

## **Progress of implementing “Japan’s Action Plan for implementing the Paris Declaration”**

At the Paris High Level Forum on Aid Effectiveness (Paris HLF), which was held from February 28 to March 2 2005, Japan endorsed the Paris Declaration on Aid Effectiveness, and launched “Action Plan for implementing the Paris Declaration. Up to now, Japan has been making efforts to implement the Paris Declaration and Japan’s Action Plan. This paper is Japan’s self-reporting based on its Action Plan.

### **General assessment**

Before, good practices of implementing the Rome agenda in Japan’s ODA were limited to specific sectors/sub-sectors in the specific partner countries. Nowadays, Japan’s good practices contributing implementation of the Paris Declaration are deepening qualitatively and expanding its implementation from a few good practices in the specific partner countries to generalized practices in many partner countries in accordance with the Paris Declaration and Japan’s action plan.

### **Domestic level efforts**

Japan is now developing a plan for restructuring its ODA system including re-organization of the implementing agencies.

### **International and regional level efforts**

Japan has been deeply involved in the follow-up process of the Paris Declaration as follows:

1. Serving as a Vice-chair of the OECD-DAC Working Party on Aid Effectiveness (WP-EFF), and actively participating in the relevant activities arranged under WP-EFF including activities for setting baseline and targets of twelve Indicators of Progress of the Paris Declaration
2. Actively participating in activities relating to capacity development for aid effectiveness under the framework of DAC Governance Network (GOVNET) and the Learning Network on Capacity Development (LENCD)
3. Planning an Asian regional workshop for facilitating implementation of the Paris Declaration jointly with DFID and the Asian Development Bank in fall 2006
4. Actively participating in the relevant activities of Strategic Partnership with Africa (SPA)
5. Hosted the Fifth Tokyo Workshop on ODA Evaluation with a special focus on the “managing for development results” in January 2006 with the participation of 18 Asian partner countries.

### **Partner country level efforts**

The progress at the partner country level is as follows:

## I. Enhancing Alignment of Japan's ODA with Partner Countries' National Development Strategies

### [Action 1] Japan is committed to further involvement in program-based approaches by:

1. Actively participating in upstream country/sectoral analytic work mainly in target partner countries. Then, based on thorough discussion with other donors: identifying target sectors/sub-sectors in which Japan has comparative advantages, and further participating in those PBAs, particularly in target partner countries. Japan is willing to assist partner countries in exercising ownership/leadership in managing PBAs;

(1) Japan plans and implements its ODA projects and programs, aligning them with the national and sectoral development strategies including poverty reduction strategies (PRS) as follows. As for monitoring, Japan undertakes it together with the partner country at the project/ program level, and shares the results of monitoring, which are obtained by the partner country with the support of donors, at sectoral level.

#### Examples

- Bangladesh: (i) Primary education, and (ii) health
- Cambodia: (i) Primary education and (ii) health
- Indonesia: Creating enabling environment for investment
- Lao PDR: Support to alternative livelihood of drug cultivation
- Nepal: Primary education
- The Philippines: Power
- Timor Leste: Sector Investment Program (Transport sector)
- Vietnam: Primary education
- Ethiopia: (i) Primary education and (ii) health
- Mozambique: Primary education
- Niger: Primary education
- Tanzania: (i) Agriculture and rural development, and (ii) poverty monitoring (statistic capacity development)
- Uganda: (i) Primary education, (ii) health and (iii) road
- Zambia: Local administration
- Bolivia: PRS Monitoring System
- Honduras: (i) Primary education (Education for all) and (ii) Chagas' disease
- Nicaragua: (i) Primary education and (ii) agriculture, etc

(2) Japan has been making efforts to identify its comparative advantages and intensifying selectivity of its priority areas in the on-going drafting and revising process

	<p>of its country assistance program of each partner country. For example, in Bangladesh, Japan developed (i) joint country assistance strategy for supporting the government to implement PRS, and (ii) joint strategy outcomes matrix for Bangladesh together with ADB, DFID, and the World Bank. From now, Japan plans, implements its projects/programs, and monitors those progresses based on the matrix.</p>
<p>2. Participating in joint arrangements such as a declaration and a Memorandum of Understanding (MOUs), which can serve as a good basis for pro-active donor coordination;</p>	<p>In general, Japan endorses or signs joint arrangements such as declarations and MOUs as far as those documents is not legally binding.</p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>● Bangladesh: (i) Primary education, and (ii) health</li> <li>● Cambodia: Cambodia Declaration (Harmonization)</li> <li>● Nepal: Code of conducts for donor coordination</li> <li>● Timor Leste: Planning and Financial Management Capacity Building Program</li> <li>● Vietnam: (i) Ho Chi Minh City ODA Partnership, and (ii) Forest</li> <li>● Yemen: (i) Statement of aid coordination, and (ii) investment in water sector</li> <li>● Ethiopia: PRS monitoring</li> <li>● Ghana: Private sector development</li> <li>● Tanzania: Poverty monitoring</li> <li>● Uganda: (i) Partnership, (ii) Democratization and governance, and (iii) the Legislature</li> <li>● Zambia: Harmonization</li> <li>● Bolivia: (i) Harmonization and alignment and (ii) PRS Monitoring System</li> <li>● Honduras: Primary education</li> <li>● Nicaragua: Agriculture</li> </ul>

<p>3. Maximizing aid effectiveness by flexibly combining the strengths of various aid modalities to meet the needs of respective partner countries (e.g. complementarity with other donors as well as combination of Japan's own aid instruments such as ODA Loans/Grant aid, and project/non-project aid);</p>	<p>(1) Japan has been expanding the modalities of its aid from project aid to program aid including budget support (NOTE: budget support in the form of grant aid is on a trial basis). For example, in recent years, Japan is providing budget support to (i) Vietnam and Tanzania (since 2004) and (ii) Indonesia (in 2005). In 2006, Japan plans to increase the number of recipient countries of budget support.</p> <p>(2) Japan is now establishing an effective coordination mechanism (i) among various aid instruments such as technical cooperation, grant aid and loan aid, and (ii) between project aid and non-project aid (e.g. budget support), by introducing country rolling plan, which is an action plan for implementing Japan's country assistance program of the following partner country, on a pilot basis.</p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>● Bangladesh, Cambodia, India, Indonesia, Mongolia, the Philippines, Sri Lanka, Egypt, Saudi Arabia, Ethiopia, Ghana, Rwanda, Tanzania, Zambia, Bolivia, Peru, and Madagascar</li> </ul>
<p>4. Participating in joint arrangements such as joint diagnostic work, joint reviews, and joint missions, which are undertaken under the framework of PBAs</p>	<p>Japan actively participates in the following:</p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>● Afghanistan: Japan is a member of the advisory group to assist the Afghanistan Government to draft interim-PRSP.</li> <li>● Bangladesh: (i) Joint activities for implementation of PBAs in primary education and health, (ii) joint mission in private sector development (with CIDA, DFID, EC, the World Bank), (iii) joint research and seminar on poverty reduction and economic growth with the Asian Development Bank, and (iv) joint country assistance strategy and outcome matrix of Bangladesh (with ADB, DFID and the World Bank).</li> <li>● Cambodia: Japan takes the lead in establishing indicator framework for the Government-Donor consultative group on infrastructure and gender. Japan actively participates in a joint effort to develop capacity development support</li> </ul>

	<p>program for aid coordination agency of the Cambodian government.</p> <ul style="list-style-type: none"> <li>● Nepal: Joint activities for (i) developing, review and monitoring of PRS, (ii) developing medium-term expenditure framework (MTEF), and (iii) developing and reviewing the immediate action plan.</li> <li>● Pakistan: Joint needs assessment mission for emergency assistance against the large-scale earthquakes (with ADB, DFID, USAID, and UN, the World Bank)</li> <li>● The Philippines: Joint mission in power sector (with ADB and the World Bank)</li> <li>● Timor Leste: Joint activities for establishing policy framework of various sectors (e.g. transport and water) under the consolidation support program (CSP).</li> <li>● Uganda: Joint activities for PFM reform</li> <li>● Zambia: Joint missions on Local administration</li> <li>● Bolivia: (i) PRS monitoring and (ii) the World Bank's country social analysis (with DFID)</li> <li>● Guatemala: (i) a joint seminar on police administration (with GTZ, UNDP and USAID), and (ii) a Joint activity on primary education</li> <li>● Nicaragua: (i) Drafting code of conducts and (ii) developing annual plan of actions in agriculture sector</li> </ul>
<p>5. Facilitating information sharing of Japan's country assistance programs and the results of policy dialogue with partner countries and other donors.</p>	<p>Japan has been making efforts to facilitate information sharing through the following:</p> <p><b><u>Examples</u></b></p> <ul style="list-style-type: none"> <li>● Bangladesh: Developing joint country assistance strategy of Bangladesh and its outcome matrix and encouraging other donors to join them through local consultative group (LCG), together with ADB, DFID and the World Bank, sharing Japan's country assistance program</li> <li>● Cambodia: Sharing information on JICA's operational plan with the Cambodian government, donors and NGOs.</li> <li>● Pakistan: Organizing a dissemination seminar on its country assistance program of Pakistan</li> <li>● Zambia: Sharing information on Strategy Paper agreed at Zambia-Japan</li> </ul>

	<p>bilateral aid policy dialogue with other donors.</p> <ul style="list-style-type: none"> <li>● Bolivia: Drafting a paper on Japan's country assistance of Bolivia, sharing information and coordinating priority areas set out by the World Bank's country assistance strategy of Bolivia</li> <li>● Nicaragua: Japan is a member of the quartette of the Donor Global Table (local consultative group), which consists of Japan, CIDA, EC, Sweden, through which information sharing is being facilitated. Japan also actively participates in sector table on primary education, health agriculture.</li> </ul>
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## II. Capacity Development

[Action 2]	
<p>Japan will further mainstream capacity development in each stage of a project/program cycle such as (i) country/sector analysis, (ii) planning of country assistance programs, (iii) formulation and designing of projects/programs, (iv) implementation, and (v) monitoring and evaluation.</p>	<p>Japan has been actively supporting capacity development of the partner country, aligning strategies and priorities set out by capacity development program of those countries as follows:</p> <p><b><u>Examples</u></b></p> <ul style="list-style-type: none"> <li>● Ministry of Foreign Affairs: Conducting a study titled "Voice of the Partner: Making Capacity Development more Effective"</li> <li>● JICA: (i) Developing a handbook for operationalizing capacity development, (ii) conducting research activities, and (iii) Conducting training for JICA experts</li> <li>● Vietnam: Implementing (i) a technical cooperation project for capacity development of ODA management of the Government, and (ii) Comprehensive Capacity Building Program for ODA Project Management (by using the World Bank's Policy and Human Resources Development Fund trusted by Japan)</li> </ul>

[Action 3]	
<p>Japan will support partner countries to conduct diagnostic work on their needs for capacity development.</p>	<p>Japan is providing the following projects for capacity development of the partner country as follows:</p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>● Zambia: (i) Conducting a need survey of capacity development of local administration, and (ii) Conducting a census on health care facilities for further improving the quality of health and medical services for the purpose of assessing the current situation of services, infrastructure, equipment, human resources in primary and lower level health and medical centers.</li> <li>● Bolivia: (i) Conducting a needs survey of capacity development of politicians and government official jointly with the Organization of American States, (ii) Conducting a needs survey of capacity development through seminars on community development organized by the World Bank and Japan.</li> <li>● Nicaragua: Conducting a joint needs survey of capacity development and developing a methodology of monitoring the action plan of aid coordination. Japan also participates in a joint work for developing an action plan of aid coordination in Nicaragua as a member of in-country donor facilitators, which consists of EC, the Netherlands, UNDP and Japan).</li> </ul>
[Action 4]	
<p>Japan will support South-South cooperation and regional cooperation where such cooperation is effective, and continue dialogue with non-DAC donors.</p>	<p>Japan has been continuously promoting (i) South-South cooperation, (ii) regional cooperation, and (iii) dialogue with non-DAC countries.</p>
Others	
<p>In pursuing these actions, Japan will make full use of available ICT facilities such as JICA-NET and</p>	<p>Japan has been conducting distance learning programs for example, on (i) the recent trend of international aid, (ii) private sector development and enabling environment,</p>

the Tokyo Distance Learning Center (TDLC) managed by the World Bank.	(iii) health, (iv) education, and (v) human security, by using JICA-NET and the Tokyo Distance Learning Center (TDLC) managed by the World Bank actively.
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### III. Public Financial Management (PFM)

[Action 5]	
Japan will assist partner countries in undertaking PFM reform, for example, through support to their capacity development and a more active participation in CFAA (Country Financial Accountability Assessment) of the World Bank and diagnostic work led by PEFA (Public Expenditure and Financial Accountability).	(1) Japan participates in (i) CFAA (Country Financial Accountability Assessment) conducted by the World Bank, and (ii) PEFA (Public Expenditure and Financial Accountability)-related activities at the partner country level. (2) Lao PDR: Implementing a technical cooperation project for capacity development of management of public investment program. (3) Tanzania: Implementing a technical cooperation project for capacity development of PFM reform. (4) Vietnam: Supporting Vietnam's PFM reform through co-financing with the World Bank's PRSC.
[Action 6] Japan will make efforts to improve the predictability of aid flows at the following levels:	
1. <b>Macro level:</b> Sharing information possibly on multi-year aid flows from Japan to partner countries on total and/or sector flows, (Consultative group meetings can be used for this purpose);	Japan has been making efforts to share multi-year aid flows to partner countries on total and/or sector flows on an indicative basis at the field level.
2. <b>Meso level:</b> Sharing information on multi-year operational aid plan (or so-called, rolling plan) for individual partner countries;	Japan has been making efforts to share information on multi-year operational aid plan (or so-called, rolling plan) to partner countries in which Japan has developed a rolling plan on an indicative basis at the field level.

<p>3. <b>Micro level:</b> Sharing information on the indicative budget of individual projects, of which project agreement documents are already signed, in a timely and systematic manner.</p>	<p>Japan has been making efforts to share information on the indicative budget of individual projects, of which project agreement documents are already signed, in a timely and systematic manner at the field level as follows:</p> <p>[Type of information to be presented]</p> <p>(1) Case of technical cooperation projects and development Studies: Indicative budget of individual projects</p> <p>(2) Case of grant aid projects to be implemented over multi-years: Maximum amount of the project budget in the Exchange Note of the grant aid project.</p> <p>(3) Case of loan aid projects to be implemented over multi-years: Maximum amount of the loan aid project</p>
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#### IV. Untying

[Action 7]	
<p>Japan will continue to implement the DAC Recommendation on Untying of ODA to LDCs.</p>	<p>Japan is implementing the DAC Recommendation on Untying of ODA to LDCs. In 2004, Japan's untying ratio of bilateral ODA to LDCs is 81% in 2004. (Source: OECD-DAC)</p>

#### V. Rationalizing Aid Procedures

[Action 8]	
<p>Japan will make continuous efforts to enhance aid effectiveness in ODA loans by harmonizing procedures with other development banks (e.g. the World Bank and the Asian Development Bank, etc.) in the areas of procurement and public</p>	<p>These harmonization efforts are now underway in Indonesia, the Philippines and Vietnam.</p>

financial management.	
<b>[Action 9]</b>	
Japan will make efforts to rationalize aid procedures in grant aid.	<p>(1) Japan has been making efforts to rationalize aid procedures in technical cooperation through signing of Technical Cooperation Agreements with the partner country. In addition, Japan is now making efforts to shorten the preparation period of new technical cooperation projects.</p> <p>(2) Japan introduced a new grant-aid instrument for disaster reduction and reconstruction in the Japanese fiscal year 2006. In this instrument, the preparation period of the new projects get shorter by rationalizing study process.</p>
<b>[Action 10]</b>	
Japan will actively support the capacity development of partner countries in such areas as procurement, financial management, auditing, monitoring and reporting with priority going to those countries which meet certain criteria.	<p>Japan has been providing the following support:</p> <p>(1) Vietnam: Supporting Vietnam's PFM reform through co-financing with the World Bank's PRSC.</p> <p>(2) Indonesia, the Philippines and Vietnam: Providing suggestions on improving country PFM and procurement systems through joint harmonization efforts by ADB, the World Bank and Japan</p> <p>(3) Tanzania: Implementing a technical cooperation project for PFM reform</p>
<b>[Action 11] Japan will make efforts to reduce the number of bilateral meetings with partner countries and missions by:</b>	
1. Further promoting information sharing on (i) reference documents produced by partner countries and other donors (bilaterals and multilaterals) as well as on (ii) the results of past missions which had similar objectives on terms of reference (TORs), and	<p>Japan has been making efforts to reduce the number of missions through further enhancing the functions of the field missions.</p> <p>(NOTE: Japan sends individual missions, which have specific terms of reference (e.g. evaluation studies of individual projects/ programs) and are not always needed to send jointly with other donors, to the partner countries.</p>

<p>2. Combining multiple missions, which have similar objectives or TORs, with other donors.</p>	<p>Japan has participated in the following joint missions so far:</p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>● Bangladesh: (i) Annual joint evaluation meeting on maternal health and (ii) joint project formulation study in private sector development (with CIDA, EC, the World Bank, and Japan)</li> <li>● Pakistan: Joint needs assessment mission for emergency assistance against the large-scale earthquakes (with ADB, DFID, USAID, and UN, the World Bank)</li> <li>● Zambia: Joint mission on local administration, which consists of seven donors</li> <li>● Bolivia: Joint mission on health (with USAID)</li> <li>● Guatemala: Joint evaluation mission on Chagas' disease (with PAHO-WHO)</li> </ul>
<p>In partner countries where efforts of harmonization and simplification are underway on a multilateral basis, Japan will join those discussions and explore the possibility of harmonizing its procedures, bearing in mind cost-effectiveness</p>	

**VI. Managing for Development Results**

<p><b>[Action 12]</b></p>	
<p>Japan will introduce results-based country programming into its country assistance programs in a step-by-step manner, including through experience sharing with other donors.</p>	<p>Japan is now revising the methodology of country assistance programs.</p>

[Action 13]	
Japan will strengthen its review of ODA delivery at the country level, aligning with the result-based monitoring framework in each partner country.	Japan is now introducing the country team-led review mechanism in the partner country of which Japan's country assistance programs are already developed, on a pilot basis.

**VII. Enhancing Planning and Implementation Framework of Japan's ODA**

[Action 14] Japan will strive to enhance the effectiveness of its ODA planning and implementation by:	
1. Improving the efficiency of operations at both the headquarters and the field level through, for example, reviewing and rationalizing operational procedures.	JICA has been implementing a series of actions for Improving the efficiency of operations at both the headquarters and the field level through rationalizing operational procedures since 2005.
2. Enhancing the function of field missions through (i) strengthening functions of field offices in accordance with Japan's Medium-term ODA Policy, and on-going efforts made by JBIC and JICA, and (ii) assignment of staff who have enough professional knowledge and communication skills to participate actively in local donor community discussion particularly in target partner countries.	Japan has been making efforts to enhance the function of field missions through the following: (1) Conducting training courses for those who move to the field missions. (2) Conducting distance-learning programs for staff working for the field missions by video conference. (3) Sending advisors/coordinators in charge of PRSP, aid effectiveness including PFM to partner countries.

(Reference documents)

1. Japan's action plan for implementing the Paris Declaration (<http://www.mofa.go.jp/policy/oda/category/coordinate/action.pdf> )
2. Implementing the Rome Agenda in Japan's ODA (Self-reporting of Japan submitted to the Paris HLF) (<http://www.mofa.go.jp/policy/oda/category/coordinate/agenda0503.pdf> )

[END]