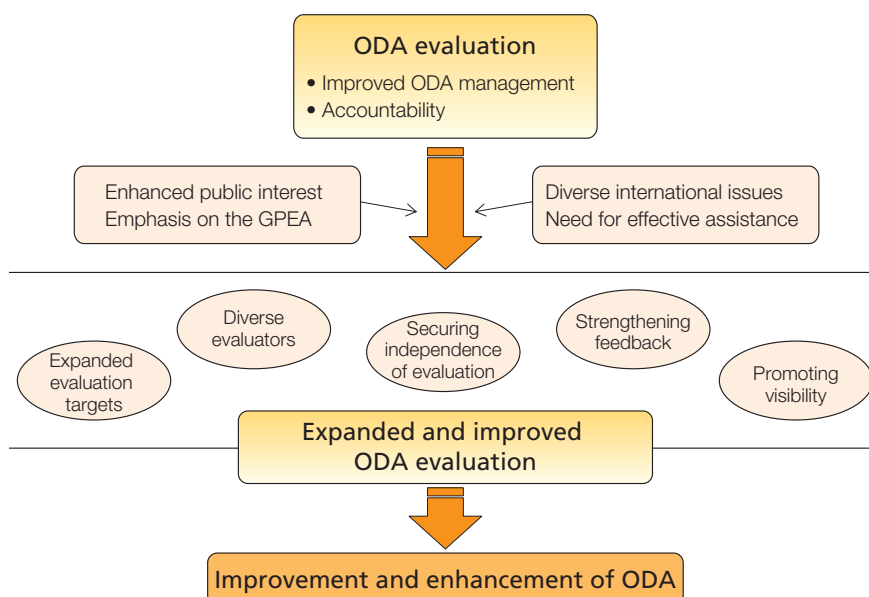
Since then, MOFA has recruited an external evaluation expert as the director of the division. Also, MOFA selects evaluation subjects in accordance with the priority areas of Japan’s diplomatic policies and development cooperation and ensures that feedback of evaluation results are incorporated into ODA policies.

With regard to the promotion of “visibility” of evaluation, MOFA creates reports on individual evaluation projects and publicizes them on the MOFA website. In addition, MOFA has introduced a rating system (to clearly indicate the grade using a graded scale) on a trial basis since 2011.

Review of the ODA Charter

Since it was revised in 2003, the ODA Charter has played an important role as a document that defines the basis of Japan’s ODA policies. At the same time, as more than 10 years have passed since the revision, Japan and the international community have undergone significant changes, and the role required of ODA has also changed in various ways. Therefore, the Government of Japan has decided to review the ODA Charter. The Government of Japan plans to formulate a new Charter by the end of 2014, based on recommendations given in June 2014 by the Government’s advisory panel on the review of the ODA Charter established under the leadership of Minister for Foreign Affairs Fumio Kishida, as well as wider public opinions through such means as the exchange of opinions with those in various fields including NGOs and financial circles. MOFA will strive to further improve ODA evaluation under the new Charter.

Improvement of ODA Evaluation (figure 2)



Evaluation Objectives

MOFA carries out ODA evaluation with the following two objectives:

- (1) Improving ODA Management: to contribute to the improvement of ODA quality through feeding back lessons obtained from the examination of ODA activities to ODA policy formulation and implementation processes.
- (2) Maintaining Accountability: to fulfill accountability and promote public understanding and support by increasing transparency of ODA through publication of evaluation results.

Implementation Structure

In Japan, MOFA is mainly responsible for planning and formulating ODA policies, while JICA is responsible for implementing individual projects. In terms of ODA evaluation, MOFA and JICA collaborate by mutually sharing responsibilities. MOFA conducts policy-level and program-level evaluation as third-party evaluations based on the Order for Organization of the Ministry of Foreign Affairs. Also, since 2002, based on the GPEA, in addition to policy evaluations that include ODA policies, MOFA has implemented ex-ante and ex-post evaluations of specific projects as required by the GPEA in the form of self-evaluation.

JICA, on the other hand, implements project-level evaluations targeting individual projects, as well as thematic evaluations on specific themes and development goals from cross-cutting and comprehensive perspectives, in the form of third-party evaluations and self-evaluation.

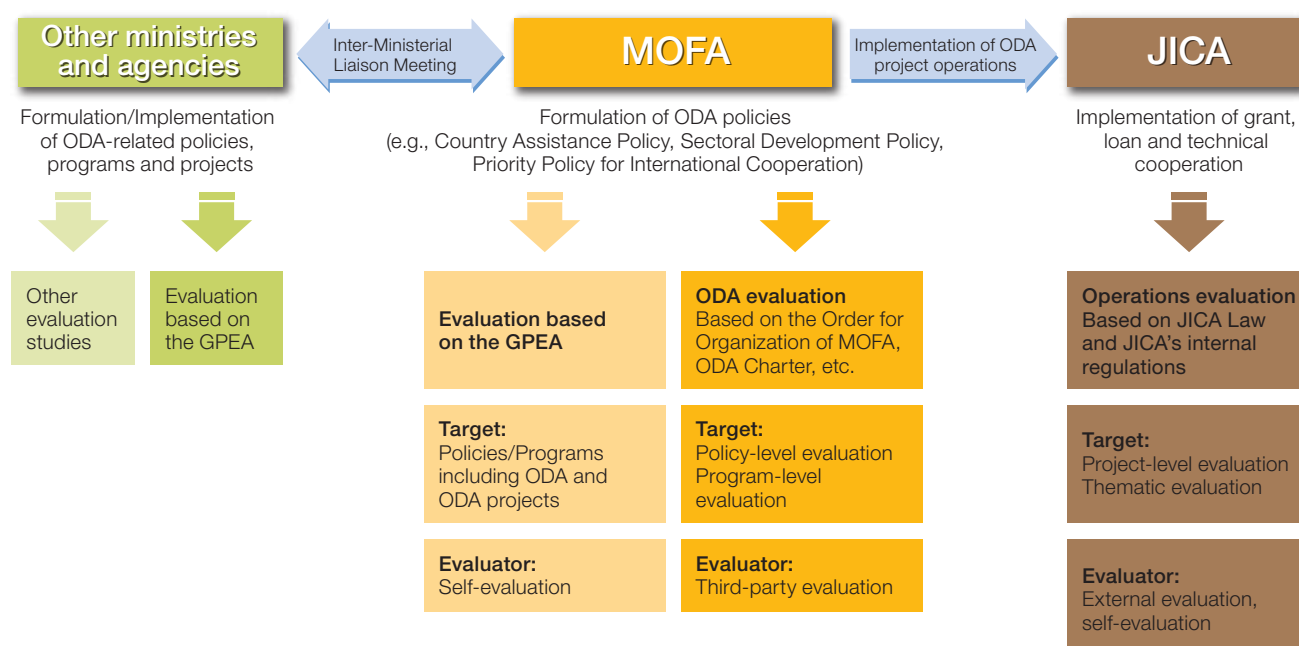
Other ministries and agencies of the Government of Japan also engage in planning and formulating policies as well as implementing programs and projects that include ODA in respective fields under their jurisdiction, and therefore, conduct their evaluations based on the GPEA. Pursuant to the Basic Act on Central Government Reform (1988), MOFA assumes a central role in coordinating all Government entities for the overall planning and other tasks associated with ODA. Accordingly, Inter-Ministerial Liaison Meetings are held, which are comprised of the relevant ministries and agencies as well as JICA. At the meetings, discussions take place on further improving the ODA evaluation activities of the entire Government, and MOFA compiles the results of the ODA evaluations of other ministries and agencies.

Chapter 2 of this report presents an overview of the evaluations conducted by MOFA, other ministries and agencies and JICA, mainly in FY2013.

Classification by Evaluation Subject

ODA evaluations are classified into policy-level evaluation, program-level evaluation and project-level evaluation according to what is being evaluated.

Japan's ODA Evaluation Mechanism (figure 3)



Diverse Evaluators

ODA evaluations classified by type of evaluators include self-evaluation, internal evaluation, third-party evaluation (external evaluation), evaluation conducted by recipient governments and agencies, as well as joint evaluation by MOFA and other countries and organizations.

(1) Self-Evaluation

Self-evaluation is an evaluation conducted by the divisions that provide, implement or manage assistance of their assistance policies and programs. The evaluations conducted by MOFA and other ministries and agencies based on the GPEA are classified as self-evaluation. Some of JICA's ex-post evaluations of projects and their ex-ante evaluations are also self-evaluation.

(2) Internal Evaluation

Evaluation conducted by divisions responsible for reporting to divisions of aid organizations is called internal evaluation.

(3) Third-Party Evaluation (External Evaluation)

This evaluation is conducted by a third party who is independent from both donors and recipients of assistance. In MOFA's policy-level and program-level evaluations, third parties (experts, private sector consultants, etc.) selected by open competitive bidding are the principal evaluators. JICA also conducts third-party evaluation as ex-post evaluation of projects that exceed a certain amount of funding or projects which are highly likely to generate effective lessons learned.

(4) Evaluation Conducted by Recipient Governments and Agencies

MOFA requests recipient governments and agencies, private sector consultants, and evaluation experts to conduct mainly program-level evaluation and implementations around one evaluation every year. The objectives of evaluations conducted by recipient governments and agencies are to secure the fairness and transparency of Japan's ODA evaluation, promote recipient countries' understanding of Japan's ODA and enhance the evaluation capacities of recipient countries.

(5) Joint Evaluation

This evaluation is conducted jointly by donors and recipients of assistance or by those engaged in different aid organizations. MOFA conducts joint evaluation with external entities, including other donor countries, international organizations and NGOs, in addition to joint evaluations with recipient countries.

Joint evaluations with recipient countries are significant in respecting the ownership of recipient countries and strengthening partnerships between Japan and recipient countries in addition to achieving the objectives of

enhanced ODA management and fulfillment of accountability. MOFA carried out joint program-level evaluation with Viet Nam and Bangladesh, respectively, in 2005.

At the same time, considering the fact that assistance to recipient countries is implemented by multiple donor countries in various fields, it has become important to conduct evaluation jointly with other donors, international organizations or NGOs in order to comprehend assistance to the particular country in wider perspectives. In this respect, MOFA has been conducting joint evaluation with other organizations since FY2002. Furthermore, with a view to facilitating collaboration with NGOs, MOFA has implemented joint evaluation with NGOs at the program level.

Criteria for ODA Evaluation and Recommendation

In conducting evaluation, MOFA sets up the following three criteria for ODA evaluation from a development viewpoint based on the so-called five "DAC Criteria" (Relevance, Effectiveness, Efficiency, Impact and Sustainability), which were announced by OECD-DAC in 1991.

(1) Relevance of Policies: whether policies and programs are consistent with Japan's high-level policies on ODA and the needs of recipient countries.

(2) Effectiveness of Results: whether set objectives are achieved.

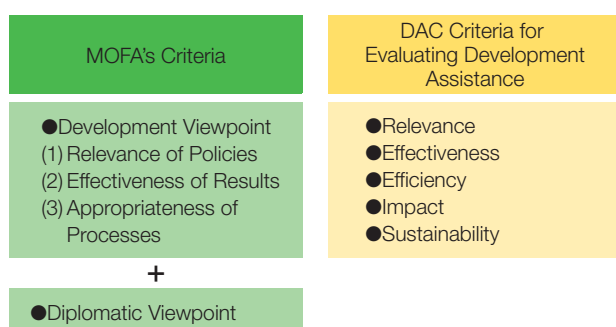
(3) Appropriateness of Processes: whether processes have been taken that would ensure the relevance and effectiveness of policies and programs.

In addition to the above "development perspectives" on the extent of contribution to the development of recipient countries, MOFA has introduced "diplomatic viewpoints," which examine the influences of assistance on Japan's national interests, as a new evaluation criterion since FY2011.

With respect to these criteria for ODA evaluation and specific methodologies, MOFA formulated the "ODA Evaluation Guidelines" in 2003, the 8th edition of which was published in May 2013.

Also, when evaluation based on the GPEA is conducted, MOFA takes into consideration the feature of each program, and selects duly such viewpoints as necessity, effectiveness and efficiency. JICA conducts evaluation basically in line with the five DAC Evaluation Criteria.

Criteria for ODA Evaluation (figure 4)



In the third-party evaluations carried out by MOFA and JICA, items which should be actively promoted or improved for implementing ODA policies and individual projects in the future are extracted as “recommendations” based on the results of the evaluations using the above criteria. The recommendations are presented to the implementers of the ODA policies for the projects in question.

Application of Evaluation Results

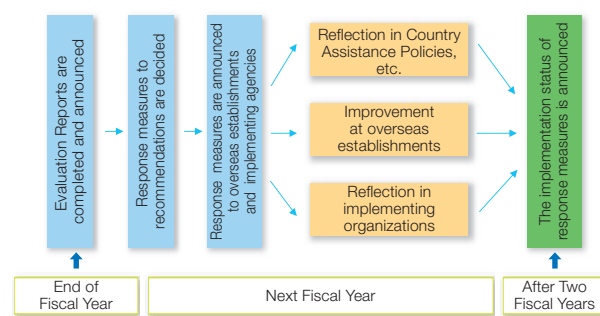
For establishing a PDCA cycle, it is important that the evaluation results and recommendations from ODA evaluations are fed back to policymakers and project implementers in order to reflect them in policy-making and project implementation for future policy formulation and implementation.

Therefore, MOFA feeds back the evaluation results to its relevant divisions, JICA, and Japan’s overseas establishments, and develops measures for addressing the recommendations extracted from the evaluation results, taking account of their concreteness, feasibility and other criteria. Furthermore, to ensure that the recommendations are reflected in subsequent policy formulations and other processes, MOFA follows up on and discloses such measures. Also, since FY2010, as part of the efforts for “visualizing” ODA, these measures and their implementation status (follow-up status) are published in the Annual Report on ODA Evaluation (Please refer to Chapter 2 for the measures in response to the results of the FY2013 ODA evaluation and Chapter 3 for the follow-up efforts to the results of the FY2012 ODA evaluation).

The evaluation results are also distributed to stakeholders in recipient countries through translated evaluation report summaries, thereby striving to provide feedback to recipient countries.

In addition, JICA conducts monitoring and evaluation based on a consistent framework at each phase of a project’s PDCA cycle, and strives to improve the development achievements of the project.

Follow-up of Evaluation Results (figure 5)



Publicity of Evaluation Results

To facilitate understanding of Japan’s ODA evaluation, MOFA proactively publicizes evaluation results. In conducting third-party evaluation, MOFA recommends that evaluators (third parties) prepare reader-friendly evaluation reports. Also, MOFA posts a summary and a full text of each report as well as their translations on MOFA’s ODA website.

Furthermore, MOFA compiles an overview of the results of evaluations conducted by MOFA, JICA, and other ministries and agencies in the previous fiscal year, response measures to each recommendation and the implementation status of the response measures to the recommendations from two fiscal years ago into the Annual Report on Japan’s ODA Evaluation which is published annually. This report is widely distributed to Diet members, experts, NGOs, universities, libraries and others, and is also available on MOFA’s ODA website.

JICA also annually publishes the Annual Evaluation Report that compiles the operations evaluation activities of the previous year (see Chapter 2, p. 32 for more information on JICA’s activities).

1.3 ODA Evaluation in the International Community and Japan's Contribution

Recent Trends

■ The OECD-DAC Network on Development Evaluation

The DAC Network on Development Evaluation (EVALNET), one of the subsidiary bodies of the OECD-DAC, was established in 1981. Currently, approximately 30 donor countries and agencies including Japan participate in the Network.

EVALNET holds regular meetings about twice every year. It aims to facilitate the evaluation efforts of countries and promote development aid effectiveness through exchanging information among member countries and agencies on their evaluation systems and results and discussing ways to improve evaluation methodologies. In recent years, such issues as evaluation of budget support, evaluation of the effectiveness of assistance by international organizations, evaluation capacity development (ECD) of partner countries and ways to incorporate human rights and gender aspects in evaluations have been discussed. Japan has been participating in EVALNET meetings to share information on evaluation measures. Japan is furthermore a member of the ECD task force established under EVALNET with a view to contributing to the ECD of partner countries.

■ OECD-DAC Development Cooperation Peer Review of Japan

From 2013 to 2014, Japan underwent a development cooperation peer review by the OECD-DAC, which examines the development cooperation policies of DAC members and their implementation status once every four to five years. In this year's review, France and Australia served as examiners. The review of Japan took place in Tokyo, with field studies taking place in Senegal and Indonesia. The Peer Review report was published in July 2014. In connection with Japan's ODA evaluation, the report identified progresses made since the previous review in 2010, including that "Japan has strengthened the independence of the evaluation function in MOFA." The report also noted that going forward "Japan should continue efforts to introduce performance indicators and measures in its country and thematic policies and programmes."

Japan's Contribution

■ The ODA Evaluation Workshop

MOFA has been holding the ODA Evaluation Workshop since 2001, inviting government officials and experts from Asian and Pacific countries.

The objectives of the workshop are: (1) to promote

understanding of ODA evaluation issues and evaluation methodologies in the Asia-Pacific region and thereby enhance evaluation capacities of developing countries; and (2) to improve ODA evaluation capacities not only to further enhance the aid effectiveness of donor countries but also to enhance the ownership and transparency of partner countries and their development effectiveness.

In the previous 11 workshops, participants shared information and exchanged views on various issues including countries' specific efforts for enhancing evaluation capacities and joint evaluations of ODA by partner and donor countries.

The ODA Evaluation Workshops

| | Date | Venue |
|----|---------------------|------------------------|
| 1 | 7-8 November 2001 | Tokyo, Japan |
| 2 | 13-14 November 2002 | Tokyo, Japan |
| 3 | 12-13 November 2003 | Tokyo, Japan |
| 4 | 17-21 January 2005 | Bangkok, Thailand |
| 5 | 26-27 January 2006 | Tokyo, Japan |
| 6 | 18-20 October 2006 | Manila, Philippines |
| 7 | 28-29 November 2007 | Kuala Lumpur, Malaysia |
| 8 | 3-4 March 2009 | Singapore |
| 9 | 18 February 2010 | Tokyo, Japan |
| 10 | 24-25 February 2011 | Hanoi, Viet Nam |
| 11 | 26-27 November 2012 | Manila, Philippines |