

Jordan

FY2020 Ex-Post Evaluation of Japanese ODA Loan Project

“Financial Sector, Business Environment
and Public Service Reform Development Policy Loan”

External Evaluator: Yukimasa Fukuda, Global Group 21 Japan, Inc.

0. Summary

The objective of this project is to improve public finances of the Government of Jordan by supporting its reforms in the fields of financial market, business environment, and the public service sector (energy and water), thereby contributing to the economic stabilization of Jordan. The project was composed of two tranches¹, the first one targeting the challenges in the public services sector (energy and water) and the second one aiming to improve the financial market and business environment. This ex-post evaluation was conducted for the second tranche (hereinafter, “the Project”), which was solely financed by JICA.

The implementation of the Project supported the following policy actions: “publicize yield of the government bond”, “publicize government bond auction schedule”, “activate and publicize interbank repo transactions”, “prepare for the introduction of credit rating system,” and “clarify the government’s industrial development policy”, which were fully consistent with Jordan’s development policy and needs as well as Japan’s ODA policy. The project plan and approach were also appropriate. Therefore, the Project’s relevance is high.

By implementing the Project, market participants started using published information on the government bond yield and auction schedule on the web for their government bond trading, thereby generating effects such as diversification of bond holders, increase in bid-to-cover ratio in government bond auction, extension of average government bond maturity. These are also assumed to have contributed in reducing domestic debt interest payment burden to some extent. In addition, the disbursement under the Project contributed to the improvement of the country’s fiscal and balance of payments in 2017. On the other hand, studies toward the introduction of credit rating system, which the Project aimed to achieve have not progressed. In addition, the publication of the government bond auction schedule has been suspended since 2020 due to COVID-19, and interbank repo transactions have been delayed for technical reasons. Therefore, the Project’s effectiveness and impact are fair.

¹ Tranche: Each disbursement amount in case disbursement of approved loan amount is made in portions upon achieving conditions (a French word meaning “a portion”).

1. Project Description



Project Location (Entire Jordan)



Jordanian officials at a meeting

1.1 Background

The Hashemite Kingdom of Jordan (hereinafter, "Jordan") is a constitutional monarchy that gained independence from the United Kingdom in 1946, with a land area of 89,000 square kilometres (about a quarter of Japan). It is surrounded by conflict-ridden countries such as the Palestinian territories, Syria, and Iraq, as well as Middle Eastern powers such as Israel, Saudi Arabia, and Egypt. Jordan is thus susceptible to the regional situation, but plays an important role as a moderate and a key player of peace and stability in the Middle East region. The Jordanian economy has grown steadily in the mid-2000s, supported mainly by direct investment from the Gulf countries. However, its economic structure has remained fragile due to its status as a non-oil producing country and the lack of strong means of earning foreign currency. Against the backdrop of the global economic downturn caused by the global financial crisis in 2008, the country's economic growth began to slow down, and the tourism industry and direct investment cooled down due to the destabilization of the regional situation caused by the Arab Spring from the end of 2010 and the financial crisis in Europe. Furthermore, since the outbreak of the Syrian crisis in March 2011, the country has been accepting a large number of refugees from Syria and other neighboring countries, which has put the country's society, economy, and government finances in a difficult situation.

The World Bank provided 250 million USD by its development policy loans in 2012 and 2014, respectively, to improve fiscal and macroeconomic frameworks, improve financial sector policies, improve the business environment, and enhance social safety nets. The World Bank also provided 250 million USD by its development policy loans for water and energy sector reforms in 2015 and 2016², respectively.

In August 2012, the IMF provided a 2 billion USD Stand-By Arrangement³ aimed at stabilizing

² The first tranche of the Project was implemented by co-financing with the World Bank's 2016 development policy loan.

³ IMF Stand-By Arrangement (SBA): IMF's lending instrument for emerging and advanced market countries to help them overcome their short term or potential balance of payments problems.

Jordan's macroeconomic situation, reducing inequality, and removing impediments to growth. In addition, in August 2016, its successor EFF⁴ totalling 723 million USD was approved by the IMF Executive Board. At the time of appraisal for this Project, major developed countries, including Japan, were providing assistance to Jordan in coordination with the IMF and the World Bank.

1.2 Project Outline

The objective of the Project⁵ is to improve public finances of the Government of Jordan by supporting its reforms in the fields of financial market, business environment, and the public service sectors (energy and water), thereby contributing to the economic stabilization of Jordan.

Loan Approved Amount/ Disbursed Amount	30,000 million yen / 30,000 million yen ⁶
Exchange of Notes Date/ Loan Agreement Signing Date	December 2016 / December 2016
Terms and Conditions	Interest Rate Yen LIBOR + 20bp ⁷ Repayment Period 30 years (Grace Period 10 years) Conditions for Procurement General Untied
Borrower /Executing Agency	The Government of the Hashemite Kingdom of Jordan / Ministry of Planning and International Cooperation (MOPIC)
Project Completion	December 2017
Main Contractor(s)	-
Main Consultant(s)	-
Related Studies (Feasibility Studies, etc.)	- ⁸
Related Projects	Technical Cooperation Projects: Country Specific Training “Improvement of Public Debt Management” (March 2014) Technical Assistance related to ODA Loan: “Fiscal Management Expert (September 2015 – September 2017) IMF: “Extended Fund Facility” (August 2016)

⁴ IMF Expanded Fund Facility (EFF): IMF’s lending instrument to help countries facing medium-term balance of payments problems.

⁵ Public service sector (energy, water) is the subject of the first tranche (10 billion yen), and not the subject of this ex-post evaluation.

⁶ The first tranche: 10 billion yen (disbursed in December 2016), not the subject of this ex-post evaluation. The second tranche: 20 billion yen (disbursed in December 2017).

⁷ LIBOR (London Interbank Offered Rate): a benchmark interest rate at which major global banks borrow in the international interbank market in London for short-term funds. In the Project, an interest rate of Yen LIBOR + 20bp is applied for each semiannual interest payment. 1 bp = 0.01%

⁸ Since the Project is a development policy loan, there is no feasibility study (F/S) report as is generally the case with project loans. Instead, in the preparation stage the direction of sector reform was discussed and policy matrix to be achieved was agreed upon through policy dialogue between JICA and Jordanian side.

2. Outline of the Evaluation Study

2.1 External Evaluator

Yukimasa Fukuda, Global Group 21 Japan, Inc.

2.2 Duration of Evaluation Study

This ex-post evaluation study was conducted with the following schedule.

Duration of the Study: October 2020 – December 2021

Duration of the Field Study: February 24 – October 6, 2021

In this ex-post evaluation, the external evaluator did not travel to Jordan in consideration of the travel restrictions due to the outbreak of COVID-19, and a local research assistant collected field information. The external evaluator guided the local research assistant and managed the collection of field information, confirmed and discussed information with the implementing agency and related organizations mainly via e-mail, and made analysis and evaluation decisions based on the information thus obtained.

2.3 Constraints during the Evaluation Study

As described in "0. Summary", this Project consists of the first tranche, which targets issues in the public service sector (energy and water), and the second tranche, which targets financial and business environment improvement. In this ex-post evaluation, the second tranche, which is the sole financing of JICA, was evaluated. The first tranche was co-financed by the World Bank and JICA, and the World Bank conducted the ex-post evaluation of the World Bank loan portion⁹.

Since this Project is a program typed loan, the evaluation criteria are relevance, effectiveness and impact. Efficiency has not been analysed or evaluated because it is difficult to make quantitative comparisons between inputs (project costs) and outputs (results). Sustainability was analysed in terms of the implementation and monitoring system of policy actions, and no sub-rating was given to it.

Sub-ratings were given only for relevance, effectiveness and impact, and no overall rating was given because sub-ratings were not given for all five criteria.

3. Results of the Evaluation

3.1 Relevance (Rating: ③¹⁰)

3.1.1 Consistency with the Development Plan of Jordan

At the time of appraisal, the Jordanian government had formulated a 10-year social and

⁹ World Bank's Implementation Completion Report (ICR) Review
<https://documents1.worldbank.org/curated/en/532471561641076061/pdf/Jordan-JO-Energy-Water-Sector-Reforms-DPL.pdf> (accessed February 1, 2021)

¹⁰ ③: High, ②: Fair, ①: Low

economic development program, *Jordan 2025*, starting in 2015, and its concrete measures, the *Executive Development Plan 2016-2018*.

Jordan 2025 is a comprehensive 10-year social and economic policy framework for the period 2015-2025, focusing on creating an environment for more inclusive growth through enhancing macroeconomic stability (fiscal consolidation, balance of payments improvement), business environment, public financial management, governance, labor environment, and competitiveness. Under the *Executive Development Plan 2016-2018*, the financial sector targeted to promote information disclosure and improve the infrastructure of capital markets, etc., while the business environment targeted to improve the rankings of the key indicators such as the World Bank's *Ease of Doing Business Report*¹¹, the WEF's *Global Competitive Indicator*¹², and the Heritage Foundation/WSJ's *Economic Freedom Index*¹³.

The country's development policy at the time of this ex-post evaluation was the *Indicative Executive Program 2021-2024*, which was formulated at the end of 2020. This program follows the previous policy, including the aforementioned improvement of the financial sector and business environment while also taking into account the flexibility to cope with the COVID-19 pandemic.

Thus, the Project, which aims to improve the financial sector and business environment, is consistent with the country's development policy at both the time of appraisal and ex-post evaluation.

3.1.2 Consistency with the Development Needs of Jordan

At the time of appraisal, Jordan's priorities were to vitalize its economy, which had stagnated due to the effects of the 2008 global financial crisis and disturbances in neighboring countries, to undertake financial sector reforms, and to improve its business environment for self-sustaining development without relying on donor support.

Banks, social security institutions, and insurance companies were the main participants in Jordan's bond auctions, but due to the lack of a developed secondary market for government bonds, they often held government bonds to maturity after the auctions. In order for the government to be able to raise funds on more favorable terms, it was necessary to expand the investment destinations of private companies' surplus funds and to improve the transparency of government bond information to attract more market participants. Therefore, the Project set a goal of improving these areas in the financial market. Specifically, the Project's policy actions were set

¹¹ The World Bank's annual ranking of countries by measuring their business regulations and its implementation situation.

¹² The World Economic Forum's annual ranking of countries by measuring their competitiveness, a vital factor of productivity.

¹³ Annual ranking of countries by measuring degree of economic freedom by the Heritage Foundation, a U.S. think tank, and the Wall Street Journal.

to: (a) publicize the yield curve¹⁴ of government bond and make the trading price of government bond explicit; (b) publicize the government bond auction schedule to encourage new investments by domestic and foreign investors; and (c) activate interbank repo transactions¹⁵ to lay the groundwork for the creation of a secondary market for government bond. Another goal was set to improve the business environment in order to attract domestic and foreign investment and improve access to finance by private companies. Specifically, (d) prepare for the introduction of a credit rating system for private companies and (e) clarify industrial development policy were also formulated as policy actions for the Project.

The above development needs at the time of appraisal were fundamental to improving the financial sector and the business environment, and according to the agencies in charge of policy actions, namely the Ministry of Finance, the Central Bank, the Securities Commission, and the Ministry of Industry, Trade and Supply, these needs continue to exist at the time of this ex-post assessment. Thus, the goals of the Project are consistent with the development needs of the country at both the appraisal and the ex-post evaluation stages.

In addition, under the international cooperation framework¹⁶, the Project was intended to contribute to the reduction of Jordan's fiscal burden, which has increased affected by the large influx of refugees and by the disturbances in neighboring countries, and also to meet the short-term financial needs of the country to sustain the reception of refugees and the provision of public services. Specifically, the plan was to improve Jordan's fiscal balance and international balance of payments in 2017 by providing international financial support through a combination of the 20-billion-yen loan from the Project and loans from other donor countries and agencies. Such a goal was consistent with the country's financial needs.

3.1.3 Consistency with Japan's ODA Policy

The Project fell under the priority area "support for self-reliant and sustainable economic growth" in the Japanese government's *Country Assistance Policy to Jordan* (June 2012) at the time of appraisal. In the subsequent *Country Development Cooperation Policy for Jordan* (July 2017), from the perspective of stabilizing the macroeconomy through self-reliant and sustainable economic growth in Jordan, the priority area is to provide assistance related to policy and institutional improvements that contribute to fiscal stability, transparency, accountability, and debt management capacity in order to establish a self-reliant economic foundation. This Project was thus consistent with Japan's aid policy at the time of appraisal.

¹⁴ Yield curve: a curve that demonstrates relationship between bonds of varying years remaining to maturity and the yield. The graph's horizontal axis is years remaining to maturity, the vertical axis depicts the yield.

¹⁵ Interbank repo transactions: short-term lending and borrowing transactions among banks using government bonds as collateral.

¹⁶ Jordan Compact: at the Syrian crisis support conference held in London in February 2016, Jordan announced its intention to pursue economic growth inclusive of Syrian refugees, and the international development community responded by pledging financial support to it.

In addition, at the G7 Ise-Shima Summit in May 2016, the importance of international support for Syrian refugees was confirmed. The Japanese government announced its *Inclusive Assistance towards the Stability of the Middle East region* and announced that it would provide a total of approximately 6 billion USD in assistance to the Middle East region, including Jordan, over the three-year period from 2016 to 2018 to address various issues in the region, including the refugee problem caused by the Syrian conflict. The Project is a part of this assistance.

Therefore, the Project was consistent with Japan's aid policy at the time of appraisal.

3.1.4 Appropriateness of the Project Plan and Approach

In order to improve the financial market, this project aimed to improve the transparency of the government bond market and promote more predictable and stable financing by implementing the publication of the government bond yields, government bond auction schedule, and interbank repo market information. This will contribute to fiscal discipline and debt sustainability, as well as to economic stability. In addition, greater transparency in the government bond market will lead to an increase in opportunities where private companies can invest their surplus funds, which will also contribute to economic stabilization.

The Project also aimed to improve the business environment by introducing a credit rating system and clarifying industrial development policy. These will contribute to the revitalization and stabilization of the economy by improving private companies' access to finance, promoting trade and investment, and stimulating industry. The policy matrix (Table 1), which was set up based on this idea by bundling individual policy actions, was appropriate.

This policy matrix was developed in consultation with the IMF, the World Bank, the United States, etc., that shared the above ideas. Thus, the Project was a part of the international community's concerted effort to support Jordan. In addition, as mentioned earlier, the Project also aimed to quickly close the financing gap in Jordan's public finances and balance of payments in 2017 under international cooperation, so it was appropriate that the Project was provided under the program loan scheme, a scheme that allows for fast disbursement.

In addition, JICA has implemented Fiscal Consolidation Development Policy Loan (2014) and Fiscal and Public Service Reform Development Policy Loan (2015) as development policy loans prior to the Project, and to complement these loans, JICA provided country-specific training in the field of public debt management and dispatched an expert for fiscal management. JICA's fiscal management expert dispatched to Jordan assisted in the formulation of policy actions of the Project to improve the financial market. At the time of appraisal, an expert from the U.S. Department of the Treasury was dispatched to the Jordanian Ministry of Finance, and since the U.S. expert was familiar with the government bond market, JICA's fiscal management expert assisted the formulation of the policy matrix, especially in collaboration with the U.S. expert. Policy actions on preparing for the introduction of a credit rating system to improve the business

environment and clarifying industrial development policy were formulated with the advice of senior advisors from JICA's relevant thematic issue departments. In this way, JICA mobilized its various resources such as fiscal management expert, country training, and thematic senior advisors to be incorporated into the preparation of the policy matrix and policy actions. In addition, the Project was timed to coincide with the implementation of the IMF's EFF, thus the project plan and approach were appropriate.

Based on the above, the implementation of the Project is fully consistent with Jordan's development policy, development needs, and Japan's ODA policy, and the project plan and approach are appropriate. Therefore, its relevance is high.

3.2 Effectiveness and Impacts (Rating: ②)

3.2.1 Effectiveness

3.2.1.1 Achievements of Policy Actions and Targets

The Project supported policy reforms in the financial sector and the business environment sector. Three policy actions in the financial sector and two policy actions in the business environment sector were developed and bundled into the policy matrix shown in Table 1. It was planned that the disbursement would be made on condition that these policy actions were implemented. JICA confirmed that all the policy actions were accomplished by the end of October 2017 as planned, and the loan was disbursed in December 2017. In addition, the effect onset date and the target values of the policy actions were set, and their achievement date was set to be about two years after the completion of the Project, October 2019.

Table 1 Policy Matrix for the Project

Policy Area	Prior Actions II (expected to be achieved by October 2017)	Indicator	Result Framework	
			Baseline 2015	Target 2019/10
	Financial Market Improvement for economic revitalization		#1: Publicize yield of the government bond of each available tenor, updated one day after each auction of the government bond, on the Central Bank of Jordan's website.	Visualize the yield curve to enhance the secondary bond market
#2: Minister of Finance Approval on publicizing government bond auction schedule by each tenor and the auction dates on the Ministry of Finance website at the beginning of the year, which is reviewed quarterly.		Transparency in government debt management for the investors to enhance the secondary bond market	No auction schedule published	The amount by tenor to be included in the published auction schedule for the following month by the end of the month.
#3: Activate interbank repo transactions by having all the banks and the central bank sign the Repo Master Agreement.		Active repo market to enhance the secondary bond market	No interbank repo transactions	Publish the amount and the repo-rate by each tenor on the information vendors.
Business Environment Improvement	#4: Approval by the Governor of the Central Bank of Jordan on the final report of feasibility study on the introduction of credit rating system in Jordan.	Study feasibility on the introduction of credit rating system for improving access to finance	No action plan for the introduction of credit rating system.	Adoption of the action plan produced by Feasibility Study
	#5: Approval by the Council of Minister on the Industrial Policy prepared and finalized by the Ministry of Industry and Trade in line with JICA's recommendation.	Improve and revitalize economy	Average growth rate (2010-2015) of Export: -0.64%	Average minimum growth rate (2016-2018) of Export: 2.6% (*)

(*) The average minimum growth rate is derived from the projections based on the historical data.

Source: JICA Ex-Ante Evaluation

Each policy action, its target value, and the status of achievement at the time of ex-post evaluation are described below.

(1) Financial Market Improvement for Economic Revitalization

(a) Publicizing yield of government bond

At the time of appraisal		At the time of ex-post evaluation
Policy action (expected to be achieved by Oct 2017)	#1: Publicize yield for the government bond of each available tenor, updated one day after each auction of the government bond, on the Central Bank of Jordan's website.	<ul style="list-style-type: none"> In 2017, the Central Bank of Jordan began publishing the government bond yields for each tenor on its own website the day after the auction date, and the policy action was achieved. In 2018, yields of the government bond of each tenor were published based on market transactions in addition to the yield curve of the primary market, and the target was achieved. Till now, this information is published without any problem.
Indicator	Visualize the yield curve to enhance the secondary bond market	
Baseline (2015)	No yield curve	
Target (October 2019)	Publish yield of the government bond of each available tenor based on the market transactions in addition to the yield curve of the primary market that is already published.	

(b) Publicizing government bond auction schedule

At the time of appraisal		At the time of ex-post evaluation
Policy action (expected to be achieved by Oct 2017)	#2: Minister of Finance Approval on publicizing government bond auction schedule by each tenor and the auction date on the Minister of Finance website at the beginning of the year, which is revised quarterly.	<ul style="list-style-type: none"> • In 2016, the Jordanian Ministry of Finance approved publicizing of government bond auction schedule for each tenor at the beginning of each fiscal year on the ministry's website, to be revised quarterly, and the policy action was achieved.
Indicator	Transparency in government debt management for the investors to enhance the secondary bond market	<ul style="list-style-type: none"> • The government bond auction schedule was published in 2016, and the target was also achieved in 2016.
Baseline (2015)	No auction schedule published	
Target (October 2019)	The amount by tenor to be included in the published auction schedule for the following month by the end of the month.	<ul style="list-style-type: none"> • The government bond auction schedule was published in 2016, but has not been updated since 2020 due to COVID-19. This was due to delays in the updating process caused by COVID-19, which reduced the functioning of the department in charge, as well as the difficulty in maintaining the original bond auction schedule due to the increase in health-related expenditures and decrease in revenue caused by COVID-19. Though it depends on the situation of the COVID-19 pandemic in the future, it is expected that the government bond auction schedule will be updated starting in the second half of 2022.

(c) Activating interbank repo transaction, publicizing interbank repo market information

At the time of appraisal		At the time of ex-post evaluation
Policy action (expected to be achieved by Oct 2017)	#3: Activate interbank repo transactions by having all the banks and the Central Bank sign the Repo Master Agreement.	<ul style="list-style-type: none"> • The policy action has been achieved as revised shown on the left. • The Jordanian side requested JICA to revise the policy action that “only banks who wish to go into repo transaction sign the repo agreement on a bilateral basis” (Sept. 2017). JICA concurred to the request as it was in line with the real business practice (Oct. 2017). • The target value was achieved in 2018.
	(Revised in October 2017) #3: Activate interbank repo transactions by devising a Master Repurchase Agreement finalized in cooperation between the Central Bank of Jordan, Association of Banks in Jordan (ABJ) and Jordanian banks and uploaded to ABJ's website for Jordanian banks who desire to sign the agreement on a bilateral basis.	

Indicator	Activate repo market to enhance the secondary bond market	<ul style="list-style-type: none"> • The number of banks that signed repurchase agreements was five in 2018. The number of transactions was 4 in 2018 with a transaction value of 179.5 million JD, and 1 in 2021 with a transaction value of 31 million JD. The total number of transactions was only five, amounting to 210.5 million JD, due to the failure to update the automatic repo transaction system. • The reason why the Central Bank's automated repo trading system was delayed was because it proved technically difficult to implement and had to be done manually. In 2021, the focus was on updating the settlement system, so the automated repo trading system is expected to be implemented from 2022.
Baseline (2015)	No interbank repo transactions	
Target (October 2019)	Publish the amount and the repo-rate by each tenor on the information vendors.	

(2) Business Environment Improvement

(d) Preparing introduction of credit rating system

At the time of appraisal		At the time of ex-post evaluation
Policy action (expected to be achieved by Oct 2017)	#4: Approval by the Governor of the Central Bank of Jordan on the final report of feasibility study on the introduction of credit rating system in Jordan.	<ul style="list-style-type: none"> • the policy action has been achieved as shown on the left. • The Jordanian side requested to change the target to "Adoption of an action plan produce by the Jordanian Securities Commission with coordination of different relevant stakeholders" (December 2017), and JICA concurred the change as it is in line with the actual practice (January 2018).
Indicator	Study feasibility on the introduction of credit rating system for improving access to finance	<ul style="list-style-type: none"> • Since 2018, the preparation of the action plan has not progressed and the target has not been achieved. • The Jordanian side continues to consider the preparation of an action plan, but the work has been delayed due to the impact of COVID-19, including the postponement of discussions between the Jordanian side and interested foreign credit rating agencies.
Baseline (2015)	No action plan for the introduction of credit rating system	
Target (October 2019)	<p>Adoption of the action plan produced by feasibility Study</p> <p>(Revised in January 2018) Adoption of the action plan produced by the Jordanian Securities Commission with coordination of different relevant stakeholders.</p>	

(e) Clarifying industrial policy

At the time of appraisal		At the time of ex-post evaluation										
Policy action (expected to be achieved by Oct 2017)	#5: Approval by the Council of Ministers on the Industrial Policy prepared and finalized by the Ministry of Industry and Trade in line with JICA's recommendations.	<ul style="list-style-type: none"> The Council of Ministers approved the industrial development policy covering the period 2017-2021 based on JICA's advice, and the policy actions were achieved (JICA advised on vocational training, women's participation, energy conservation, SMEs, and quality control). The target average export growth rate for 2016-2018 was set at a minimum of 2.6%, and the actual result was about 3%, and the target was achieved. <table border="1"> <thead> <tr> <th colspan="2">Export value</th> </tr> <tr> <th>year</th> <th>million JD</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>4,396.5</td> </tr> <tr> <td>2017</td> <td>4,504.2</td> </tr> <tr> <td>2018</td> <td>4,674.7</td> </tr> </tbody> </table> <p>Source: CBJ Annual Report 2019</p>	Export value		year	million JD	2016	4,396.5	2017	4,504.2	2018	4,674.7
Export value												
year	million JD											
2016	4,396.5											
2017	4,504.2											
2018	4,674.7											
Indicator	Improve and revitalize economy											
Baseline (2015)	Average growth rate (2010-2015) of Export: -0.64%											
Target (October 2019)	Average minimum growth rate (2016-2018) of Export: 2.6% (*) (*) The minimum growth rate is derived from the projections based on the historical data.											

The target value of the policy action "Clarification of Industrial Development Policy" was set to achieve an average export growth rate of at least 2.6% per annum for the period 2016-2018, as mentioned above. This was calculated from projections based on export data for the past 30 years (1986-2015). In fact, the average export growth rate for the period 2016-2018 was 3.1%, from 1,222 million JD in 1986 to 4,219 million JD in 2015, 3.5 times the export value. During that 30-year period, there were eight years in which exports declined year on year, including six years¹⁷ of modest declines ranging from -1.1% to -5.0%, with only one decline of more than 10%, in 2008, when exports declined 12.0% year on year due to the impact of the global financial crisis. The second largest decline was in 2015, when the value of Jordanian exports declined by -9.4% year on year due to border closures caused by the Syrian civil war. The value of Jordan's exports has increased moderately over the 30-year period from 1986 to 2015, without much significant decline except for these two cases. In addition, there has been no significant change in the export structure (major export items, major export destination countries)¹⁸. Therefore, assuming that a crisis of the magnitude of the Lehman Shock will not occur, setting the average export growth rate for 2016-2018 at 2.6% as the target value is relevant.

¹⁷ 1989: -2.4%, 1991: -5.0%, 1997: -2.7%, 2009: -3.7%, 2011: -1.1%, 2012: -2.5% (Source: JICA provided materials)

¹⁸ Major export items (2020): clothes (23.0%), phosphates & phosphoric acid (9.6%), medical & pharmaceutical products (8.4%), potash (7.5%), fertilizers (5.2%), vegetables (3.5%)
Major export destination countries (2020): Arab countries (40.0%), USA (24.2%), India (12.2%), EU countries (3.0%), China (2.3%) (Source: Central Bank of Jordan, Annual Report 2020)

3.2.2 Impacts

Figure 1 illustrates the path from each policy actions to "stabilize Jordan's economy," "improve fiscal discipline," and "improve debt sustainability," which are cited as the Project's qualitative effects. The intermediate steps ((a) to (e)) are based on JICA documents (ex-ante evaluation of the Project) and interviews with JICA¹⁹. The impact of the Project was evaluated as follows according to Figure 1.

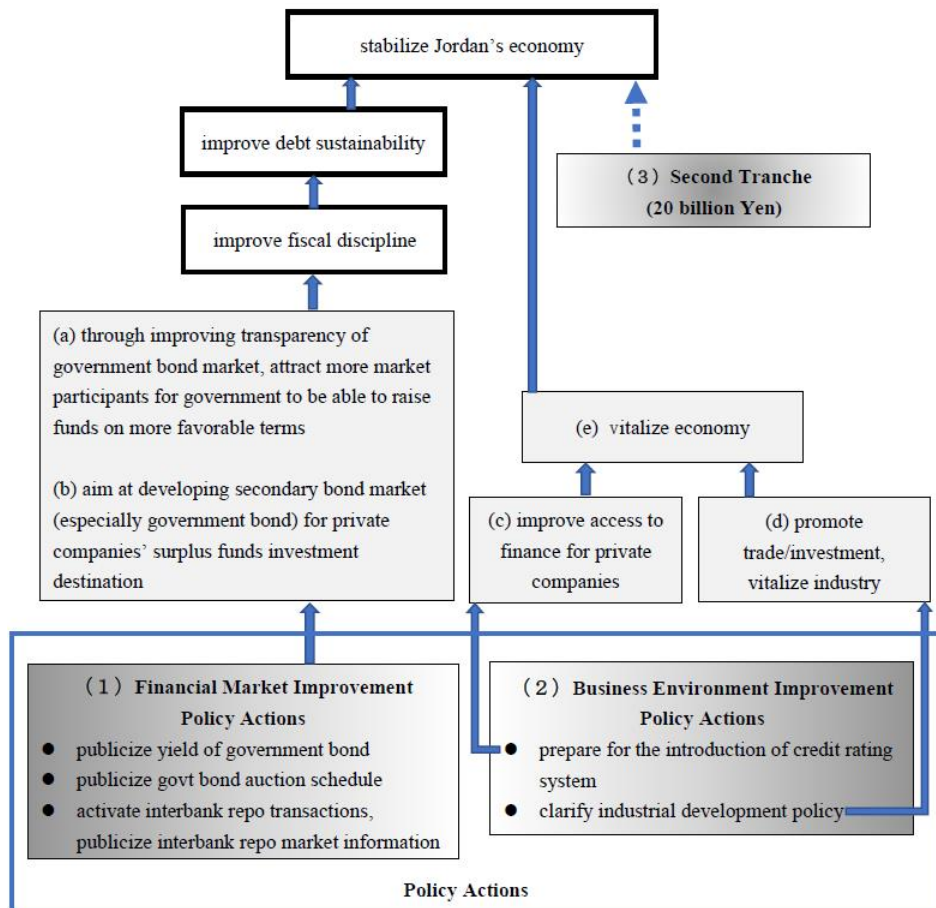


Figure 1 Impact Path

¹⁹ Figure 1, (a), (b), (c): Ex-Ante Evaluation “Financial/Business Improvement: JICA’s sole financing. Aim at developing secondary bond market (especially government bond) to secure private companies’ surplus funds investment destination and to make the government to be able to raise funds on more favorable terms by attracting more market participants. In addition, attract investments of domestic and foreign investors and improve business environment, improve access to finance for private companies through giving credit rating and clarify the government’s industrial development policy.” (an excerpt from 3. Project Outline)

Figure 1, (a), (c), (d), (e): An interview with JICA’s regional director (February 1, 2021) “It was assumed that concerning financial market improvement, improvement of market transparency leads to more predictable and stable fund raising, and these contribute to the improvement of fiscal discipline and debt sustainability, thereby leading to stabilization of economy. Concerning business environment improvement, improvement of financial access, promotion of trade and investment, and vitalization of industry lead to economic vitalization and these bring about stabilization of economy.”

3.2.2.1 Status of Impact

The following (1) and (2) summarize the status of the impact of each policy action according to Figure 1.

- (1) Financial Market Improvement: "Publicize yield of government bond," "publicize government bond auction schedule", "activate interbank repo transactions and publicize interbank repo market information"

According to the Central Bank of Jordan and the Ministry of Finance, the publicizing government bond yields and government bond auction schedule on the websites of the Central Bank and the Ministry of Finance, respectively, has led to the diversification of government bond holders (Table 2), an increase in government bond auction bid-to-cover ratio (Table 3), and a lengthening of the average maturity of government bonds (Table 4). Thus, with regard to the step "(a) through improving transparency of government bond market, attract more market participants for government to raise funds on more favorable terms" shown in Figure 1, there was an improvement in fund-raising conditions, with an increase in market participation by non-banks²⁰, an increase in the government bond auction bid-to-cover ratio, and, as a result, a lengthening of the average maturity of government bonds. As for the contribution to the improvement of funding costs, Table 5, which shows the trend of interest rates on government bond issuance, shows that the simple average of interest rates on 7-year, 10-year, and 15-year government bonds declined by 0.79% when comparing 2017 and 2019. During the same period, US Treasury rates fell by 0.19%, and even though there was a global trend of falling interest rates, the 0.79% decline in Jordanian government bond rates was clearly more than that trend. It is possible to speculate that non-banks in Jordan shifted funds that had previously been invested abroad in major foreign government bonds to the Jordanian government bond market in response to the increased transparency of information in the government bond market. Estimating the reduction of interest rate burden based on the amount of new government bond issuance, the amount of new government bond issuance in 2019 was 4,650 million JD, and assuming that half of that amount, 2,325 million JD, was 7-, 10-, and 15-year government bonds bought mainly by non-banks, the amount would be about 18 million JD. The amount of interest paid by the Jordanian government on domestic debt in 2019 was 744 million JD²¹, so it is possible to estimate that the government reduced its interest payments on domestic debt by about 2 percent in 2019.

As for "(b) aim at developing secondary market for bonds (especially government bonds) as investment destination of private companies' surplus funds" in Figure 1, according to JICA, it was intended to activate the secondary market for government bonds by introducing interbank repo

²⁰ Non-Banks: social security institutions, insurance companies, foreign banks, Deposit Insurance Corporation, other individuals and non-financial companies.

²¹ Central Bank of Jordan Annual Report 2019

transactions in parallel with the activation of the government bond issuance market in (a) of Figure 1. Interbank repo transactions boosted the overall trading volume of the secondary market for government bonds by about 50% in 2018 when they were introduced (Table 6), but as mentioned earlier, due to technical reasons, interbank repo transactions did not take place in 2019 and 2020, and did not make a sustained contribution to the revitalization of the secondary market for government bonds. In addition, as shown in Table 6, the size of transactions in the secondary market for government bonds has remained small, in the range of a few percent of the size of the government bond issue market, or 200-300 million JD. In addition, as shown in Table 7, the corporate bond market is even smaller than the government bond market.

Table 2 Bond holders' breakdown (Unit: million Jordanian Dinar (JD))

	2015	2016	2017	2018	2019
Banks (%)	8,439 (68.1)	7,876 (61.9)	6,601 (54.1)	6,980 (53.4)	7,973 (53.4)
Non-Banks (%)	3,945 (31.9)	4,847 (38.0)	5,593 (45.9)	6,096 (46.6)	6,968 (46.6)
Treasury Bills and Bonds (%)	12,384 (100.0)	12,723 (100.0)	12,194 (100.0)	13,075 (100.0)	14,940 (100.0)

Source: Central Bank of Jordan Annual Report

Table 3 Bid-to-cover ratio in government bond auction

2016	2017	2018	2019
1.69	1.83	1.91	2.04

Source: Jordan Ministry of Finance

Table 4 Average maturity of government bonds (Unit: Years)

2015	2016	2017	2018	2019
2.9	3.0	3.4	3.6	4.2

Source: Jordan Ministry of Finance

Table 5 Average interest rate of government bonds issuance (Unit: %)

	2015	2016	2017	2018	2019	2020
2 years	2.90	2.82	3.70	4.34	4.53	3.27
3 years	3.26	3.25	4.00	4.51	4.63	3.35
5 years	4.06	3.93	4.80	5.45	5.32	3.81
7years	5.12	5.09	6.17	6.24	5.54	3.71
10years		6.34	6.83	6.71	6.14	4.82
15years			8.00	7.92	6.96	5.65
(ref) CBJ main rate	2.50~2.25	2.50	2.75~4.00	4.00~4.75	4.00~4.75	2.50~4.00
(ref)10-year US Treasury bond	2.14	1.84	2.33	2.91	2.14	0.89

Source: Jordan Ministry of Finance

Table 6 Transactions in Domestic Public Debt Instruments (Unit: million JD)

	2015	2016	2017	2018	2019	2020
Primary market Issues	3,620.0	5,546.0	3,931.0	4,166.4	5,800.0	3,860.0
Treasury bills	125.0	1,075.0	820.0	885.0	1,150.0	485.0
Treasury bonds	3,475.0	4,388.0	2,636.0	3,281.4	4,650.0	3,375
Public entities' bonds	20.0	83.0	475.0	0	0	0
Secondary market	362.1	184.3	265.6	395.7	230.6	169.9
Treasury bonds	N/A	N/A	265.6	209.2	230.6	167.6
Public entities' bonds	N/A	N/A	0	7.0	0	2.3
Interbank repo	0	0	0	179.5	0	0

Source: Central Bank of Jordan

Table 7 Trading value of corporate bonds (Unit: million JD)

	2015	2016	2017	2018	2019	2020
Primary market issue	92.5	166.0	224.0	238.5	243.1	243.8
Secondary market	0.9	0	1.9	3.2	0.9	0.3

Source: Amman Stock Exchange

Next, as to whether the publicizing government bond yields and the schedule of government bond auctions contributed to improving fiscal discipline and debt sustainability, the situation of the fiscal balance among the main economic indicators in Table 8 shows that the fiscal balance deteriorated especially in 2018 and 2019, at -3.3% and -4.9% of GDP, respectively, below the IMF's forecast at the time of the 2016 appraisal. The background for this is that the impact of the Arab Spring in 2010 and the Syrian crisis since 2011 impeded the recovery from the global financial crisis of 2008 which was still underway, and the GDP growth rates for 2018 and 2019 were initially expected to be 3.8% and 4.0%, respectively, but the actual figures were halved to 1.9% and 2.0%, respectively. As a result, public debt in the table also worsened to 94.4% of GDP in 2018 and 97.4% in 2019. And in 2020, the COVID-19 pandemic caused all indicators to deteriorate. IMF also pointed out that tax administration weaknesses such as in broadening tax base, removal of sales tax exemptions, reduction of smuggling and tax evasion aggravated fiscal deterioration²². Under such fiscal situation, it is possible to estimate that the interest payments in 2019 on long-term government bonds (7-year, 10-year, and 15-year) were reduced by about 18 million JD (about 2% of the interest payments on domestic debt) by the policy actions as mentioned above, and to that extent, it is possible to assume that the policy actions contributed to "improving fiscal discipline" and "improving debt sustainability."

²² IMF Staff Report, Article IV Consultation, March 2020

Table 8 Major economic indicators (Unit: % of GDP, except 1.)

	2016	2017	2018	2019	2020	2021
1. Real GDP growth (%)						
as projected in 2016	2.8	3.3	3.8	4.0	4.0	4.0
actual	2.0	2.1	1.9	2.0	*-1.6	*2.0
2. Fiscal balance						
as projected in 2016	-3.8	-2.6	-1.0	0.5	0.5	0.4
actual	-3.2	-2.2	-3.3	-4.9	*-7.3	*-5.8
3. Government gross debt						
as projected in 2016	94.4	94.0	91.0	86.3	81.7	77.3
(of which: external debt)	(36.9)	(36.9)	(37.5)	(37.6)	(37.3)	(37.0)
actual	95.1	94.3	94.4	97.4	*109.0	*113.6
(of which: external debt)	(37.5)	(39.9)	(37.2)	(35.0)	* (40.2)	* (45.3)
4. Current account balance						
as projected in 2016	-9.0	-8.9	-7.5	-6.2	-6.2	-6.2
actual	-9.3	-10.6	-7.0	-2.1	*-8.0	*-8.3

Source : IMF EFF reports (* : projections in IMF EFF report Aug 2021)

The IMF and the World Bank are playing a central role in Jordan's fiscal consolidation efforts, and the international community, including Japan, is cooperating with them. The policy actions of the Project were formulated in consultation with the IMF, the World Bank, and others as part of such international cooperation, and it is significant that the Project has made it possible for the first time to publicize very basic government bond information, such as government bond yields and the government bond auction schedule, on the web. In the future, it will be important to see how effectively these policy actions can be utilized as fiscal consolidation progresses.

In this ex-post evaluation, interviews to market participants in the country were made, who said that they now make use of the published information on government bond yields when trading bonds. They also said that the release of the government bond auction schedule made it easier for market participants to make future business plans. These responses from market participants are exactly what was expected from the policy actions, and will help stimulate the economy. With regard to the publicizing the government bond auction schedule, however, some officials pointed out that there were some differences between the information released in advance and the actual content of the auctions. Although it is a big step forward that basic government bond information is now available on the websites of the Ministry of Finance and the Central Bank, it seems that there are still issues to be addressed in terms of high-quality information disclosure.

(2) Business Environment Improvement: "Prepare for the Introduction of a Credit Rating System" and "Clarify Industrial Development Policy"

The introduction of a credit rating system will provide a basis for financial institutions to examine loans to private companies, and is expected to improve access to finance for companies, and the Jordanian side recognizes the importance of the preparation for the introduction of a credit

rating system. However, the adoption of an action plan for the introduction of a credit rating system, which was targeted to be achieved by October 2019, has not been achieved even at the time of this ex-post evaluation, and it is taking time for consideration. Therefore, it has not yet achieved the impact that contributes to "(c) improving access to finance for private companies" and "(e) vitalize the economy" in Figure 1.

The government to "clarify industrial policy" was expected to "(d) promote trade and investment, and vitalize industry" and "(e) vitalize the economy" as shown in Figure 1, but as the World Bank statistics summarized in Table 9 show that exports (as a percentage of GDP) have remained flat or slightly declined from 36.5% in 2015 to 36.3% in 2019. Looking at domestic and foreign investment trends, gross fixed capital formation has halved from 20.4% of GDP in 2015 to 10.9% of GDP in 2019, while foreign direct investment has also halved from 4.1% of GDP in 2015 to 1.9% of GDP in 2019. According to statistics from the Central Bank of Jordan, the share of manufacturing in GDP from 2016 to 2019 has not changed significantly, at about 20 percent, and about 2% for mining sector, as shown in Table 10. In addition, the GDP growth rate remained at 2% every year from 2015 to 2019, and the contribution of the manufacturing sector in the GDP growth rate did not change significantly, ranging from 0.2 to 0.3% every year. In the current *Industrial Policy 2017-2021*, export promotion and investment promotion are listed as the main goals, but as mentioned above, exports have remained flat or declined, and investment has declined significantly. Therefore, how the industrial policy itself contributed to "(d) promote trade and investment, and vitalize industry" or "(e) vitalize the economy" was not clear.

Table 9 Export, investment (Unit: % of GDP)

	2015	2016	2017	2018	2019	2020
Export	36.5	34.4	34.5	35.2	36.3	23.7
Gross fixed capital formation	20.4	18.5	20.0	16.1	10.9	10.5
FDI	4.1	3.9	4.9	2.2	1.9	--

Source: World Bank, World Development Indicators

Table 10 Manufacturing and mining sector (Unit: %)

	2015	2016	2017	2018	2019	2020
Share of manufacturing sector (% of GDP)	21.8	20.7	20.4	20.3	20.1	19.8
Share of mining sector (% of GDP)	2.6	2.1	2.3	2.3	2.3	2.4
Contribution in overall GDP growth						
Manufacturing sector	0.3	0.2	0.2	0.3	0.2	-0.5
Mining sector	0.2	-0.2	0.2	0.0	0.1	0.0
Overall GDP growth rate	2.5	2.0	2.1	1.9	2.0	-1.6

Source: Central Bank of Jordan Annual Reports

(3) Impact of the second tranche (20 billion yen)

At the time of appraisal, the IMF had set Jordan's appropriate foreign exchange reserves at about eight months of imports in order to strengthen Jordan's resilience to risks such as worsening regional conflicts, exchange rate instability, and rising energy import prices. Based on this setting, each country and organization, including Japan, considered the scale of assistance and provided financial support. As a result, the financial gap in the balance of payments was filled in 2017. In addition, this foreign currency was exchanged into Jordanian Dinars to support the national finances. As a result of these supports, the country did not experience any shocks such as fiscal and balance of payments crises, which contributed to the stabilization of Jordan's economy. Table 11 demonstrates the flow of yen loan simultaneously realizing international revenue support and fiscal support confirmed by the Central Bank of Jordan. The second tranche of financial assistance of 20 billion JPY (178 million USD) would have accounted for about 16% of Jordan's balance of payments needs of 1,135 million USD in 2017, and filled about 8% of its fiscal needs of 2,290 million USD (1,624 million JD). This is the largest scale of financial cooperation among donors, and the second tranche is positioned as having contributed to the economic stabilization of Jordan on a substantial scale (Figure 1).

According to Jordan's Ministry of Finance, Japan's pledging of the Project, signing of the Exchange of Notes, and signing of the yen loan during 2016 induced other developed country donors to follow suit. Jordan's Ministry of Finance also says that in the same year, the Jordanian government successfully issued 1.5 billion USD Eurobonds, which was also due to the market's positive perception of international official financial support for Jordan, including the loan under the Project.

Table 11 Balance of payments and fiscal support (2017)²³

Jordan: External Financial Requirements and Sources, 2017		Jordan: Central Government: Summary of Fiscal Operations, 2017	
	(mil USD)		(mil JD)
Gross Financial Requirements	6,382	Total revenue and grants	7,424
Current account deficit (excl. grants)	5,404	Domestic revenue	6,716
		Grants	708
Gross Financing Sources	4,491	Total expenditures, inc. other use of cash	8,169
FDI, net	2,206	Overall balance after fiscal measures (adjusted)	-729
Public grants	1,097	Financing	729
Public sector borrowing	211	Foreign financing (net)	1,624
Issuance of sovereign bonds	1,500	Domestic financing (net)	-895
Error and omissions	626		
Change in reserves	-130		
Total Financing Needs	1,135		
Official Financing	1,135		
Identified official budget support	664	(note)	
Japan	178	54 + 1,500 + 664 + 72	
World Bank	92	= 2,290 mil USD	
EU	118	= 1,624 mil JD	
France	148		
Germany	89		
Italy	40		
Jordan Compact off-budget grants	399		
IMF	72	1 USD = 0.709 JD	
Gross Usable Reserves	14,256		
IMF Reserve Adequacy Metric (%)	114		
imports (months)	7.5		

Source: IMF EFF report 2019

3.2.2.2 Other Positive and Negative Impacts

(1) Impact on the Natural Environment

The Project is a budget support for which no special environmental impact is foreseen, and no special impact was assumed at the time of appraisal (Category C). In this ex-post evaluation, it was confirmed that there was no impact on the natural environment.

(2) Resettlement and Land Acquisition

Resettlement and land acquisition under the Project were not planned and were not implemented.

²³ Out of 211 million USD Public sector borrowing, 54 million USD is for budget support from Arab Monetary Fund (AMF).

(Table 11 Explanation)

- JICA made disbursement in Japanese Yen

(left table: balance of payments support Japan 178 million USD [20 billion JPY]).

- The Central Bank of Jordan converted the foreign currency support including JICA's portion into domestic currency (JD) and transferred it to the Jordanian government.

- The Jordanian government used that JD to finance its budget deficit (right table: budget support).

The implementation of the Project has contributed to the development of the government bond market and is highly effective, as it has realized the publication of government bond yields, the publication of the government bond auction schedule, and the introduction of interbank repo transactions and the publication of the repo transaction information. In addition, the Project has had a certain impact, contributing to the improvement of the country's fiscal balance and international balance of payments in 2017. On the other hand, there is no prospect for the introduction of a credit rating system, interbank repo transactions have been introduced but have been delayed for technical reasons, and the government bond auction schedule has not been updated since 2020 due to COVID-19 pandemic.

As a result of the above, a certain degree of effectiveness has been achieved through the implementation of the Project, and its effectiveness and impact are rated fair.

3.3 Sustainability

3.3.1 Institutional Aspect of Operation and Maintenance

The implementing agency for the Project is the Ministry of Planning and International Cooperation (MOPIC), which is responsible for the formulation and coordination of national development plans, the coordination of the receipt of foreign aid, and the monitoring and evaluation of development projects.

Within MOPIC, the International Cooperation Department (30 staff members, including 2 in charge of Japan) is in charge of aid coordination, and the Projects Department (12 staff members) cooperates with it in terms of project implementation support and monitoring.

In the Project, MOPIC compiled the policy actions of several organizations and confirmed the implementation of the policy actions, which was a condition for JICA's disbursement.

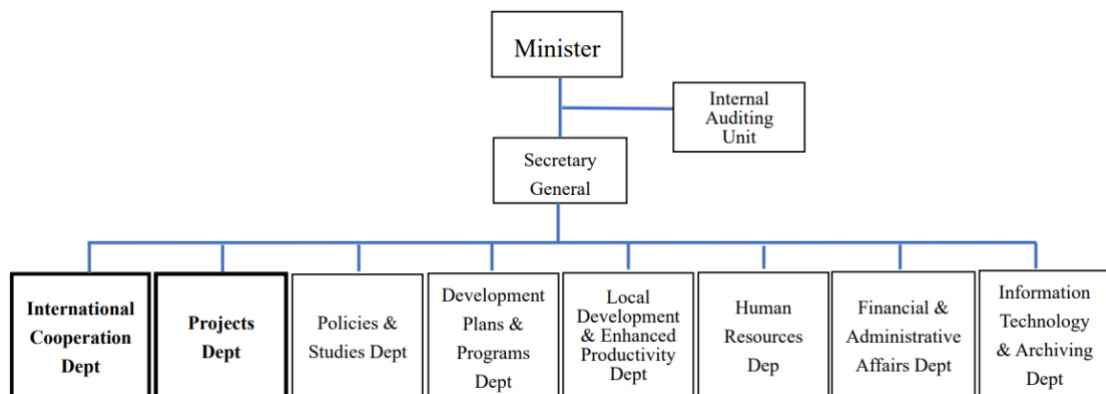


Figure 2 MOPIC Organization

Source: based on MOPIC's website²⁴

²⁴ https://mop.gov.jo/En/Pages/Organizational_Structure (accessed March 14, 2021)

4. Conclusion, Lessons Learned and Recommendations

4.1 Conclusion

The objective of the Project is to improve public finances of the Government of Jordan by supporting its reforms in the fields of financial market, business environment, and the public services sector (energy and water), thereby contributing to the economic stabilization of Jordan. The project was composed of two tranches, the first one targeting the challenges in the public services sector (energy and water) and the second one aiming to improve the financial market and business environment. This ex-post evaluation was conducted for the second tranche, which was solely financed by JICA.

The implementation of the Project supported the following policy actions: “publicize yield of the government bond”, “publicize government bond auction schedule”, “activate and publicize interbank repo transactions”, “prepare for the introduction of credit rating system,” and “clarify the government’s industrial development policy”, which were fully consistent with Jordan’s development policy and needs as well as Japan’s ODA policy. The project plan and approach were also appropriate. Therefore, the Project’s relevance is high.

By implementing the Project, market participants started using published information on the government bond yield and auction schedule on the web for their government bond trading, thereby generating effects such as diversification of bond holders, increase in bid-to-cover ratio in government bond auction, extension of average government bond maturity. These are also assumed to have contributed in reducing domestic debt interest payment burden to some extent. In addition, the disbursement under the Project contributed to the improvement of the country’s fiscal and balance of payments in 2017. On the other hand, studies toward the introduction of credit rating system, which the Project aimed to achieve have not progressed. In addition, the publication of the government bond auction schedule has been suspended since 2020 due to COVID-19, and interbank repo transactions have been delayed for technical reasons. Therefore, the Project’s effectiveness and impact are fair.

4.2 Recommendations

4.2.1 Recommendations to the Executing Agency

(1) Continued implementation of policy actions is important

One of the policy actions supported by the Project, "Publicize government bond auction schedule," was done on the Ministry of Finance website in 2016, but has not been updated since 2020 (in charge of Ministry of Finance). As for the "activate interbank repo transactions" the legal system and procedures are in place, but interbank repo transactions have been delayed due to the lack of an automated trading system (in charge of Central Bank). The action plan to "prepare for the introduction of a credit rating system" has not yet been adopted (in charge of Securities Commission). It is important for the Ministry of Finance, the Central Bank, and the Securities

Commission to address these issues quickly and surely to increase the effectiveness of these policy actions supported by the Project.

(2) A closer communication system between MOPIC and the agencies involved in the project is necessary

This ex-post evaluation identified issues such as the government bond auction schedule has not been updated since 2020, interbank repo transactions have been delayed, and there is no prospect of introducing a credit rating system, but MOPIC had not reported these issues to JICA. As agreed with JICA at the time of the Project appraisal, MOPIC is responsible for coordinating and monitoring the Project's activities with the relevant organizations, and it is important that MOPIC and the relevant organizations strengthen the communication to properly monitor the effects of the policy actions supported by the Project and promptly report the results to JICA.

4.2.2 Recommendations to JICA

Based on the achievements of the Project, JICA should consider participating in the study on the capital market development strategy supported by the European Bank for Reconstruction and Development (hereinafter, "EBRD").

The Jordanian side (Central Bank and Securities Commission) is currently studying a comprehensive capital market development strategy²⁵ including bond markets with the cooperation of the EBRD, and it is important for JICA to join in the study to facilitate the Jordanian side and the EBRD to maintain and develop the effects of the policy actions of the Project in their capital market development strategies. For example, when JICA asks the Jordanian side to ensure the implementation of the aforementioned "Recommendations to Implementing Agencies", JICA may reaffirm the importance of JICA-supported policy actions in the capital market development strategy and propose to the Jordanian side to maintain and develop the effects of the policy actions in the strategy. JICA may also make a similar proposal to the EBRD when it shares the results of this ex-post evaluation with the EBRD.

4.3 Lessons Learned

(1) Target the Publication of Information on Websites and Achieving High Effectiveness

²⁵ *Capital Market Development Strategy and Roadmap for Jordan, EBRD, January 2017*

EBRD's technical assistance for a comprehensive capital market development strategy, aiming at boosting economic growth, creating jobs, and enhancing standard of living for Jordanians. The EBRD report was approved by the Jordanian cabinet in 2017. The strategic goals are: to increase investor interest, make the financial market more attractive, ensure private sector initiative, make the securities industry more competitive, strengthen the capacity of JSC, create new investment products, and enhance financial education for market participants. To realize these, the strategy also envisages reform of relevant laws and regulations, reform of tax system, reform of JSC, etc.

July 28, 2021, JSC and EBRD concluded a memorandum of understanding (MOU) to further confirm their cooperation to realize above goals.

For this EBRD's technical assistance, 1.05 million Euro was contributed from the Japan-EBRD Funds.

The policy actions supported by the Project, "Publicize government bond yields" and "Publicize government bond auction schedule," aimed to publicize the information on the websites of the Central Bank and the Ministry of Finance, respectively. The publicizing of such information on the websites is a necessary and important measure in terms of governance and accountability, and it is also expected to have organizational and human resource development effects through the timely updating and publicizing of information. As a result of the publicizing of government bond yields in the Project, market participants can now use the published yield curve when trading bonds. As a result of the regular publication of the government bond auction schedule, effects such as an increase in the amount of government bond held by non-banks, an increase in the government bond auction bid-to-cover ratio, and a lengthening of the average maturity of government bonds have been observed. The posting of information on the government bond yield and government bond auction schedule on the website may seem like a simple administrative task, but in fact it can be considered for an indicator for other similar projects because it can be expected to have such significance effects as mentioned before.

(2) Record of Policy Dialogue is Important for Development Policy Loans without F/S

In the preparatory stage of JICA's development policy loans, there is no feasibility study (F/S) as is generally the case with project loans. Instead, the direction of reform is discussed and the policy matrix to be achieved is agreed upon through policy dialogue between JICA and the developing country. For this reason, in the ex-post evaluation of JICA's development policy loans, it is extremely important to confirm what kind of policy dialogue was conducted at the time of appraisal to determine the relevance and effectiveness and impact of the policy matrix. In the case of co-financing with the World Bank and other MDBs, JICA can refer to the record of their appraisal and policy dialogue. On the other hand, in the case of JICA's stand-alone development policy loan like this Project, the records of JICA's analysis, appraisal, and policy dialogue will serve as the evidence. In this ex-post evaluation, many of the records that serve as the basis for such evidence were not disclosed in written form, and the evaluator had to rely on interviews with JICA staff. In the case of development policy loans, by keeping these records in order can reinforce the objectivity of evaluation of relevance and effectiveness and impacts at ex-post evaluation.