

Third Party Evaluation Report 2014
Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of Pakistan

February 2015

Mitsubishi Research Institute, Inc.

Preface

This report under the title of Country Assistance Evaluation of Pakistan was undertaken by Mitsubishi Research Institute, Inc., entrusted by the Ministry of Foreign Affairs of Japan (MOFA) in Japanese fiscal year (JFY) 2014.

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

This evaluation study was conducted with the objectives of reviewing Japan's overall policies on assistance to Pakistan from 2004 to 2013, drawing on lessons from this review to make recommendations for reference in policy planning on future assistance to Pakistan by the Government of Japan and its effective and efficient implementation, and ensuring accountability by making the evaluation results widely available to the general public.

Takashi Kurosaki, Professor of Economics at Hitotsubashi University, served as chief evaluator to supervise the entire evaluation process; and Hisaya Oda, Professor of Policy Science at Ritsumeikan University, served as an advisor to share his expertise on Japanese assistance to Pakistan. They have made enormous contributions from the beginning of this study to the completion of the report. In addition, in the course of this study both in Japan and in Pakistan, we have benefited from the cooperation of MOFA, the Japan International Cooperation Agency (JICA), Japanese universities and other research institutes, and the Pakistan-based ODA Task Force, as well as government agencies in Pakistan, donors, and non-governmental organizations (NGOs). We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

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

February 2015

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Note: This English version of the evaluation report on Pakistan is a summary of the Japanese evaluation report of the Country Assistance Evaluation of Pakistan

Country Assistance Evaluation of Pakistan (Brief Summary)

Evaluators (Evaluation Team)

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Period of the Evaluation Study

July 2014 – February 2015

Field Survey Country

Pakistan



Village children participating in a project to promote non-formal education in Punjab Province based on technical cooperation

Background, Objectives and Scope of the Evaluation

Japan began economic cooperation with Pakistan in 1954, and the two countries have developed a positive relationship over a long period of time. This evaluation has been performed to comprehensively assess ODA policies based on the significance of Japanese ODA to Pakistan, and to obtain lessons learned and recommendations as a reference for the planning and implementation of future ODA policies.

Brief Summary of the Evaluation Results

The evaluation has determined that policy relevance is very high, the results have been effective, and processes have been appropriately implemented; and, from the diplomatic viewpoints, that Japanese assistance to Pakistan has formed the basis of a positive diplomatic relationship between the two countries.

● **Development Viewpoints**

(1) Relevance of Policies

Japanese assistance policies are fully based on the major development plans and development policies of Pakistan, are consistent with the development needs of Pakistan, and are fully conformed to Japan's ODA Charter, Medium-Term Policy on ODA, and Country Assistance Policy. The key areas of the Country Assistance Policy are consistent with the international priority issues of (1) pursuing the Millennium Development Goals (MDGs), (2) addressing global issues, and (3) providing assistance, etc. for border regions. Japanese assistance shows relative advantages with regard to its combination of aid schemes, preparation of ODA programs, and outstanding assistance in the areas of electric power, health, and disaster risk

reduction.

(2) Effectiveness of Results

In the priority area “improvement of economic infrastructures,” effects have been seen in assistance for the agricultural and rural sector, programs for industrial development and the investment environment, and economic infrastructure development (transportation and electric power). In the priority area “ensuring human security and improvement of social infrastructure,” effects have been seen in education, basic health and medical services, hygiene and environmental improvement, and support for disaster risk reduction. In the priority area “balanced development and stabilization of areas including the border regions,” effects have been seen observed in some extent for improving livelihoods in border regions and other less-developed areas and also for counterterrorism exercises.

(3) Appropriateness of Processes

There has been adequate collaboration among MOFA, the Embassy of Japan, JICA Headquarters, the JICA Pakistan Office, and local implementing agencies in the Appropriateness of Processes for the formation of assistance policies. Information on various related matters, such as the formulation of the Country Assistance Policy, is shared and examined in detail with the Embassy of Japan, JICA Headquarters, and the JICA Pakistan Office by means of the regular monthly ODA Task Force meetings. These actors are well conscious of collaborating among them and with the Government of Pakistan and other donors in the stage of implementation of the Government of Pakistan. The Economic Affairs Division (EAD) works as the contact point for aid acceptance on the Pakistan side, though it can be more proactive in its role.

● Diplomatic Viewpoints

Japanese assistance to Pakistan has been implemented on the basis of full recognition of its diplomatic importance and diplomatic impacts. Measures in regard with pursuing the MDGs as a common international principles, addressing global issues, and providing assistance and building peace in disputed and border regions under Japan’s high-level ODA policies are shared with others in detail in international conferences and other venues.

Recommendations

(1) ODA policies with more emphasis on the comparative advantages of Japanese assistance

It will be important to continue assistance based on the medium and long-term development plans of Japan and Pakistan. Japan’s aid is characterized with a variety of instruments under Japan’s overall ODA policies include ODA loans, grant aid, and technical cooperation, and with careful attention to human resource development

and support with long-term perspectives. Japan should continue to maintain principles of ODA policies that give consideration to further enhancement of the quality of assistance.

(2) Continuing assistance with a greater sense of selectivity, based on the priority areas of the Country Assistance Policy

With the aim of improving the effectiveness of results of Japan's assistance to Pakistan in the future, amid the trend towards smaller aid budgets, it would be effective to focus the content of support on sectors and aid schemes where Japan has a good track record of past assistance, with a greater emphasis on the three priority areas stated in the Country Assistance Policy.

(3) Continuing assistance that contributes to the stability and balanced development of areas including border regions, but focusing on regions and areas where assistance is feasible

For assistance that contributes to the stability and balanced development of areas including border regions in the future, it is appropriate to continue assistance with greater selectivity in terms of geographical focus, with a well prepared explanation on the significance of the assistance, in order to maximize effectiveness in the midst of practical limitations. For instance, based on the three priority areas of the Country Assistance Policy, greater emphasis will be put on the assistance for the border regions of Pakistan in the areas such as agriculture, vocational training, and health, where Japanese assistance has shown comparative advantages up till now.

(4) Speeding up and simplifying the process of decision making and selection process for assistance to Pakistan

In order to provide the timely assistance that Pakistan expects from Japan, every effort should be made to have faster decision-making in the procedures to determine the content of assistance and the formulation of projects, with greater cooperation of the Pakistan side.

(5) Promoting active coordination with other donors in the sectors and issues which Japan focused

In terms of cost effectiveness and maintaining a Japanese presence in aid, Japan should pursue partnership with other donors in areas where it has a reputable track record, such as power sector development and polio vaccination.

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Chapter 1 Evaluation Study Policies, etc.

1-1 Background and Purpose of Evaluation

Japan began economic cooperation with Pakistan in 1954, and the two countries have developed a friendly relationship over a long period of time. Japan hosted the Pakistan Donors Conference and the Meeting of Friends of Pakistan in Tokyo in April 2009, with the participation of donors and partner countries, in order to show a united stance of support by the international community for Pakistan as it grapples with issues such as economic reform and counterterrorism. Pakistan, with a large labor force, and potential of a good size market, is also important in terms of world peace and stability. Japanese assistance to Pakistan is highly significant for the development of Pakistan as a “moderate and modern Muslim state.”

The purpose of this evaluation is to comprehensively assess Japan's ODA policies to Pakistan, in view of the significance of ODA to Pakistan, and to obtain lessons learnt and recommendations as a reference for the planning and implementation of future ODA policies for Pakistan. To ensure accountability to the general public, the evaluation results will be released via the website of the Ministry of Foreign Affairs . The evaluation results will also be provided to the Government of Pakistan and to other donors as feedback.



Source: Perry-Castañeda Library Map Collection, University of Texas
(<http://www.lib.utexas.edu/maps/pakistan.html>)

Fig. 1-1 Map of Pakistan (Country of survey)

1-2 Scope of Evaluation

In this evaluation, Japanese assistance to Pakistan has been comprehensively assessed with regard to the Relevance of Policies, the Effectiveness of Results, the Appropriateness of Processes, and diplomatic viewpoints. The evaluation was performed with reference to the five OECD-DAC criteria, based on the ODA Evaluation Guidelines (8th edition).

Japan performed a Country Assistance Evaluation of Pakistan in Japanese fiscal year (JFY) 2003, and formulated the Country Assistance Plan in JFY 2004 and the Country Assistance Policy in JFY 2012. This is the first country evaluation performed since the formulation of the Country Assistance Plan. In this evaluation, we have examined and evaluated activities since the formulation of the Country Assistance Plan in JFY 2004, centered around the Country Assistance Policy formulated in JFY 2012, in terms of development viewpoints and diplomatic viewpoints.

The ODA evaluation focuses on assistance policies and the implementation of past assistances. With regard to assistance policies, the evaluation has examined the Country Assistance Plan formulated in JFY 2004 and the Country Assistance Policy formulated in JFY 2012. The Country Assistance Plan reviewed the significance of economic cooperation to Pakistan, analyzed Pakistan's development issues and development targets, and indicated that the aims of Japanese economic cooperation to Pakistan are the assistance goal "construction and development of a sustainable society," the three directions of the assistance strategy, and the priority issues for economic cooperation. After reviewing the significance of assistance, the Country Assistance Policy indicates that the basic policy of assistance (primary goal) is to build a stable and sustainable society through economic growth, and that the priority areas (mid-level goals) are improving the economic infrastructure, assuring human security and improving the social infrastructure, and stability and balanced development of areas including border regions.

Assistance to Pakistan was previously evaluated in JFY 2003, so this evaluation has focused on the period since JFY 2004 to determine trends in the track record of assistance since then. In addition to the analysis of aid, the scope of analysis also covers cooperation in activities with other donors, including the Pakistan Donors Conference and the Meetings of the Friends of Democratic Pakistan which Japan hosted in Tokyo in April 2009, and the Polio Eradication Plan, a ODA loan project based on an innovative public-private partnership by Japan in coordination with the Bill and Melinda Gates Foundation. In addition, the scope of the evaluation includes support to NGOs, Grant Assistance for Grassroots Human Security projects, and other small-scale projects.

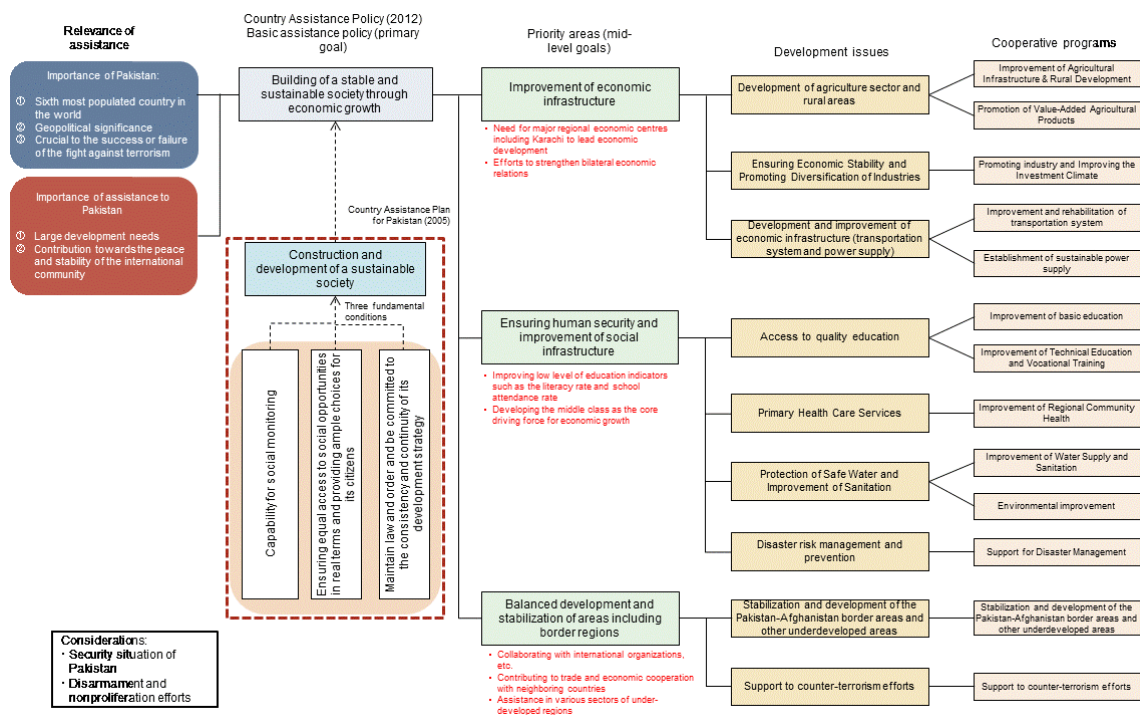
In this scope of evaluation, full consideration is given to gender balance as a cross-sectoral perspective which is considered to be important in the evaluation of ODA to Pakistan.

1-3 Methods of the Evaluation

1-3-1 Analytical methods of the evaluation

The following is an objective framework developed on the basis of MOFA's Country Assistance Plan to Pakistan (February 2005) and Country Assistance Policy to the Islamic Republic of Pakistan (formulated in April 2012).

Because the Country Assistance Policy follows the basic policies of assistance, priority areas, and development issues of the Country Assistance Plan, the Country Assistance Policy is given the central role in this evaluation, while reference is also given to the Country Assistance Plan.



Source: Based on MOFA's Country Assistance Plan to Pakistan (February 2005) and Country Assistance Policy to the Islamic Republic of Pakistan (formulated in April 2012).

Fig. 1-2 Objective Framework of ODA policy to Pakistan based on the Country Assistance Policy

1-3-2 Evaluation framework

In this evaluation, recommendations are derived from a comprehensive evaluation of Japan's ODA policies to Pakistan from the standpoints of the Relevance of Policies (consistency with the development needs of the recipient country, Japan's high-level ODA policies, and international priority issues, the relationship with other donors, and the comparative advantages of Japan), the Effectiveness of Results (past input and

output and estimated impacts), the Appropriateness of Processes (involvement and approach to specific issues, continuous efforts to grasp the recipient country's needs, the movements of the ODA Task Force and ODA project implementation system in Japan, the situation of ODA implementation, coordination with other donors, and public-relations), and diplomatic viewpoints (diplomatic importance and diplomatic impacts). To help improve the quality, this evaluation also reflects the contents of the Review of Japan's ODA evaluations from FY 2003 to 2013, which was performed in JFY 2009, to the extent possible.

The framework described above is presented in the table 1-1 below.

Table 1-1 Evaluation Framework

Scope of evaluation: Policies on ODA to Pakistan (since JFY 2004)		
Perspective of evaluation	Criteria	Indices and content of evaluation
1. Relevance of Policies	1.1 Consistency with Development Needs in Pakistan	<ul style="list-style-type: none"> Consistency with Pakistan's development plans, including the Pakistan Millennium Development Goals Report 2013, Five-Year Development Plan 2013-2018, and PRSP-II, as well as the long-term national development policies, Vision 2030 and Vision 2025
	1.2 Consistency with High-level Policies of Japan	<ul style="list-style-type: none"> Consistency with the Country Assistance Policy, ODA Charter, and Medium-Term Policy on ODA
	1.3 Consistency with International Priority Issues	<ul style="list-style-type: none"> Consistency with international development issues including the MDGs, global issues, and other development issues, prevention of disputes in terrorism, and peace-building
	1.4 Relationship with Other Donors	<ul style="list-style-type: none"> Consistency with assistance policies to Pakistan among other donors and aid coordination mechanisms
	1.5 Comparative Advantages of Japan	<ul style="list-style-type: none"> Has assistance been implemented with an awareness of the characteristics and comparative advantages of Japanese assistance? Has assistance made use of the achievements of conferences based on Japanese initiatives, such as the Meetings of the Friends of Democratic Pakistan and the New Strategy to Counter the Threat of Terrorism?
2. Effectiveness of Results	2.1 Past Input	<ul style="list-style-type: none"> Track record of Japan's past assistance to Pakistan: Monetary amounts, numbers of projects, and areas in each aid modality (ODA loans, grant aid, and technical cooperation)
	2.2 Past Output	<ul style="list-style-type: none"> Direct effects of Japanese assistance to Pakistan (number of beneficiaries, etc.)

Scope of evaluation: Policies on ODA to Pakistan (since JFY 2004)		
Perspective of evaluation	Criteria	Indices and content of evaluation
3. Appropriateness of Processes	3.1 Involvement and Approach to Specific Issues	<ul style="list-style-type: none"> • How has Japan handled its involvement and approach to the three priority areas indicated in the Country Assistance Policy for Pakistan?
	3.2 Continuous Determination of the Recipient's Needs	<ul style="list-style-type: none"> • Has Japan engaged in continuous efforts to grasp the recipient's needs through consultations concerning assistance policy formation with the Government of Pakistan, implementing agencies, and other donors including NGOs and the private sector, international institutions, etc.?
	3.3 ODA Task Force and Implementation System in Japan	<ul style="list-style-type: none"> • Has an implementation system been established with the Pakistan-based ODA Task Force, MOFA, and implementing agencies? • At the stages of formulation and implementation, has there been appropriate coordination among the relevant Japanese ministries and between the government and implementing agencies?
	3.4 Determining the Situation of Implementation	<ul style="list-style-type: none"> • Has there been a process of periodically determining and evaluating the situation of implementation of policies in actual assistance projects and providing feedback?
	3.5 Aid Coordination with Other Donors, etc.	<ul style="list-style-type: none"> • Has there been appropriate aid coordination with other donors, NGOs, and private organizations, etc.?
	3.6 Public Relations	<ul style="list-style-type: none"> • Have public relations activities been performed appropriately and effectively?
4. Diplomatic Viewpoints	4.1 Diplomatic Importance	<ul style="list-style-type: none"> • Importance for diplomatic relations with the Government of Pakistan • Economic importance of Pakistan for Japan • Importance of the Af-Pak region based on Japan's diplomatic principles (international peace and prosperity) • Importance of assistance in relation to the above
	4.2 Diplomatic Impacts	<ul style="list-style-type: none"> • Effects on bilateral diplomatic relations • Impacts in promoting friendly relations and increasing positive perceptions of Japan • Effects on developing common principles at international conferences, etc. and building support for Japan's positions • Impacts on regional stability, sustainable development in the region, etc. • Improved presence in international initiatives and the international community

1-3-3 Evaluation implementation system

Takashi Kurosaki, Professor of Economics at Hitotsubashi University, served as chief evaluator, and Hisaya Oda, Professor of Policy Science at Ritsumeikan University, served as an advisor. Professor Kurosaki specializes in development economics and Asian economics, and has published many works including *Economic Analysis of Poverty and Vulnerability* (Keiso Shobo, 2009), *Contemporary Pakistan: People, Nation, and State* (Iwanami Shoten, 2004), and *Development Economics: Approach towards Poverty Reduction* (Nihon Hyoron Sha, 2003). He has also worked on a past ODA evaluation, serving as a supervisor in MOFA's JFY 2003 Country Assistance Evaluation of Pakistan; and he is knowledgeable concerning impact assessment at the project level, having served as a member of the study committee on the Development of Methods for the Systematic Impact Analysis of JICA projects (fiscal 2009) under the JICA Research Institute.

Hisaya Oda, Professor of Policy Science of Ritsumeikan University, specializes in development economics and South Asia regional studies, and has published many works including *Internal Labor Migration in Pakistan* (Hisaya Oda ed., Institute of Developing Economies, 2005), *Sixty Chapters on Pakistan* (Akashi Shoten, 2003), and *Afghanistan and Pakistan: A Crisis of National Existence?* (Institute of Developing Economies, 2001). He has performed research projects on subjects including the potential for Japanese assistance aimed at improving added value in Pakistan's manufacturing industry, and the effects of remittances from Pakistani migrant workers abroad on the economy of Pakistan. In addition to empirical studies of development issues in South Asia, he has been actively involved in surveys and policy recommendations on subjects including Japanese assistance to Pakistan. He has also performed evaluations and analyses, etc. concerning Vision 2030, Pakistan's long-term development plan, and is knowledgeable concerning the development policies of Pakistan.

The Mitsubishi Research Institute, Inc. has assigned researchers having experience in ODA evaluation at the International Policy & Business Center and in survey research in Pakistan to serve as team members.

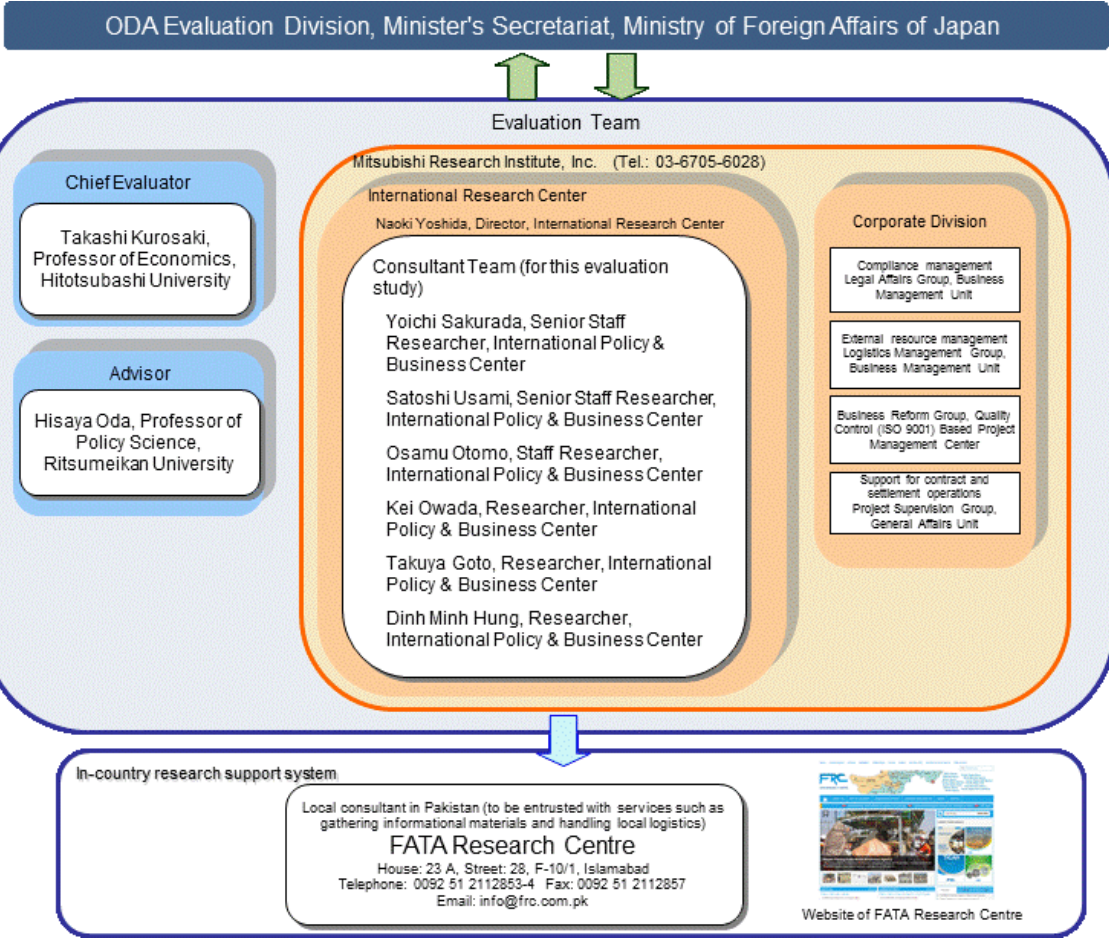


Fig. 1-1 Implementation system of this evaluation

Chapter 2 Evaluation Results

In this chapter, results of the evaluation on Japanese assistance to Pakistan are discussed from the following four perspectives: Relevance of Policies, Appropriateness of Processes, Effectiveness of Results, and diplomatic viewpoints.

2-1 Relevance of Policies

The Evaluation Team has evaluated the Country Assistance Policy for the Relevance of Policies in light of the policies, plans, and issues set forth in Pakistan's national development plans and long-term national development policies, Japan's high-level ODA policies, and international priority issues.

With regard to Pakistan's high-level policies, the Evaluation Team evaluated the consistency and relevance of the Country Assistance Policy with regard to the policies of five national development plans, namely the Poverty Reduction Strategy Paper (PRSP-II), the Medium Term Development Framework (MTDF 2005-2010), the Pakistan Millennium Development Goals, and the long-term national development policies that are Vision 2030 and Vision 2025, as indicated in Chapter 2, section 2.3. In this evaluation, we performed a literature review to determine the basic policies of Pakistan's national development plans in each area, and then evaluated the consistency and relevance of the three key areas of the Country Assistance Policy based on the literature review.

With regard to Japan's high-level ODA policies, the Evaluation Team evaluated the consistency and relevance of the Country Assistance Policy with regard to the new ODA Charter (approved by the Cabinet meeting on August 2003) and the new Medium-Term Policy on ODA (approved by the Cabinet meeting on February 2005), as indicated in Chapter 2, section 2.6. In this evaluation, the Evaluation Team performed a literature review to determine the respective purposes, principles, basic policies, and key areas, and then evaluated the consistency and relevance of the Country Assistance Policy based on the literature review.

With regard to international priority issues, the Evaluation Team evaluated the consistency and relevance of the Country Assistance Policy with regard to (1) pursuing the Millennium Development Goals (MDGs), (2) addressing global issues and other development issues, and (3) providing assistance and building peace in disputed and border regions. In this evaluation, the Evaluation Team performed a literature review to determine the specific items and measures of the international priority issues, and then evaluated the consistency and relevance of the Country Assistance Policy based on the literature from the standpoint of whether the three priority areas of the Country Assistance Policy cover each of the priority issues. The evaluation results are summarized in the table below.

Table 2-1 Summary of the Policy Relevance Evaluation

Rating evaluation concerning the relevance of policies	
Consistency with development needs of the recipient country	The Country Assistance Policy is fully based on Pakistan's five major development plans (PRSP-II, MTFD 2005-2010, Pakistan MDGs, Vision 2030, and Vision 2025), ensuring consistency with the development needs of the recipient country.
Consistency with high-level ODA policies of Japan	The Country Assistance Policy is fully consistent with Japan's high-level ODA policies (the new ODA Charter and the new Medium-Term ODA Policy).
Consistency with international priority issues	The three key areas of the Country Assistance Policy are consistent and in agreement with the international priority issues ((1) pursuing the MDGs, (2) addressing global issues and other development issues, and (3) providing assistance and building peace in disputed and border regions), which are also stated in the new ODA Charter and the new Medium-Term ODA Policy.
Strategic selectivity (choices and focus)	The three priority areas of the Country Assistance Policy are based on and consistent with strategic selectivity.
Aid Coordination and complementary relationship with assistance by other donors	Japanese assistance shows an appropriate level of support and consistency with other donors and includes many aid projects based on aid coordination with other donors, such as joint financing with the World Bank and ADB in the electric power sector, grant aid in coordination with UNICEF in the areas of disaster risk reduction and polio vaccination, joint financing with the World Bank in ODA loans for polio vaccination, and collaboration with UNDP in assistance to border regions.
Japan's relative advantages	Japanese assistance to Pakistan shows comparative advantages in assistance that combines the three aid schemes of ODA loans, grant aid, and technical cooperation, and in the areas of electric power, health, and disaster risk reduction.

2-2 Effectiveness of Results

With regard to the Effectiveness of Results of cooperative projects implemented from 2004 to 2013, the Evaluation Team evaluated the numbers of implemented cooperative projects corresponding to input assistance and the effects of cooperative project implementation in terms of output and outcomes.

In section 2.6 of Chapter 2, the Evaluation Team listed the number of cooperative projects implemented by Japanese assistance to Pakistan and their content, by aid scheme, in each of the three priority areas of the Country Assistance Policy. Here, the Evaluation Team has evaluated the implementation conditions of these cooperative projects on that basis. Our list of cooperative projects in section 2.6 was compiled on the basis of relevant literature and information available from the websites of MOFA and JICA, as well as information from literature reviews and those websites.

Concerning the results of implementation of cooperative projects, the Evaluation Team evaluated the number of people who benefited from the effects of assistance, the level of performance of the improved infrastructure, and the degree of satisfaction among residents of recipient communities, based on information that the Evaluation Team collected through interviews in our in-country research with the Embassy of Japan, the JICA Pakistan Office, central government agencies in Pakistan, implementing agencies at project sites, and other donors.

The Evaluation Team has summarized the evaluation results for each of the three priority areas of the Country Assistance Policy according to the track record of assistance and the effects of assistance. The following table shows the results of the evaluation with regard to the Effectiveness of Results.

Table 2-2 Summary of the Evaluation Concerning Effectiveness of Results

Area		Rating evaluation concerning effectiveness of results
Improvement of economic infrastructure	Development of agriculture sector and rural areas	Assistance centered on agricultural infrastructure (irrigation, etc.) has been effective to some extent in the growth of the agricultural sector in Pakistan.
	Ensuring economic stabilization and promoting diversification of industries	Assistance in human resource development and the dispatch of advisers has been effective to some extent in improving the business environment in Pakistan.
	Development and improvement of economic infrastructure (transportation system and power supply)	Assistance in improving road infrastructure and electric power infrastructure has contributed to economic activity in Pakistan. Increases in electric power generation capacity have had a particularly large impact.
Ensuring human security and improvement of social infrastructure	Access to quality education	Assistance in primary education and technical education has produced some results at the project level and has been somewhat effective, but it may be necessary to take a high-level policy approach in order to increase the impact.
	Primary Health Care Services	Assistance in the area of health has been effective and is also highly appreciated by the Pakistan side. Japan has steadily supported functional expansion in children's hospitals. For measures in polio vaccination, in addition to a long history of grant aid, Japan has become involved in ODA loans in recent years (including aid coordination with the Gates Foundation).
	Provision of safe water and improvement of sanitation	Assistance in this area has been effective. Public water and sewer systems have been improved with Japanese assistance, improving the water environment.

Area		Rating evaluation concerning effectiveness of results
	Disaster risk management and prevention	Although the effects may not be clearly visible, assistance in this area are assumed to be quite effective since Pakistan is subject to many natural disasters such as floods and earthquakes.
Balanced development and stabilization of areas including border regions	Stabilization and development of the Pakistan-Afghanistan border areas and other underdeveloped areas	Although some effects have been seen at the project level through NGOs, the outcomes and impact of Japanese assistance in border regions, etc. have been limited due to the situation of security, etc.
	Support to counter-terrorism efforts	The effects of assistance have been limited in terms of direct outcomes and impact.

Box: Grant Aid: The Project for Strengthening of DAE Mechanical & Architecture Department in GCT Railway Road of Punjab Province(Lahore)

■ Implementing organization: Government College Of Technology, Railway Road, Lahore

■ Date of visit: November 26, 2014

The evaluation team interviewed the principal about the school.

- The principal highly appreciated this project. He is satisfied with regard to the current performance and future sustainability, and expressed the wish that this project would be expanded into other regions as well. He indicated that the University's acceptance of female students was an important achievement. Some women are now becoming employed or obtaining higher education, and there are adequate personnel to continue this project under JICA's supervision. JICA is focusing on hiring more women and working to increase opportunities for the employment of women, and this is a source of motivation for women to enter the school. The principal told the Evaluation Team stories of three female students. One has found a job with a monthly income of 8,000 rupees, and another is able to earn an income of 15,000 to 20,000 rupees.
- The school's male to female ratio is 60:40, and there are a total of 100 students in three grades. The female students show greater discipline in their behavior and earn better results on exams. Five male instructors and five female teachers work at the school, and they are all licensed instructors. One of them has holds a master's degree. The other secondary schools also teach architecture as well, but this school is particularly popular. Because all of the graduates proved themselves outstanding, and people know that the school is supported by JICA. Many students at other schools are envious of the school. There are many applicants to the school, but only about 25% pass the entrance exam.

- Last, the principal asked about support from Japan for technical education. In the past, many students had white-collar aspirations and hoped to become lawyers or the like, but technical professions currently have higher status. He indicated that it would be extremely beneficial for the future of Pakistan if cooperation could be obtained from the Japanese government in the area of technical education for the younger generation.



Students in uniform for classes



Greeting college officials at the entrance

Box: ODA loan: Irrigation system improvement project, Punjab Province

■ Implementing organization: Punjab Irrigation System Improvement Project

■ Date of visit: November 25, 2014

The evaluation team interviewed the chief engineer of the Irrigation Department about this project.

- The purpose of the Punjab Irrigation System Improvement Project (PISIP) is to introduce appropriate and reliable irrigation facilities to this region. Punjab Province has the world's largest canal irrigation system, and this project benefits three of the five irrigation zones of Punjab. Japan provides assistance for 30% of all the canals in Punjab. The Asian Development Bank only provides assistance for 5% of the canals, and its projects are limited to a portion of Lahore. Though World Bank targets assistance to other areas, Japan is the largest donor with regard to irrigation. From September 2009 to June 2014, Japan issued ODA loans totaling 11.534 billion rupees. With regard to projects with technical support from JICA, a broader geographical area is covered by assistance from the Japanese government than from the Asian Development Bank.
- One characteristic of this project is that the residents themselves formed an organization to operate and manage the project. First, 190 farmers' organizations that had received farming startup assistance were selected. Each of these farmers' organizations is composed of nine constituent members and five objective members. Their role is to administer canal systems and control water allocation within the province. Each farmers' organization has its own office. The higher-level

organization is the Area Water Board. One farmer is selected to serve as a representative at each level. Faisalabad has completed its farmers' organizations. From top down, the organizational levels are the Area Water Board, the farmers' organizations, and water users' associations (Khal Panchayats).

- The Asian Development Bank is also engaged in canal rehabilitation projects. Four of the five irrigation zones receive assistance from JICA supported projects, and the remaining zone receives assistance from the Asian Development Bank. The Irrigation and Power Departments and JICA hold frequent meetings with each other, and they are in closer communication to coordinate the timeline of project implementation.



Irrigation system built with Japanese assistance



Officials explaining the utilization situation of the irrigation system



Village children participate in a project to promote non-formal education in Punjab Province based on technical cooperation.

2-3 Appropriateness of Processes

The Evaluation Team evaluated the Appropriateness of Processes with regard to the appropriateness of ODA policy formulation processes, the implementation and monitoring of cooperative projects, public relations, and the implementation system.

To evaluate the processes of ODA policy formulation, the Evaluation Team checked the policy formulation mechanisms based on information from the websites of MOFA, and conducted interviews with the Embassy of Japan to determine the processes of policy formulation within Pakistan.

To evaluate the implementation and monitoring process of cooperative projects, the Evaluation Team examined the mechanisms using information from the websites of MOFA and JICA, and conducted interviews with NGOs in Pakistan and government agencies of Pakistan to analyze the situation on the ground.

To evaluate functions of public relations and implementation system, the Evaluation Team conducted interviews with the Embassy of Japan and the JICA Pakistan Office concerning the institutional situation in Pakistan and the appropriateness of its measures. The results of this evaluation are as follows.

Table 2-3 Summary of the Evaluation Concerning Appropriateness of Processes

Rating evaluation concerning appropriateness of processes	
Appropriateness of processes for formulating assistance policy and cooperative projects	There is adequate cooperation among MOFA, the Embassy of Japan, and the JICA Pakistan Office.
Formulation based on adequate information and analysis on the Japan side	There is adequate information sharing and analysis among MOFA, the Embassy of Japan, and JICA.
Cooperation with the government of Pakistan and local implementing agencies	The Embassy of Japan and JICA share views and information adequately with the Government of Pakistan at an annual policy consultation, as well as opportunities for unofficial information sharing. In addition, JICA and the local implementing agencies share information and exchange views, and the results are reported to the embassy.
Strengthening local functions in the policy decision and implementation processes (functions performed by the ODA Task Force)	The Embassy of Japan and JICA use the monthly ODA Task Force meetings for sharing various types of relevant information, including the formulation of the Country Assistance Policy.

Rating evaluation concerning appropriateness of processes	
Appropriateness of assistance implementation processes	Assistance is implemented with an eye to close collaboration with MOFA and JICA Headquarters in Tokyo, the Embassy of Japan in Pakistan, and the JICA Pakistan Office, as well as cooperation with the aid acceptance agency of the Government of Pakistan and other donors; and is based on appropriate processes.
Assistance implementation system (personnel, organization, and procedures)	The number of personnel and assignment of human resources is appropriate, and an appropriate organizational system has been constructed for implementation.
Entities in the recipient country	The EAD functions as the contact point for aid acceptance on the Pakistan side, though it does not have a high level of initiative. However, initiative is demonstrated by the Ministry of Planning, Development and Reforms, which formulates Pakistan's long-term vision statements.
Coordination among schemes	Japanese assistance shows relative advantages in coordination among schemes, with combinations of ODA loans, grant aid, and technical cooperation.

2-4 Diplomatic Viewpoints

2-4-1 Diplomatic Importance

(1) Importance of the diplomatic relationship between Japan and Pakistan

President Zardari of Pakistan visited Japan in February 2011, and a joint statement was issued by Japan and Pakistan. In that statement, President Zardari presented the following two points concerning Japanese assistance: (1) Japan is a key partner in promoting trade, investment, and development in Pakistan; and (2) Japan plays a role in ensuring peace, stability, and prosperity in the greater Asia Pacific region, particularly in its efforts to promote stability and development in Afghanistan.

Recognizing the vital importance of the stability and development of Afghanistan for regional stability, the two leaders stated that both governments will continue to provide support to Afghanistan, reaffirmed their firm condemnation of terrorism in all its forms and manifestations, and resolved to strengthen their efforts to reduce the threat of terrorism.

President Zardari expressed the gratitude of the government and people of Pakistan for the generous assistance provided by the Japanese government for socioeconomic development for more than 50 years, as well as its support for Pakistan's relief and early recovery efforts in the aftermath of the recent severe flooding which caused enormous losses of lives, property, and infrastructure in Pakistan. The government of Pakistan continues to uphold its commitment to the effective utilization of Japanese assistance for the benefit of the people of Pakistan. The two leaders recognized the importance of sharing experiences and taking action in relation to disaster risk reduction.

In response, Japanese Prime Minister Naoto Kan stated that the Japanese government will continue to support Pakistan's efforts in the areas of electric power, water resource management and administration, and infrastructure development.

An earlier joint statement by Japan and Pakistan was issued in Islamabad in April 2005, reaffirming the importance of a close cooperative relationship between Japan and Pakistan.

This event indicates that Japanese assistance to Pakistan is valued at the highest level in both countries, and there is a shared recognition of the importance of further strengthening the diplomatic relationship between the two countries. Japan's past assistance to Pakistan has formed the foundation of the solid diplomatic relationship between the two countries.

2-4-2 Diplomatic Impacts

(1) Effects on bilateral relations

Japan was the top donor to Pakistan in the 1990s, but the monetary amount of Japanese assistance has been declining since 2008, leading to a reduced presence in comparison to that of other countries such as the United States and China. However, Pakistan is still enjoying the ongoing effects of large-scale projects built with Japanese assistance in the 1990s (hydroelectric power, road infrastructure, etc.), and as a result, the Government of Pakistan continues to recognize the value of Japanese assistance.

(2) Common principles of the international community

The common principles of the international community, as discussed in section 3.1.3, are that an immediate and coordinated response by the international community is needed with regard to the Millennium Development Goals (eradicate poverty and hunger, achieve universal primary education, eliminating infectious diseases, combat HIV/AIDs, malaria and other diseases, ensuring environmental sustainability, etc.), addressing global issues and other development issues, and providing assistance and peacebuilding in the disputed border regions.

These common principles of the international community are shared in the new ODA Charter and the new Medium-Term ODA Policy, and are expressed in the formulation of specific assistance measures in the three priority areas of the Country Assistance Policy (improvement of economic infrastructure, ensuring human security and improvement of social infrastructure, and balanced development and stabilization of areas including border regions). With regard to providing assistance and peacebuilding in the disputed border regions, the importance of Japanese assistance to border regions was declared to the international community in the September 2009 the Meeting of Friends of Democratic Pakistan and the November 2009 New Strategy to Counter the Threat of Terrorism, and assistance to border regions was presented along with specific monetary amounts of aid.

(3) Strengthening economic relations

One of the seven policy pillars set forth in Vision 2025 is growth led by the private sector and entrepreneurship. In support of this goal, Japan has sent JICA experts to the Pakistan Board of Investment and the Trade Development Authority of Pakistan (TDAP) and established contact points to gather the views of private businesses. In a newly launched technology transfer project to support the automotive parts manufacturing industry improving the quality of parts, Japanese carmakers that have a presence in Pakistan had opportunities to input these views into the plan at the project formulation stage. This is an example of the development of assistance activities with an awareness of public-private partnerships.

Chapter 3 Recommendations

3-1 Recommendations Concerning Policy Relevance

Recommendation [1] : ODA policies with more emphasis of the comparative advantages of Japanese assistance

As seen in the evaluation results, Japan's policies on assistance to Pakistan are already in accordance with the Country Assistance Policy, and also show full agreement with the main development plans of the Government of Pakistan, namely PRSP-II, MTFD 2005-2010, Pakistan MDGs, Vision 2030, and Vision 2025. In the future, it will be important to continue assistance based on the medium and long-term development plans of Japan and Pakistan. Japan's aid is characterized with various instruments including ODA loans, grant aid, and technical cooperation, with careful attention to human resource development and thorough long-term support. The monetary amount of Japanese assistance has been declining since 2008, leading to a reduced presence in comparison to that of other countries such as the United States and China, but the Pakistan side still highly appreciates and strongly welcomes high quality Japanese assistance including grant aid and technical cooperation. Therefore, Japan should continue to maintain basic principles of ODA policies that give consideration to further enhancement of quality of assistance.

Although the economy of Pakistan is beset by severe short-term problems of energy and security, the key factor on the medium to long term will be the development and enhancement of human capital, which is Pakistan's greatest resource. The importance of medium to long-term perspectives is another reason why it is necessary to continue to provide and expand assistance with consideration for thorough qualitative improvement in human resource development. Specifically, this could include technical cooperation in areas where Japanese assistance has shown a comparative advantage, such as the sectors of power, health and medical care, disaster risk reduction, and development of human resources with technical skills, including vocational training.

3-2 Recommendations Concerning Effectiveness of Results

Recommendation [2] : Continuing assistance with a greater sense of selectivity, based on the priority areas of the Country Assistance Policy

In Japanese assistance to Pakistan up to the present, the following are the measures in each of the priority areas of the Country Assistance Policy that have reflected the strengths of Japan and have been appreciated by the Pakistan side.

- (1) Priority area "improvement of economic infrastructure": Support for the development of hydroelectric power infrastructure and for the development of highway infrastructure including the Indus Highway, and assistance through program loans in cooperation with the World Bank and ADB.

- (2) Priority area of “ensuring human security and improvement of social infrastructure,” : Assistance for the development of water supply infrastructure, and in the areas of technical education, non-formal education, health including polio vaccination, and disaster risk reduction.
- (3) Priority area “balanced development and stabilization of areas including border regions,”: Although direct assistance from Japan is limited in the area of security issues, there have been many cooperative projects in the priority areas of peacebuilding, education, water supply, and health and medical care.

With the aim of improving the effectiveness of results in Japanese assistance to Pakistan in the future, amid the trend toward reduced aid budgets, it would be effective to focus the content of support on sectors and aid schemes where Japan has a track record of past assistance, with a greater emphasis on the three priority areas stated in the Country Assistance Policy.

Recommendation [3] : Continuing assistance that contributes to the stability and balanced development of areas including border regions, but focus on regions and areas where assistance is feasible

With regard to assistance that contributes to the stability and balanced development of border regions, although there are limitations on direct assistance by Japan, many assistance projects have been implemented in the areas of peacebuilding, education, water supply, and health. This includes projects financed by Japan to Pakistan which was announced when the New Strategy to Counter the Threat of Terrorism was issued by the Japanese government in November 2009.

With regard to assistance that contributes to the stability and balanced development in areas including border regions in the future, it is appropriate to continue assistance with greater selectivity in terms of regions and areas, in order to maximize effectiveness in the midst of practical limitations. Japan also needs to express the significance and importance of such assistance. Specifically, based on the three priority areas of the Country Assistance Policy, this could include a greater emphasis on cooperative projects in areas such as agriculture, vocational training, and health, where Japanese assistance has shown comparative advantages up to the present time with regard to support for border regions in Pakistan.

3-3 Recommendations Concerning Appropriateness of Processes

Recommendation [4] : Speeding up and simplifying the process of decision making and selection process for assistance to Pakistan

In order to provide the timely assistance that Pakistan expects from Japan, every effort should be made to achieve greater efficiency and faster decision-making in the procedures related to determining the specific content of assistance and the selection of cooperative projects. Meanwhile, it is also important to seek the cooperation and

understanding of the Pakistan side in order to promote more timely assistance. Japan holds an annual policy consultation with the government of Pakistan, followed by a survey of requests, and project selection is based on the requests expressed by the federal government ministries and provincial governments in that process. However, in 2013, the Government of Pakistan failed to compile its requests on time, and then requested 50 projects after the deadline. In response to this situation, the Japan side moved earlier to set a date for the 2014 consultations with the Economic Affairs Division and provincial governments, and is attempting to perform project selection more quickly. It will continue to be important for the two countries to improve the processes related to determining the content of assistance and selection of cooperative projects.

Recommendation [5] : Promoting active coordination with other donors in the sectors and issues which Japan focused

The Multi-Donor Trust Fund (MDTF) is one of the tools for cooperation by multiple donors in the implementation of assistance. The World Bank and other donors have invited Japan to participate in MDTF, but Japan's view is that there are limits to the usefulness of MDTF in light of the development goals which Japan focused (see Chapter 3, Section 3.1.4).

In terms of cost effectiveness and maintaining presence of Japanese assistance, it is desirable for Japan to engage in donor coordination in areas where Japan already has a good track record, such as joint financing with the World Bank and ADB in the electric power sector, joint financing with the World Bank in the area of polio vaccination, and grant aid coordination with UNICEF.

3-4 Classification of Recommendations and Implementation of Recommendations

The table below summarizes the content of the above recommendations, along with the institutions involved, the time frames, and the respective levels of importance.

The first recommendation (ODA policies with more emphasis of the comparative advantages of Japanese assistance) is a recommendation concerning the relevance of policies, and it should be primarily addressed by MOFA, which currently plays the central role in formulating ODA policies. Although this is an important recommendation, it is realistic to pursue this as a medium-term goal, because many entities are involved and coordination takes time.

The second recommendation (continuing assistance with a greater sense of “selection and concentration”, based on the priority areas of the Country Assistance Policy) is a recommendation to ensure greater effectiveness in the results of assistance. It calls for policy formation and implementation with greater selectivity on the areas where Japanese assistance to Pakistan has had comparative advantages up to the present time, based on the three priority areas stated in the Country Assistance Policy. The implementation of this recommendation will require coordination with

government agencies in the recipient country and cooperation by the Embassy of Japan in the recipient country, in addition to MOFA. Since this is also an important recommendation, and is basically an ongoing effort based on the past track record, it should be pursued as a short-term goal.

The third recommendation (continuing assistance that contributes to the stability and balanced development of border regions, etc., focusing on regions and areas where assistance is feasible) is also a recommendation to ensure greater effectiveness in the results of assistance. Its focus is on assistance for Pakistan's border regions. The central role should be played by the aid implementation agency, JICA (both JICA Headquarters and the JICA Pakistan office), because assistance must be based on an accurate determination of the security situation of border regions. The Embassy of Japan in Pakistan will also need to be involved in cases using schemes such as Grant Assistance for Japanese NGO Projects. This is considered a medium-term goal because the border region situation makes it difficult to provide assistance in line with this recommendation.

The fourth recommendation (speeding up and simplifying the process of determining the specific content of assistance to Pakistan and selecting cooperative projects) is a recommendation concerning the Appropriateness of Processes. Considering the importance of the Japan side coordination, the central role in implementing this recommendation should be played by the Embassy of Japan, MOFA, and the JICA Pakistan Office. Efforts related to this recommendation have already begun in recent years and it can be implemented rapidly, so this should be pursued as a short-term goal.

The fifth recommendation (promoting active coordination with other donors in the sectors and issues emphasized by Japan) is also a recommendation concerning the Appropriateness of Processes. It should basically be implemented at the local level, with the central role played by the Embassy of Japan and the JICA Pakistan Office. Considering that the implementation entity would represent a further strengthening of an existing partnership, it can be formed rapidly; and this recommendation has a relatively high level of significance because of the importance of coordination with other donors and international organizations. Therefore, it should be pursued as a short-term goal.

Table 3-1 List of Recommendations with Priority Levels and Recommended Implementing Organizations

	Recommendation	Implementing organization				Time frame	Importance
		In Japan		In Pakistan			
		Embassy of Japan	JICA Headquarters	Embassy of Japan	JICA Pakistan Office		
Recommendations concerning policy relevance	(1) ODA policies with more emphasis of the comparative advantages of Japanese assistance	○				Medium-term	○
Recommendations concerning effectiveness of results	(2) Continuing assistance with a greater sense of selectivity, based on the priority areas of the Country Assistance Policy	○		○		Short-term	○
	(3) Continuing assistance that contributes to the stability and balanced development of areas including border regions, but focus on regions and areas where assistance is feasible		○	○	○	Medium-term	
Recommendations concerning appropriateness of processes	(4) Speeding up and simplifying the process of decision making and selection process for assistance to Pakistan	○	○	○	○	Short-term	
	(5) Promoting active coordination with other donors in the sectors and issues which Japan focused			○	○	Short-term	○