Democratic Socialist Republic of Sri Lanka

Ex-Post Evaluation of Japanese ODA Loan Project

"Sri Lanka Tsunami Affected Area Recovery and Takeoff Project"

External Evaluator: Yumiko Onishi, IC Net Limited

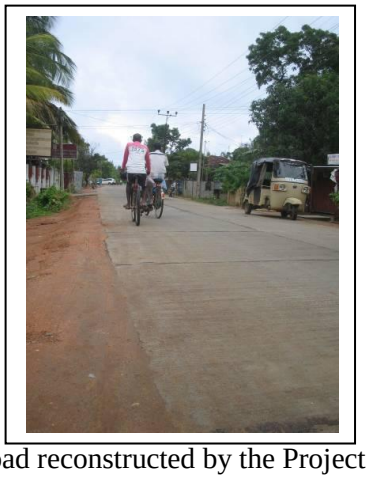
0. Summary

The objective of the Sri Lanka Tsunami Affected Area Recovery and Takeoff Project (hereinafter referred to as the "Project") is to secure essential utilities in the areas affected by the tsunami of December 2004 and to obtain investment for small business firms in the areas by supporting rehabilitation and reconstruction of small-scale infrastructures and providing financial assistance to small businesses including the fisheries and tourism sectors. The Project is consistent with the development plan and needs of Sri Lanka after the tsunami and is in line with the ODA policy of Japan. Small-scale infrastructures reconstructed by the Project are similar to or better than those before the tsunami while the lives of more than half the project beneficiaries have recovered to the same level as before the tsunami or have become better than the pre-tsunami level. Some benefits are seen such as some households that had no access to water supply and power before the tsunami gained access to them through the Project. In the Small Business Revival Program, while the non-performing loan ratios of the beneficiary firms are below the target, it is confirmed that the loans from the Project have helped rebuild the businesses. The effectiveness and impact of the Project are high because the Project has contributed to improving the livelihood of the tsunami-affected population and the economic recovery of the affected areas. The efficiency of the Project is fair because, although the project cost was as planned, there was a substantial delay in the implementation period of the Infrastructure Rehabilitation Program. In general, no major problems have been observed in the institutional and technical aspects of the operation and maintenance system. However, there are minor issues in the financial aspect. Therefore, the sustainability of the Project effect is fair.

In light of the above, the Project is evaluated to be satisfactory.

1. Project Description

Project locations



Road reconstructed by the Project

1.1 Background

The earthquake and subsequent tsunami that occurred in Sumatra, Indonesia on December 26, 2004 brought damages to not only Indonesia and other Asian countries such as Sri Lanka, Thailand, Malaysia, the Maldives, and India, but also African countries like Kenya, Tanzania and Seychelles. In Sri Lanka, the tsunami caused extensive damages including the loss of the lives of more than 30,000 people.

Based on the request from the Government of Sri Lanka, three largest donors to the country, the Japan International Cooperation Agency (JICA), the World Bank, and the Asian Development Bank (ADB) conducted the Joint Needs Assessment (Phase I) from January 2005. The needs assessment survey confirmed that damage of approximately USD 1 billion occurred along the North, East and Southern coastal areas and it would require assistance of USD 1.5 to 1.6 billion in the next three years to address the damage. The survey also revealed that substantial assistance was needed for the following: construction of housing for tsunami-affected population; the private sector such as fisheries and tourism; and infrastructures such as road, water supply and sewerage, and electric power. The Sri Lankan government adopted a policy to obtain the assistance from JICA, the World Bank and the ADB preferentially for rehabilitation and reconstruction from tsunami damage. The government requested the Japanese government for an emergency ODA loan to support short-term infrastructure rehabilitation and reconstruction and emergency finance to the private sector affected by the tsunami.

1.2 Project Outline

The objective of the Project is to secure essential utilities in tsunami-affected areas and obtain investment for small business firms including the fisheries and tourism sectors in Sri Lanka by supporting rehabilitation and reconstruction of small-scale infrastructures and by providing financial assistance to small businesses, thereby contributing to the improvement of the living conditions of the people affected by the tsunami and rebuilding the regional economy.

Loan Approved Amount/ Disbursed Amount	10,006 million yen/10,006 million yen
Exchange of Notes Date/ Loan Agreement Signing Date	June 2005/June 2005
Terms and Conditions	Interest Rate 0.75% Repayment Period 40 years (Grace Period) (10 years) Conditions for Procurement: General untied
Borrower/ Executing Agency	Government of the Democratic Socialist Republic of Sri Lanka/Ministry of Finance and Planning
Final Disbursement Date	September 2008
Feasibility Studies, etc.	ADB, WB, JICA: Joint Needs Assessment I, January 2005 ADB, WB, JICA: Joint Needs Assessment II, March–April 2005
Related Projects	ODA Loan: Pro-Poor Eastern Infrastructure Development Project (L/A: 2006) Grant: Non-project grant (E/N 2005) Other donors: Tsunami Emergency Recovery Program (the World Bank), Tsunami-Affected Areas Rebuilding Project (ADB), North East Community Restoration and Development Project II (ADB)

2. Outline of the Evaluation Study

2.1 External Evaluator

Yumiko Onishi, IC Net Limited

2.2 Duration of Evaluation Study

Duration of the Study: August 2013 – December 2014

Duration of the Field Study: November 24 – December 8, 2013 and March 23 – April 3, 2014

3. Results of the Evaluation (Overall Rating: B[1])

3.1 Relevance (Rating: ③[2])

3.1.1 Relevance to the Development Plan of Sri Lanka

Based on the Joint Needs Assessment by the Sri Lankan government and international donors, the Post Tsunami Recovery Strategy was formulated at the time of the appraisal. The Strategy states that the rehabilitation and reconstruction of economic infrastructures are important in the process of recovering from tsunami damage and places particular importance to

[1] A: Highly satisfactory; B: Satisfactory; C: Partially satisfactory; D: Unsatisfactory.
[2] ③: High; ②: Fair; ①: Low.

national and provincial roads, railway, power, water supply and port. It also stresses the importance of rebuilding the livelihood for tsunami-affected people. It aims to rebuild the livelihood of about 150,000 people, 50% of whom are engaged in fisheries and 45% in tourism.

At the time of the ex-post evaluation, Sri Lanka has recovered from the tsunami damage; however, strengthening the resilience towards disaster remains as a challenge and *Unstoppable Sri Lanka 2020* stresses the importance of strengthening response to natural disaster including climate change. Moreover, infrastructure development remains as one of the priority areas in the national development policy of Sri Lanka, *Mahinda Chintana* (2010). *Mahinda Chintana* aims to provide all the people of Sri Lanka with access to safe water by the year 2020 and indicates needs for more investment in road projects for the country's economic growth. It also designates development of small and medium enterprises as strategic area for economic growth and social development. Therefore, the Project is consistent with the development plan of Sri Lanka.

3.1.2 Relevance to the Development Needs of Sri Lanka

The tsunami of December 2004 hit precisely the impoverished belt of Sri Lanka where the Northern and Eastern areas were affected by 20 years of civil war and the Southern area populated by poor Sinhalese[3]. In these areas, development was slow even before the tsunami, and their limited infrastructures were devastated by the tsunami. To secure the essential utilities of tsunami-affected people, early rehabilitation and reconstruction of infrastructures were urgently required. The tourism sector, a major means of earning foreign currency for the country, was also badly hit, and reconstruction of the sector was important for the macroeconomics of the country. Moreover, most of the affected people are engaged in fisheries, and assistance to small business firms with focus on the fisheries sector to recover their livelihood was needed.

As described in the results of the beneficiary survey in "3.2 Effectiveness," the rehabilitation and reconstruction of small-scale infrastructures were important in rebuilding the lives of the tsunami-affected people. As observed during the field survey, many people use the project infrastructures, which seem to play an important role for reconstruction of small businesses affected by the tsunami. Thus the Project is consistent with the development needs of the country.

3.1.3 Relevance to Japan's ODA Policy

In the Medium-Term Strategy for Overseas Economic Cooperation Operations of Japan, "strengthening assistance for poverty alleviation," "infrastructure development for economic growth," "action on global issues," and "regional development" are important areas of cooperation. Particularly for Sri Lanka, economic infrastructure development, industrial

[3] The percentages of the ethnic groups in the population of Sri Lanka are: Sinhalese, 75%; Tamil, 12%; Moor, 8%; and others, 5% (2012).

development and assistance towards the people living in poverty are priority areas. Thus the Project is consistent with the ODA policy of Japan.

The Project has been highly relevant to the country's development plan, development needs, as well as Japan's ODA policy. Therefore its relevance is high.

3.2 Effectiveness[4] (Rating: ③)

The Project was comprised of two programs: Infrastructure Rehabilitation Program (IRP); and Small Business Revival Program (SBRP). The IRP carried out rehabilitation and reconstruction of small-scale infrastructures in water supply, road, irrigation, power and postal service. The SBRP provided concessional loans through the Participating Financial Institutions (PFIs) to small business firms affected by the tsunami in sectors such as fisheries and tourism.

3.2.1 Quantitative Effects (Operational and Effect Indicators)

(1) IRP

In the IRP, operational and effect indicators were to be established after its inception by studying the evaluation methods and indicators. However, the operational and effect indicators were not established. It would have been ideal to take conditions before the tsunami as baseline value and establish target value with due consideration of the extent of damage and compare baseline value, conditions after the tsunami, target values, and actual values. The reason is that, when the damage from the tsunami is more extensive, it would be more difficult to recover to the original conditions. At the same time, it is presumably difficult to quantify the extent of damage and set the target immediately after the tsunami since reconstruction and rehabilitation of tsunami damages are given the highest priority. It is equally difficult to quantify the situation of tsunami damage after some time has passed. A reconstruction project needs to bring the existing infrastructure facilities and services back to the conditions before the damage. Accordingly, in this ex-post evaluation, the target value was regarded the same as the baseline in principle, and achievement was measured by comparing the actual value against the target. The achievement was calculated by the following formula: actual value/target value (same as baseline) x 100.

a) Water Supply

In the water supply project, there were baseline and target data on beneficiary population of new and reconnection services from the time of the project inception (Table 1). For the reconnection service, the actual value is much higher than the target because of the increase in water supply capacity and expansion of service coverage of the existing system. In contrast, the

[4] Rating is based on the judgment on Effectiveness plus Impact.

beneficiary population of the new service is slightly below the target; however, the total of reconnection and new services is above the target value.

Table 1: Operational and Effect Indicators of Water Supply Project

Indicator	Baseline (2004)	Target (2006: project completion)	Actual (2008: project completion)	Achievement
Beneficiary population	18,053 (reconnection) No data (new)	18,053 (reconnection) 118,772(new)	51,851 (reconnection) 101,312(new)	112%

Source: PIA

Although there are no detailed data on hours of water supply per day before and after the Project, according to the interview with the Project Implementing Agency (PIA), the overall trend has improved because, in some places it was 12 to 18 hours a day before the tsunami and became 24 hours a day after the Project. To verity the effectiveness, impact and sustainability of the Project, a beneficiary survey was conducted at the time of the ex-post evaluation[5]. Out of 200 beneficiary survey samples from the water supply project, only 121 households had access to water supply services at home before the tsunami, which is equivalent to about 60% of the sample. Owing to the Project, more people have gained access to water supply because the Project installed water supply facilities in all the households.

b) Road

In the road project, the average traffic volume, average travel time, and International Roughness Index (IRI) [6] of road sections that include the project area are used for operational and effect indicators. With regard to the average traffic volume, the road sections of the Project were selected where the data before the tsunami and after the Project were available. The data from 2004 before the tsunami were taken as baseline and target values, and the 2010 data which were the most recent data after the project completion were taken as actual values. Then, the two sets of data were compared. As shown in Table 2, the actual values are above the target. As for the average travel time, the beneficiary survey in four sub-project sites covering 200 road users indicated no difference between before the tsunami and after the Project. At the same time,

[5] For the beneficiary survey, 11 locations from sub-projects of the IRP were selected. In each location, 50 interviews (550 in total) were conducted using a questionnaire. The following sub-project sites were selected: one national road in Northern Province; one each from the water supply, national road, power and irrigation projects in Eastern Province; one water supply, two national road, one provincial road and two sites having both the water supply and power projects in Southern Province. Respondents were 61% male and 39% female while their ethnicity makeup was Sinhalese 50%, Tamil 38% and Moor 12%.

For the beneficiary survey of the SBRP, 55 beneficiary enterprises were selected from the list provided by each PFI and interviewed using a questionnaire. The types of businesses covered by the beneficiary survey were as follows: fisheries (four); tourism (five); trade (28); service (eight); manufacturing (five); and others (five). The Project covered 12 Districts; however, the beneficiary survey was conducted in six Districts.

[6] IRI is a common indicator that defines the roughness of the road. It indicates the roughness of specific areas of the selected road. The road is smoother as the index number gets smaller.

it took more than twice the time just after the tsunami to travel the same stretch of the road or using an alternative route compared to the time it took before the tsunami. As seen in traffic volume and travel time, the situation has recovered to the level before the tsunami. IRI has also been improved as a whole.

Table 2: Operational and Effect Indicators for Road Project

Indicator		Baseline (2004)	Target (2006: project completion)	Actual*	Achievement
Average traffic volume on National Highway 2 (vehicle/day)					
	Akurala Bridge	8,274	8,274	13,607	165%
	Magalla Bridge	11,913	11,913	18,545	156%
Average travel time (minutes)*		21	21	21	100%
IRI		8–9	8–9	3–6	Improved

Source: PIA and beneficiary survey
* Data based on the beneficiary survey conducted during the ex-post evaluation.
**Average traffic volume is from 2010, i.e., two years after the project completion. Average travel time is from 2013, i.e., five years after the project completion. International Roughness Index is from 2008, the year of the project completion.

c) Irrigation

In the irrigation project, irrigable area, number of beneficiary households, and average yields are used for operational and effect indicators. Because the Project restored the irrigation channels damaged by the tsunami, the target values of irrigable area and beneficiary population are the same as the baseline, i.e., the values prior to the tsunami. According to the Department of Irrigation (DOI), the actual values are the same as the target; however, in the beneficiary survey, some reported that the irrigable area expanded after the Project and the water access is expanding in new farming areas. The paddy yield at present and before the tsunami (baseline) was looked into in the beneficiary survey, and it was found that the yield increased because of the Project and other factors such as improved agricultural practices.

Table 3: Operational and Effect Indicators for Irrigation Project

Indicator	Baseline (2004)	Target (2006: project completion)	Actual (2008: project completion)	Achievement
Irrigable area (acre)	49,919	49,919	49,919	100%
Beneficiary household	14,639	14,639	14,639	100%
Average yield (kg/acre)*	1,665	1,665	1,880	113%

Source: PIA and beneficiary survey
*Data based on beneficiary survey conducted during the ex-post evaluation. The actual values are from 2013, i.e., five years after the project completion.

d) Electric power

The electric power project has restored electricity services in the tsunami-affected areas and provided new service to the permanent settlement constructed for the tsunami victims (so-called tsunami settlement). For operational and effect indicators, the number of beneficiary households and electricity coverage are used. As shown in Table 4, there are no baseline data on beneficiary households for reconnection. The target value was estimated to be 23,000 households including both reconnection and new beneficiaries[7]. The total beneficiary households of reconnection and new services are 33,000, which is above the target.

In contrast, the average electricity coverage was 50% in Eastern Province before the tsunami. Considering that the electricity coverage was expected to recover to the same level as before the tsunami through the implementation of the Project, the target is 50%, i.e., the same as the baseline. The actual value has improved to 57%, pertaining to the entire Eastern Province, including areas not covered by the Project as well.

Table 4: Operational and Effect Indicators for Electric Power Project

Indicator	Baseline (2004)	Target (2006: project completion)	Actual (2008: project completion)	Achievement
Beneficiary household	Not available	23,000	16,000 (reconnection) 17,000 (new)	144%
Electricity coverage	50%	50%	57%	114%

Source: PIA

e) Postal service

For the postal service project, the number of beneficiaries of the reconstructed post offices can be the operational and effect indicator. At the time of the appraisal, reconstruction of 56 post offices was planned; however, the plan was revised once the Project began and reconstruction of 13 post offices was implemented[8]. The total number of beneficiaries from the 13 post offices is 46,154. If the baseline value is estimated based on the average number of beneficiaries per post office, it is 600,000 as per the original plan and 46,154 for the revised plan. Achievement is 23% against the original plan from the time of the appraisal, but it becomes 100% when compared to the revised plan.

[7] The target value of beneficiary households was estimated when the details of sub-projects were finalized after the project started.

[8] For the details of the revised plan, refer to the section on Efficiency.

(2) SBRP

For the SBRP, the operational and effect indicators in Table 5 were established at the time of the appraisal. The SBRP was implemented to complement a reconstruction fund scheme for small businesses called *Susahana*, which was initiated by the Central Bank of Sri Lanka (CBSL) just after the tsunami. The SBRP fund was provided to the small business firms under the name of the *Susahana* scheme through seven PFIs[9] with the same lending conditions. For the baseline operational and effect indicators of the Project, the actual values of another ODA Loan project named "Small and Micro Industries Leader and Entrepreneur Promotion Project (SMILE) II[10]" from 2003 were used. The External Evaluator calculated the actual values of the Project by collecting data on the cumulative cash recovery rate and non-performing loan ratios from the PFIs taking into account the share of each PFI in SBRP lending. However, it is not possible for some of the PFIs to extract the data related to beneficiaries and their repayment status of only SBRP clients in their data system. In such cases, the actual value pertaining to the lending of PFI as a whole has been taken[11]. In addition, Sanasa Development Bank and Ruhuha Development Bank[12], two of the PFIs, have no data on non-performing loan ratios; therefore, their values are not included in the calculation. Hence, the actual figures indicated below do not necessarily reflect the exact performance of the SBRP.

Table 5: Operational and Effect Indicators of SBRP (Average of PFIs)

Indicator	Baseline	Target (2009: Two years after project completion)	Actual (2012)
Cumulative cash recovery rate	92%	92%	92%
Principal non-performing loanratio (ratio of non-performing sub-loans to the total amount of outstanding loans)	5.6%	5.6%	14.6%
Non-performing loan number ratio (ratio of non-performing sub-loans to the total number of loans)	3.3%	3.3%	14.9%
Beneficiary firms (Total of SBRP)	—	12,000	5,253

Source: Prepared by the External Evaluator

[9] For the list of PFIs of the Project, refer to the section on Sustainability, i.e., "3.5.1 Institutional Aspects of Operation and Maintenance."

[10] The loan agreement was made in 2001. The objectives of the project were as follows: provide low-interest loans to micro, small and medium enterprises to develop and expand their production base; improve their technical and financial management capacity; and improve the financial capacity of the participating financial institutions, thereby contributing to a balanced economic growth of Sri Lanka.

[11] Four out of the seven PFIs were unable to extract the data on the SBRP. Out of the remaining three PFIs, one was unable to extract the cumulative cash recovery rate on the SBRP and used data from PFI's total lending instead.

[12] It is now Regional Development Bank.

As indicated in Table 5, the cumulative cash recovery rate is as per the target. In contrast, the principal non-performing loan ratio and the non-performing loan number ratio have not reached the target. According to the PFIs, because the SBRP is a lending operation for small business firms that have been affected by the tsunami, repayment tends to stagnate more than other loans. Since the SBRP beneficiaries have been affected by an unexpected disaster and their repayment ability differs from the beneficiaries of SMILE II that are on the growth stage, it may be the reason why some of the operational indicators have not reached the target.

The number of beneficiary firms of the SBRP is 5,253, about 40% of the original target of 12,000. At the time of the appraisal, the average loan amount for a beneficiary was estimated to be Rs. 250,000, but the requested loan amount from the small firms were larger and the average loan per beneficiary became Rs. 570,000. In addition, the SBRP has increased the maximum loan amount for tourism-related firms from Rs. 10 million to Rs. 60 million. Only five beneficiaries have taken loans above Rs. 10 million. Nevertheless, the total number of beneficiaries became less than original target because of the larger average loan size.

Based on the interviews with 55 beneficiary firms at the time of the ex-post evaluation, the average sales among the beneficiaries have slightly increased compared to the ones before the tsunami and the number of employees has almost doubled. Although a number of beneficiaries still do not feel that their businesses has recovered to the level before the tsunami, many of the beneficiaries are satisfied with the loans from the Project and feel it has helped rebuild their businesses.

Table 6: Performance of Beneficiary Enterprises

	Before tsunami (2004)	At the time of ex-post evaluation (2013)
Average revenue	Rs. 40,200,655	Rs. 46,599,830
Average no. of employees	7	13

Source: Beneficiary survey

Although non-performing loan ratios and the number of beneficiaries did not reach the target, SBRP loans have helped rebuild and expand the businesses and seem to have had the expected impact.

3.2.2 Qualitative Effects

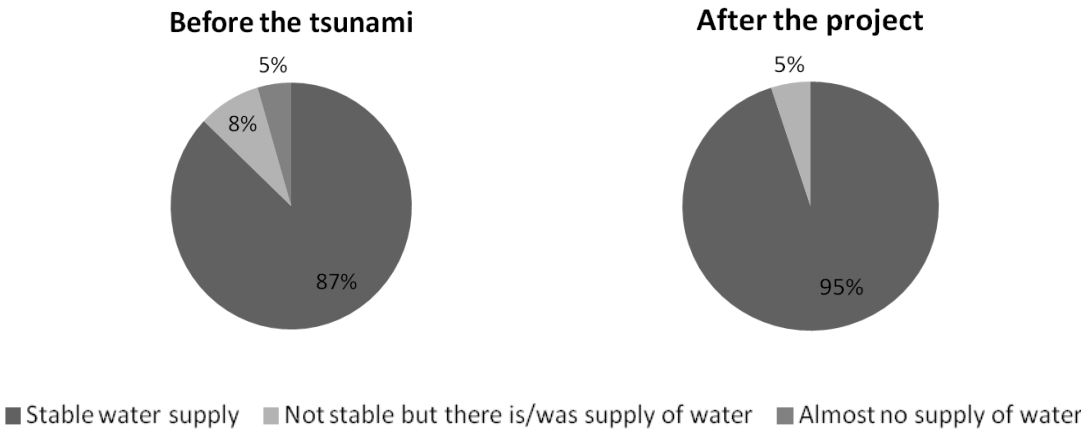
(1) IRP

The beneficiary survey revealed that 67% of the beneficiaries were "highly satisfied" with the Project while 23% was "satisfied"[13].

In the water supply project, the beneficiary survey indicated that more people have gained

[13] Other responses include 6% "somewhat dissatisfied" and 4% "dissatisfied."

access to stable water supply. Among the households who had access to water supply services at their home or community tap before the tsunami, 87% said there was "stable water supply," 8% said "unstable but supply was there," and 5% said "almost no water supply." After the Project, 95% of the beneficiaries responded that there is a stable supply of water (Figure 1).



Source: Beneficiary survey

Figure 1: Comparison of Water Supply Status

Regarding the damage to roads after the tsunami, 92% of the beneficiaries stated that they faced problems in daily travel such as going to work and school and experienced difficulties in everyday life because they were unable to use the road. Comparing the quality of roads before the tsunami and after the Project, 70% of the respondents said "improved," 23% "there is no change," and 6% "worse than before" indicating that the Project has not only repaired the roads but also provided better services. According to the Road Development Authority (RDA) and beneficiaries, in addition to bringing back the roads to the original condition, the Project has widened some of the roads and improved from tar to asphalt surface in many sections. Moreover, some ripple effects are reported. For example, the Project widened a bridge, making it possible for large vehicles to travel, and the road beyond the bridge was paved by other funds after the Project.

In the irrigation project, although 60% of the beneficiaries said that a "sufficient" amount of irrigation water was supplied before the tsunami, it has changed to 72% after the Project, indicating that the Project increased the access to irrigation water.

In the electric power project, out of the households that had access to electricity before the tsunami, 65% of them responded that there was "stable power supply" and 35% "power supply was unstable." However, after the Project, those who responded that there is "stable power supply" have become 100%, indicating that the Project contributed to improving the living

standard.

(2) SBRP

For the SBRP, the beneficiaries' satisfaction towards the loan scheme and the terms and conditions were checked through the beneficiary survey at the time of the ex-post evaluation. Taking into consideration the terms and conditions of the loan and the services of PFIs as well, the beneficiaries were asked "how satisfied are you with SBRP loans?" Out of the 55 sample beneficiary surveyed, 46 (84%) responded that they were "highly satisfied," 8 (14%) were "satisfied" and 1 (2%) "somewhat dissatisfied." Furthermore, the beneficiaries were asked how much the SBRP helped in rebuilding the business in a three-grade evaluation. 43 (78%) said it has "helped very much," 10 (18%) "somewhat helped" and 2 (4%) "did not help much." The business firms who were not satisfied with the loan cited the shortage of loan amount as the reason.

The beneficiaries were also asked whether the facilities were improved after the Project in comparison to those before the tsunami, and it was found that the facilities are mostly the same as before the tsunami or better. Nevertheless, there are some beneficiaries who commented that part of the facilities remain unrepaired because of an insufficient loan from the SBRP. On the other hand, among the 55 sample beneficiaries, it was the first loan for 26 of them and through the loan from the Project, they have become familiar with loan application procedures, and thereafter they have applied for other loans and succeeded in expanding the business. Comparing the performance of the business with that of before the tsunami, 33 beneficiaries (60%) said "it became better," 9 (16%) "no change" and 11 (20%) "it become worse" [14].

3.3 Impact

3.3.1 Intended Impacts

The Project has contributed to reconstruction of the tsunami-affected areas through small-scale infrastructures, particularly to secure essential utilities including provision of water supply and electric power in newly constructed tsunami settlement. In the beneficiary survey, living conditions of the beneficiaries compared to those before the tsunami were asked and the results are shown in Table 7. Including both those who responded "improved a lot" and those who said "improved somewhat," the lives of 59% of the beneficiaries have become better than before.

[14] Two beneficiaries gave no response.

Table 7: Living Conditions of the People Affected by the Tsunami
(Compared to Before the Tsunami)

Response	%
Improved a lot	29%
Improved somewhat	30%
No change	22%
Not recovered	19%
Total	100%

Source: Beneficiary survey
Note: The figures above include the beneficiaries of both the IRP and the SBRP; however, they do not include the beneficiaries who were not directly affected by the tsunami.

As shown above, more than half of the beneficiaries' lives have recovered, and comparing to before the tsunami, they have been improved. No influence in relation to place of living, occupation and ethnicity has been observed between the beneficiaries who feel that their life has recovered and those who feel their life has not recovered.

3.3.2 Other Impacts

(1) Impacts on the natural environment

According to the information provided by the PIAs who have implemented the IRP under the Ministry of Finance and Planning, the executing agency, and PFIs, because the Project has reconstructed the existing infrastructure facilities and businesses, there has been no negative impact on the natural environment. The executing agency has reported that adequate social and environmental consideration was given for selection of sub-projects for the IRP. In the case of sub-loan selections under the SBRP, PFIs ensured that the beneficiary firms have environmental protection license in accordance with the Sri Lankan regulations or the loan officers of PFI have visited the site and confirmed that adequate social and environmental consideration has been taken.

(2) Land Acquisition and Resettlement

There has been no land acquisition and resettlement in the Project implementation because the Project aimed at reconstruction of tsunami-damaged areas.

(3) Unintended Positive/Negative Impact

The IRP did not only act as a reconstruction project but has also widened existing roads and provided water supply and electricity services to people who had no such services before the tsunami. There has not been any report of negative impact from the IRP.

In the IRP, it has been verified that the program has given more impacts than simply reconstructing tsunami-damaged infrastructures and services to the condition before the tsunami. In the SBRP, some of the operational and effect indicators were below the target value; however, as seen in the beneficiary survey results, the loans from the SBRP have contributed to rebuilding and further growth of the beneficiaries. About 80% of the beneficiaries have recovered from the tsunami damage and close to 60% of the beneficiaries' living standards have become better than before because of the Project and various other reconstruction efforts. Other negative impacts are not reported. The Project has largely achieved its objectives. Therefore its effectiveness and impact are high.

3.4 Efficiency (Rating: ②)

3.4.1 Project Outputs

(1) IRP

The Project implemented small-scale infrastructure recovery projects in the sectors of water supply, road, irrigation, power and postal service which contribute to tsunami reconstruction. The IRP's sub-projects were selected based on the selection criteria[15] established at the time of the appraisal. Some of the sub-projects have been added after the Project has started while some others were deleted due to difficulty in implementation. The following are the planned and actual outputs for each sector.

Table 8: IRP Outputs (Planned vs. Actual)

Sector	Planned		Actual	
	Quantity	Sub-projects	Quantity	Sub-projects
Water supply	3,800 households (R) 25,000 households (N)	18	10,914 households (R) 21,325 households (N)	356
Road[16]	National road: 215 km Access road: 170 km Internal road: 195 km	54	National road: 215 km Access road: 83 km Internal road: 85 km	151
	Northeastern Province: 175 km Southern Province: 108km Western Province: 27km	135	Northeastern Province: 171 km Southern Province: 114 km Western Province: 21 km	145
Irrigation	49,919 acres	52	49,919 acres	52
Power	23,000 households (N)	41	16,000 households (R) 17,000 households (N)	28
Postal service	56 post offices	65	13 post offices	59
Total		365		791

Source: PIA
Note: (R): reconnection, (N): new connection.

[15] The following are the criteria for sub-project selection: a) it contributes to rehabilitation/reconstruction of tsunami damage; b) there is no financial assistance from other donors; c) sub-projects complete within 2005; d) cost for each sub-project is Rs. 40 million or less; e) land acquisition required for the project is already completed; and f) contractors and suppliers are selected fairly based on Sri Lankan laws and regulations.

[16] An access road connects the newly established tsunami settlement to a main road. An internal road is constructed within the tsunami settlement.

The outputs of access and internal roads at the appraisal time were tentative because there was no detailed information on the tsunami settlement where both roads were to be constructed. After the Project started its implementation, some of the roads were reconstructed with other funds and eventually the length of the roads became approximately half of the planned length. Regarding the provincial roads, there is no significant difference between the planned and actual outputs. Irrigable areas of the irrigation project and the number of beneficiary households of the water supply project are as described in the section of Effectiveness. In the postal service project, a) the number of post offices has been changed from 56 to 13 because, a review after the project inception revealed that the original project cost allocated to the postal service project was insufficient to reconstruct 56 post offices and b) the number of sub-projects has been reduced from 65 to 59 because Sri Lanka Telecom Ltd was to implement some of the sub-projects.

There is a large difference between the planned and actual total number of sub-projects. This was partly due to the increases in the number of sub-projects in the water supply and national road, but it was mainly the result of dividing the sub-projects selected at the time of the appraisal into multiple sub-projects from the perspective of project implementation efficiency[17]. Other changes are prompted by addition of new water supply sub-projects that were not included in the original plan because the locations of the tsunami settlements were not finalized and a few sub-projects were deleted and changed due to the security situation in the northern and eastern parts of the country.

The geographical spread of the sub-projects on the basis of project cost is not necessarily as planned comparing the appraisal plan (Northern 17.5%, Eastern 41.3% and Southern 31.5%) with the actual (Northern 9%, Eastern 21% and Southern 51%). In the northern and eastern parts of the country, it was difficult to implement the Project because the civil war made it hard to secure contractors. Thus it was inevitable that the geographical spread of the sub-projects was not as planned.

It is fair to say that the change in the outputs was appropriate because the number of sub-projects was changed for project implementation efficiency and situations not foreseen at the time of the appraisal, and the priority was given to the areas where the necessity of the Project was high and it was possible to procure the contractors.

(2) SBRP

The program aimed to provide concessional loans through PFIs to small business firms including fisheries and tourism damaged by the tsunami. The interest rate and the repayment period from the CBSL to the PFIs and the ones from PFIs to small firms were to be the same as the small businesses reconstruction program (*Susahana*) established by the CBSL in February

[17] For example, a sub-project covering a particular stretch of the national road has been divided into several sub-projects of shorter stretches.

2005. Refinancing was given from the CBSL to the PFIs at the interest rate of 3% and repayment period of nine years (grace period of one year). Loans were given from the PFIs to small firms at the interest rate of 6%, the repayment period of three to eight years (grace period of one year) and maximum loan amount of Rs. 5 million (for a firm with a total asset above Rs. 5 million not exceeding Rs. 10 million) or Rs. 10 million (for a firm with a total asset above Rs. 10 million but not exceeding Rs. 20 million)[18].

Table 9: Actual Share of SBRP Loan by Province

Province	District	No. of beneficiary enterprises	Loan amount (Unit: Rs. million)	Share by province (Top: number of beneficiary; bottom: amount of loan)
Southern	Galle	1,702	1,128.5	58%
	Matara	1,000	525.5	66%
	Hambantota	323	95.4	
Eastern	Ampara	727	142.4	28%
	Batticaloa	593	69.5	9%
	Trincomalee	138	21.9	
Western	Kalutara	351	444.2	8%
	Colombo	25	86.9	20%
	Gampaha	22	13.9	
Northern	Jaffna	295	96.3	7%
	Mulattivu	75	36.8	5%
	Vavuniya	1	2.0	
Northwestern	Puttalam	1	0.1	0%
				0%
Total		5,253	2,663.4	100%

Source: Project Completion Report (PCR)

With regard to the number of beneficiary business firms and the share of loan amounts by province, more than 50% are in Southern Province, while the lending in Northern Province is limited. Considering that the damage from the tsunami was worse in the southern and eastern areas and there was a limited branch network of financial institutions because of the civil war in the northern and eastern areas, the province-wise balance in the lending of the SBRP is appropriate. In terms of lending by sector (based on the loan amount), 35% was given to tourism, 15% to fisheries, 35% to trade, 13% to services, 11% to industry, and 4% to others.

At the time of the appraisal, PFI loan officers were expected to provide assistance to borrowers who were not accustomed to obtaining loans from the banks. In the beneficiary survey, 22 beneficiaries (40%) responded that they received assistance from the PFI such as technical advice at the time of SBRP loan application and 33 (60%) of them said that no such assistance was provided. When the beneficiaries were asked what aspect of SBRP loan was

[18] During the implementation of the Project, the ceiling amount of loans for tourism-related businesses was increased from Rs. 10 million at the time of the appraisal to Rs. 60 million.

beneficial (respondents were allowed to give multiple answers), out of the 55 beneficiary firms, 47 (85%) cited the low interest rate and 29 (53%) cited timely disbursement of the loan.

3.4.2 Project Inputs

3.4.2.1 Project Cost

The total project cost according to the appraisal was JPY 12,351 million (out of which JPY 10,006 million was the ODA loan portion) and the actual project cost was JPY 11,350 million (ODA loan portion: JPY 10,006 million); this amounts to the achievement rate of 92% of the plan. Besides the Project, international donors such as the World Bank, ADB, and other bilateral donor organizations provided USD 2,145 million for tsunami reconstruction in Sri Lanka in 2005. Japan's assistance amounted to USD 181 million including the Project and non-project grant. The amount is equivalent to 8% of the total reconstruction fund provided to Sri Lanka, and that makes Japan the largest bilateral donor.

The table below shows the planned and actual cost of the IRP by sector. The actual cost of the national road (including access and internal roads) became 124% of the planned cost. The cost increase is mainly due to price escalation of materials. The cost of the SBRP is as planned. Overall, the outputs of the Project are appropriate to the project cost and it is as planned.

Table 10: IRP Project Cost

Unit: Rs. million

Sector	Planned	Actual	Achievement
Water supply	1,472	1,474	100%
National, access and internal roads	1,730	2,141	124%
Provincial road	705	660	94%
Irrigation	184	182	99%
Power	2,333	2,320	99%
Post	249	201	81%
Total	6,673	6,978	105%

Source: PIA

3.4.2.2 Project Period

The Project started in January 2005[19]. Planned and actual project periods are shown below. The completion of the IRP was defined as the completion of all sub-projects; for the SBRP, the final disbursement from JICA to the CBSL was defined as its completion[20].

[19] The Loan Agreement for the Project was signed in June 2005; however, expenditures related to the Project after January 1, 2005 were financed retroactively.

[20] At the time of the appraisal, the planned Project period was up to March 2007. However, after the Project was reviewed in 2006, the period and completion for each program were clearly defined.

Table 11: Planned and Actual Project Periods

Program	Planned	Actual	Comparison
IRP	March 2006	August 2008	293%
SBRP	March 2007	December 2006	89%

Source: PIA

The IRP completed 29 months later than the original plan mainly for the following three reasons.

- Some of the facilities related to access roads, water supply and electric power were constructed in the tsunami settlements. The IRP was delayed partly because it took time for other government agencies to decide the locations of the tsunami settlements and for the construction.
- To secure transparency and fairness in procurement procedures, the Project employed competitive bidding for all its packages. At the time of the appraisal, it was expected to be a swift reconstruction work, and therefore, the project period for IRP was set comparatively shorter than in relation to the time taken for competitive bidding procurement process. Nevertheless, after the tsunami, PIA staff became busy and coupled with the shortage of contractors, it took more time than expected for procurement process, resulting in delay in project implementation. The delay was basically caused by the fact that originally planned project period was too short; however, in this type of project where quick reconstruction work was expected, if procurement process which takes longer compared to other procurement methods such as direct contracting was selected, an alternative arrangement should have been taken in order to implement the project within the planned period.
- After the tsunami, a number of reconstruction projects started in the country and there was a shortage of materials such as stones and bitumen which also caused delays for the Project.

The SBRP was completed earlier than planned because there were many loan applications from small businesses that were affected by the tsunami.

Although caused by external factors, the delay in IRP implementation was substantial. Therefore, the project period was longer than planned.

Although the project cost was within the plan, the project period exceeded the plan. Therefore, the efficiency of the Project is fair.

3.5 Sustainability (Rating: ②)

3.5.1 Institutional Aspects of Operation and Maintenance

The Ministry of Finance and Planning, i.e., the executing agency, coordinated the entire Project. The ministry was to strengthen the Project Management Unit of the "Small-scale Infrastructure Rehabilitation and Upgrading Project" and the "Small-scale Infrastructure Rehabilitation and Upgrading Project II," a unit that had been already established at the time of the appraisal, into the Project Management Coordinating Unit (PMCU) to undertake the overall management of the Project as well as two other ongoing projects.

(1) IRP

The table below shows the responsible agencies for the operation and maintenance (O&M) of the IRP.

Table 12: Institutions Responsible for O&M of IRP

Project	Responsible Agency
Water supply	National Water Supply and Drainage Board (NWSDB)
National road	Road Development Authority (RDA)
Access and internal road	Local governments
Provincial road (Northern)	Northern Province Road Development Agency (NPRDA)
Provincial road (Eastern)	Eastern Province Road Development Agency (EPRDA)
Provincial road (Southern)	Southern Province Road Development Agency (SPRDA)
Provincial road (Western)	Western Province Road Development Agency (WPRDA)
Irrigation	Department of Irrigation (DOI)
Electric power	Ceylon Electricity Board (CEB)
Postal service	Department of Post (DOP)

The project on access and internal roads in the tsunami settlement was implemented by the RDA; however, after the construction of the roads, the responsibility of O&M was handed over to respective local governments. The NPRDA implemented the project on provincial roads in the northern and eastern parts. However, the Province split into the Northern and Eastern Provinces, and the Provincial Road Development Agency in the respective new provinces is in charge of O&M now. Regarding the other projects, the PIAs that implemented the projects handle their O&M. Moreover, according to a survey of the institutional arrangement for O&M of each PIA at the time of the ex-post evaluation, the DOI had only 1,121 personnel as opposed to the prescribed posts of 1,709 (66%) for O&M. To maintain irrigation canals, beneficiary farmers are mobilized under the supervision of the DOI field staff because the DOI has severe shortage of personnel particularly at the field level. According to the DOI, under such arrangement, there are no major problems in O&M. Other O&M agencies have not reported problems such as severe shortage of personnel or institutional arrangements for O&M.

(2) SBRP

The CBSL executed the SBRP as its PIA under the PMCU. PFIs were to be selected under the same selection criteria as "SMILE III" and eventually selected based on the following criteria established at the time of the appraisal.

- Surplus in at least two of the most recent years
- Non-performing loan ratio of less than 10% in SMILE III and non-performing loan ratio of less than 15% for the total portfolio
- A debt-coverage ratio (ratio of "profit for the year" to "sum of interest payment and repayment maturing in the year") of at least 1.25:1.

Nevertheless, to include the financial institutions that did not participate in SMILE III, "non-performing loan ratio of less than 10% in SMILE III" was changed to "non-performing loan ratio of less than 10% in the financial institutions' portfolio for small- and medium-enterprises." Out of the ten institutions that expressed their interest, the following seven that met the selection criteria took part in the SBRP as PFI (* indicates the institution that also participated in SMILE III).

- Bank of Ceylon (BOC)*
- Commercial Bank of Ceylon (CBC)*
- DFCC Bank*
- National Development Bank (NDB)*
- Sampath Bank*
- Sanasa Development Bank
- Ruhuna Development Bank (now Regional Development Bank) (RDB)*

O&M of sub-loans are the responsibility of each PFI that has offered the loan. O&M of the SBRP such as loan recovery in PFIs are conducted in the same manner as other loans, and the institutional arrangements for maintenance are in place.

Some of the institutions are short of personnel in the IRP and the SBRP; however, initiatives have been taken to address the shortage, and the institutional aspects of O&M face no major problems.

3.5.2 Technical Aspects of Operation and Maintenance

(1) IRP

Based on the interviews with O&M agencies, technical skills required for O&M of the Project are not different from other tasks and there are no problems of skills and capacity among the personnel in day-to-day operations. Some of the agencies conduct routine trainings to upgrade the technical skills of their personnel. A few agencies are revising the maintenance

manuals as well.

(2) SBRP

Loan appraisal and recovery of the SBRP in PFIs are mostly under the responsibility of their branches. Loan recovery of the SBRP is the same as other loan schemes of PFIs, and the personnel have sufficient knowledge on it. Manuals on loan recovery have been developed and are used appropriately by the personnel. Continuous trainings to upgrade the technical capacity of the personnel are also conducted.

The technical standards of the personnel of O&M agencies and PFIs are sufficient, maintenance manuals are available, and there seems to be no major problems with regard to technical aspects.

3.5.3 Financial Aspects of Operation and Maintenance

(1) IRP

It is the responsibility of O&M agencies to secure the O&M budget for sub-projects of the IRP. Table 13 shows O&M budget allocation and expenditures for some of the O&M agencies in 2012. In the interviews with the O&M agencies, shortage of O&M budget in general was pointed out. The budget implementation rate in a few agencies is 100%; however, some commented that the allocated budget itself is not sufficient. The agencies whose budget implementation rate is low have pointed out that they are unable to use the budget within the fiscal year because the budget is not released timely. Therefore, it is fair to say that the financial aspects of O&M face minor issues.

Table 13: O&M Budget Allocation and Implementation by Agency (2012)

Unit: Rs. million

Agency	Allocation	Expenditure	Implementation rate
NWSDB	17,241	15,924	92%
RDA	4,835	4,807	99%
DOI	650	519	80%
CEB	37,305	36,922	99%
SPRDA	525	261	50%
WPRDA	400	400	100%
EPRDA	50	55	110%

Source: O&M agencies

(2) SBRP

No major problems have been observed in the financial aspects of PFIs. The government regulations require financial institutions in Sri Lanka to maintain the capital adequacy ratio (CAR) of at least 10%, and all the PFIs of the program have the CAR of more than 10% (see Table 14). A survey by Fitch Ratings, a financial rating firm, shows that the average return on

assets (ROA) for the financial sector in Sri Lanka in 2010 was 1.8% while the non-performing asset ratio (NPA) was 5.4%. The ROAs of Sampath Bank and Sanasa Development Bank are below the sector average while the NPA of Sampath Bank is above the average. Meanwhile, the rating for Sampath Bank is AA-, and the one for Sanasa Development Bank is BB+ Positive, and it is fair to say that their financial status is generally stable.

With regard to the beneficiaries of the SBRP, as described in the section on Effectiveness, a comparison of sales between before the tsunami and at the time of ex-post evaluation shows that their average sales have increased by 16% from Rs. 40,200,655 to Rs. 46,599,830. Some beneficiaries are still struggling to rebuild their businesses, but most beneficiaries seem to be financially stable.

Table 14: Financial Status of PFIs

Unit: %

PFI	CAR		ROA		NPA		Rating
	2011	2012	2011	2012	2011	2012	
BOC	11.6	11.4	2.1	2.1	2.1	2.8	AA+ Stable
CBC	13.0	13.9	1.9	2.1	2.1	1.8	AA Stable
DFCC	30.0	24.6	12.3	3.2	6.3	4.6	AA- Stable
NDB	11.3	12.4	1.7	1.9	1.4	1.3	AA- Stable
Sampath	11.5	13.6	1.6	1.7	8.1	5.6	AA- Stable
Sanasa	17.8	16.4	3.6	1.3	NA	NA	BB+ Positive
RDB	12.0	NA	3.6	NA	NA	4.3	BBB+

Source: PFIs

3.5.4 Current Status of Operation and Maintenance

(1) IRP

Based on the findings from the interviews with O&M agencies and the field visits, most infrastructure facilities of the IRP are operated and maintained properly. In contrast, some of the access and internal roads under the responsibility of the local governments are not maintained properly because of shortage in budget. In the beneficiary survey, 76% of the access and internal road users have responded that they are "not properly maintained"[21].

In the road project, some substantial upgrading was made after the Project was implemented, and the condition of the road is different from just after the Project completion, and the irrigation project in Eastern Province has gone through more reconstructions because of repeated flood damages after the Project.

It is fair to say that the status of O&M faces a few issues because minor problems are observed in the access and internal roads maintained by the local governments.

[21] The roads are not properly maintained possibly because of the shortage of budget and low priority given to the maintenance by the local governments.

(2) SBRP

In the SBRP, a revolving fund account was to be established using the proceeds of sub-loans and re-lending was to be made for private sectors in the tsunami-affected areas. The revolving fund was operated with the same conditions as the SBRP from March 2006 to June 2007 and the loans were extended to small business firms in the tsunami-affected areas. For loans from the revolving fund, People's Bank took part as a PFI in addition to BOC, CBC, Sanasa Development Bank and RDB that participated in the SBRP. People's Bank was added as a PFI after it was confirmed that it met the PFI selection criteria. Using the balance of Rs. 627.5 million from the SBRP as capital, the revolving fund provided 62 sub-loans amounting to Rs. 122.7 million during its operational period.

Institutional arrangements for O&M of the Project are in place and no major problems have been observed in technical aspects. However, the O&M agencies face minor issues in securing budget. Furthermore, some of the access and internal roads are not maintained properly because of budget shortage in the local governments. Therefore, the sustainability of the Project effect is fair.

4. Conclusion, Lessons Learned and Recommendations

4.1 Conclusion

The Project is consistent with the development plan and needs of Sri Lanka after the tsunami and is in line with the ODA policy of Japan. Small-scale infrastructures reconstructed by the Project are similar to or better than those before the tsunami while the lives of more than half the Project beneficiaries have recovered to the same level as before the tsunami or have become better than the pre-tsunami level. Some benefits are seen such as some households that had no access to water supply and power before the tsunami gained access to them through the Project. In the Small Business Revival Program, while the non-performing loan ratios of the beneficiary firms are below the target, it is confirmed that the loans from the Project have helped rebuild the businesses. The effectiveness and impact of the Project are high because the Project has contributed to improving the livelihood of the tsunami-affected population and the economic recovery of the affected areas. The efficiency of the Project is fair because, although the project cost was as planned, there was a substantial delay in the implementation period of the Infrastructure Rehabilitation Program. In general, no major problems have been observed in the institutional and technical aspects of the operation and maintenance system. However, there are minor issues in the financial aspect. Therefore, the sustainability of the Project effect is fair.

In light of the above, the Project is evaluated to be satisfactory.

4.2 Recommendations

4.2.1 Recommendations to the Executing Agency

Regarding the sustainability of the Project, shortage in budget among O&M agencies of the IRP was identified. Because of shortage of finance and low priority on maintenance towards access and internal roads that the local governments look after, maintenance is not properly carried out on some of the roads. To carry out the required maintenance with limited financial resources, it is recommended to discuss and find out a solution with the local governments.

4.2.2 Recommendations to JICA

None.

4.3 Lessons Learned

Because the Project supported reconstruction in tsunami-affected areas, there are no specific lessons that can be applied to ordinary projects targeting the development of infrastructure and small businesses. However, the following is a lesson learned with regard to setting project period and selecting procurement procedures for a reconstruction project that particularly requires quick response within one to two years after the disaster.

Setting project period and selecting procurement procedures for a reconstruction project: The Project has employed competitive bidding for all the packages of IRP (infrastructure reconstruction component). At the time of the appraisal, since a swift reconstruction work was expected, the project period was set comparatively shorter in relation to the time taken for ordinary competitive bidding process. However, after the tsunami, many infrastructure reconstruction projects were implemented at the same time in Sri Lanka, resulting in shortage of materials and contractors. In addition, PIA staff became busy and it has taken more time for procurement process, resulting in substantial delay. Therefore, it is desirable to set project period with due consideration to the conditions in disaster-hit areas when employing competitive bidding while the project areas are geographically widespread. Furthermore, according to the *Handbook for Procurement under Japanese ODA Loans* (April 2012), procurement procedure other than competitive bidding[22] can be employed when "the number of qualified contractors, suppliers or manufacturers is limited" and when it is "inappropriate to follow international competitive bidding procedures, e.g. in the case of emergency procurement," and IRP of the Project is in line with these conditions. For the future reconstruction project immediately after the disaster, considering the need for swift assistance while minimizing the burden on the executing agency, it is desirable to select an appropriate procurement procedure by explaining to the executing agency the advantages and disadvantages of procurement procedure other than competitive bidding such as direct contracting with due consideration to securing the quality of the construction.

[22] Limited international competitive bidding, international shopping, and direct contract.

Comparison of the Original and Actual Scope of the Project

Item	Original	Actual
1. Project Outputs		
IRP		
a) Water supply	3,800 households (R)*	10,914 households (R)
	25,000 households (N)*	21,325 households (N)
b) Road		
National road	215 km	As planned
Access road	170 km	83 km
Internal road	195 km	85 km
Northeastern provincial road	175 km	171 km
Southern provincial road	108 km	114 km
Western provincial road	27 km	21 km
c) Irrigation	49,919 acres	As planned
d) Power	Data not available	16,000 households (R)
		17,000 households (N)
e) Postal service	13 post offices	As planned
SBRP		
Number of beneficiary firms	12,000	5,253
2. Project Period	January 2005 – April 2007 (28 months)	January 2005 – August 2008 (44 months)
3. Project Cost		
Amount paid in Foreign currency	1,401 million yen	1,042 million yen
Amount paid in Local currency	10,950 million yen	10,308 million yen
	(10,950 million rupees)	(9,634 million rupees)
Total	12,351 million yen	11,350 million yen
Japanese ODA loan portion	10,006 million yen	10,006 million yen
Exchange rate	1 rupee = 1 yen (As of February 2005)	1 rupee = 1.07 yen (Average between January 2005 and August 2008)

*(R): reconnection; (N): new connection

Evaluation Department, Japan International Cooperation Agency (JICA)

Opinion of JICA Evaluation Department on Ex-post Evaluation of "Sri Lanka Tsunami Affected Area Recovery and Take off Project"

[Lessons Learned from the Project] (Related Section: 4.3 Lessons Learned)

The lessons learned from this project are described in the evaluator's comments added above, but one should also bear the following in mind when undertaking similar disaster recovery projects in future, in comparison with the results of ex-post evaluations for all schemes.

 Under the serious disaster affecting a widespread area such as Tsunami, it is likely to require more preparation time than would normally be the case for competitive bidding and the like, due to personnel shortages at the executing agency. When using project-type ODA Loans to implement recovery projects covering a comparatively wide area and/or involving a relatively large sum of money that are intended to be completed within a year or two of the disaster, it might not necessarily be realistic to adopt the approach of competitive bidding, which requires the executing agency to devote time and personnel to prepare and implement the bidding process. Consequently, it is necessary to properly consider the procurement method, including the possibility of using direct contracting, taking into account the capacity of the executing agency and its situation under the post-disaster recovery.

 Moreover, there are other kinds of ODA Loans – particularly Commodity Loans, Post Disaster Stand-by Loans or Non-Project Loans – that do not require the government of a developing country or the executing agency to follow the process of obtaining JICA's consent for procurement procedures, enabling financing needs to be met directly and quickly. Accordingly, it is worth considering these forms of support. Furthermore, JICA currently handles all three schemes – Technical Cooperation, Grant Aid, and ODA Loan – after conducting a needs assessment, it is important to properly consider what the most appropriate scheme, format, or combination thereof will be, based on the situation faced by the executing agency or counterpart country, as described above.