

(tentative and abbreviated translation)

# Enhancing Enlightened National Interest

~Living in harmony with the world  
and promoting peace and prosperity~

## ODA Review Final Report

June 2010

Ministry of Foreign Affairs of Japan

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## **Foreword**

In February 2010, instructed by the Minister for Foreign Affairs, Katsuya Okada, the Ministry started the ODA review. Minister Okada recognized that Japan's ODA has not gained sufficient sympathy from the public. The Ministry hence launched this exercise in order to promote public understanding and support to the ODA and to improve its strategic value and effectiveness.

Since the inception of this exercise, we have established task forces in the Ministry and deepened discussions mainly on the following issues: philosophy and the basic policy of international cooperation; effective and efficient implementation of aid; cooperation with various stakeholders in development; promoting public understanding and support; and JICA. Throughout this process, we received inputs from the private sector, NGOs, representatives of international organizations in Japan and other experts.

This paper reports the results of the ODA review, which presents the starting point of the ODA reform. To bear the fruit of this review exercise, the measures outlined here are to be steadily implemented with a view to gaining public support and understanding.

## **1. Background analysis**

As we start the ODA review, we assessed the role Japan's ODA has played up to date and clarified the background which led to this review exercise.

### **1-1. Assessment of the previous ODA**

Japan's diplomacy after World War II has been conducted under the belief that contributing to the peace and prosperity of the international community brings peace and prosperity to Japan itself. ODA has been an important tool for realizing this goal and has contributed to the growth of developing countries and regions as symbolized by the stability and development of East Asia. This was itself significant to Japanese diplomacy, but as the coverage area of Japanese ODA expanded, it also brought about other benefits: Japan's international status rose; the market for Japanese products expanded; and sympathy towards Japan was fostered. In addition, the attentive approach of Japanese aid itself has been highly regarded by the international community.

### **1-2. Changes in the environment and the need for response**

However, the environment surrounding ODA has greatly changed both internationally and domestically.

#### **1-2-1. Changes in the international environment**

First, the world has been rapidly globalized, and people, goods, capital and information move massively and instantly across borders. As a result, the range of issues and the geographical area that affect Japanese society have expanded, and the international community began to face an increasing number of global agendas such as environmental problems including climate change, infectious diseases and terrorism. Japan's ODA has expanded its destination from East Asia to all over the world including Africa and the Middle East. We also have to respond to new international challenges.

Second, emerging countries have increased their presence both economically and politically. This has intensified international competition for markets and natural resources. At the same time, Japan's international presence has become comparatively eroded.

Third, emerging donors, international institutions, NGOs and the private sector have come to play an increasing role in development, where

industrialized countries used to be the main donors. In terms of the flow of money into developing countries, the share of ODA has diminished and its role has changed in relation to others.

In this international environment, the society and lives of Japanese people are increasingly interconnected with those of the world. To maintain the peace and prosperity of Japan, it has become more necessary than ever to contribute to international peace and prosperity. To this purpose, we need to meet the new challenges of the world and improve our international presence, acting beyond the conventional framework of ODA.

### 1-2-2. Changes in the domestic environment

In contrast, the domestic situation is not necessarily favorable to promoting ODA. Amid difficult economic and fiscal conditions, the ODA budget has largely decreased.

Public sympathy for ODA has also diminished. According to opinion polls, less people support strengthening economic cooperation while more people, as a trend, consider that ODA should be reduced. This could be partly attributed to the change of generations: more people belong to the younger generations that do not have the experience of receiving aid from foreign countries or international organizations after World War II and during the reconstruction period of the nation. Therefore, the idea of “repayment” of favors received does not easily resonate with the people.

In addition, the public mind has become inward-oriented, lowering interest in and support for overseas events and international contribution.

### 1-2-3. What is needed for ODA

Under these circumstances, the following are necessary for ODA from now on:

- More strategic and effective implementation of aid
- Strong support and understanding from the people
- Mobilization of resources needed to meet development challenges

## **2. Summary of the ODA Review**

*(The “ODA Review – Summary of the Final Report” replaces this section)*

### **3. “Development Cooperation” and ODA as its Core**

Today, a wide range of stakeholders are involved in development issues and financial sources to flow into developing countries have diversified. It is necessary and appropriate to regard assistance to developing countries as “development cooperation,” which includes not only ODA but also other official flows (OOF) and cooperation by non-public sectors (private companies, NGOs, citizens).

Based on this recognition, we place ODA at the core of development cooperation, and consider its place within a larger context of coordination with OOF and non-public sectors and in the framework of international cooperation.

## **4. The Philosophy of Development Cooperation**

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This philosophy is based on the following view:

- (1) It is through global peace and prosperity that the peace and prosperity of Japan can be achieved. With this recognition, Japan will continue to actively contribute to solving the global challenges, thereby creating a better international environment.
- (2) In this globalized world, assistance to developing countries is not a “charity” but a “modality” to pursue common interests of the world including Japan.
- (3) To this end, we need to undertake development cooperation by fully utilizing Japan’s human resources, expertise, financial resources and technologies in addition to ODA.

## 5. Three Pillars of Development Cooperation

### 5-1. Reducing poverty (Contributing to the achievement of the Millennium Development Goals (MDGs))

Japan works with people in developing countries towards realizing human security in sympathy as fellow human beings. Japan will present a framework and an approach toward the UN High-level Plenary Meeting on the MDGs in September 2010. Toward the achievement of the MDGs, we place priority on sustainable growth that leads to poverty reduction, health and education.

### 5-2. Investing in peace

Peace and stability are the preconditions for achieving the MDGs. To prevent conflicts or their recurrence and consolidate peace, Japan extends seamless support from emergency humanitarian assistance and assistance for domestic security to reconstruction and development assistance (peace-building).

### 5-3. Supporting sustainable growth

Economic growth in developing countries is indispensable for their self-sustained development. Japan supports the sustainable growth of developing countries, sharing with them our own experience of post-war reconstruction and growth as well as expertise, technologies and systems. This can also result in revitalizing the Japanese economy. Especially, for cooperation to upper-middle-income countries and emerging countries, we will coordinate with various stakeholders and utilize ODA and non-ODA means, with ODA's role in Japan's growth strategy in mind. Environment (including climate change), infrastructure development and investment environment (including legal and judicial system development) are the priority issues.

## **6. Strategic and effective aid**

### **6-1. Strengthening strategic value of aid**

Under today's difficult economic and fiscal situation, it is no longer feasible to produce the desired results by providing small amounts of aid to a wide range of countries and sectors. To carry out strategic and effective aid in line with the three pillars of development cooperation, we will set a clear direction for our aid policies for each recipient country and strengthen the program approach.

#### **6-1-1. Setting clear direction of aid**

##### **(1) Selection and concentration**

Bilateral and multilateral aid policies will be decided based on the analysis of the significance and effectiveness of aid and contribution with respect to each recipient country and organization. We will thus carry out strategic aid through selection and concentration. We will set a clear direction for our aid policies for each recipient country, taking into account priority issues of Japan's development aid, recipient governments' stances in building their nations, their development goals, Japan's development commitments and our bilateral relationships. Based on this analysis and recipient countries' absorbing capacity and needs for development aid, we will extend assistance under the Priority Policy Issues for International Cooperation formulated in the beginning of every fiscal year.

##### **(2) Headquarters of International Cooperation Policy Planning**

The function of the Headquarters of International Cooperation Policy Planning will be actively utilized to better synchronize Japan's foreign policy and development cooperation. In particular, the Headquarters meeting will be convened under the political leadership of the Ministry to set the aid direction by selection and concentration.

##### **(3) Redesigning Country Assistance Programs**

Country Assistance Programs(CAPs) will be redesigned into a concise and more strategic form to better highlight priority areas and the direction of assistance by country. Country Assistance Programs and Rolling Plans will be integrated. The contents and the procedure to

develop the CAPs will be streamlined while the CAPs will be drawn up for all of the recipient countries in principle.

#### **6-1-2. Strengthening the program approach**

Japan will shift its aid approach from project-based to program-based, where development goals are defined in development programs through policy consultations with recipient countries and individual aid projects are formulated under the programs. This aims to increase the synergy effects of projects. Pilot programs will be launched in a few recipient countries by the end of this year. In this context, we will strengthen field capacities for more effective policy consultations and aid coordination, more careful monitoring of aid, and more detailed needs analysis of recipient countries (i.e. the launch of JICA Analytical Work).

#### **6-2. Toward more effective aid**

##### **6-2-1. Focusing on outcomes**

Concrete outcome targets of each program or project will be clearly defined and disclosed. Upon finishing a project, a completion report will be released. Approximately three years thereafter, achievement of the expected outcomes will be examined and the results will be made public. We will study a method to set and evaluate concrete outcome targets on development agendas.

##### **6-2-2. Involving third parties in PDCA cycle**

We will increase the accountability of ODA by involving third parties in the plan-do-check-act (PDCA) cycle, along with other efforts to raise transparency. The Committee for the Appropriate Implementation of Grant Aid will be reformed into the Committee for Appropriate ODA (tentative) to ensure appropriate formulation of ODA projects including grant aid, technical assistance and loan aid. We will also review measures to involve third parties in ODA evaluation.

##### **6-2-3. Improving aid schemes**

###### **(1) Environment and Climate Change Grant Aid**

Based on the domestic and international opinions, which call for Japan to make good use of its technologies in the field of environment

and climate change, we will create a new scheme to deliver assistance on these issues with options to utilize Japan's technologies, and will tackle environment and climate change issues actively.

## (2) Strategic use of ODA loans

### ➤ ODA loans in foreign currency

Introduction of ODA loans denominated in foreign currency and other measures will be deliberated upon to reduce exchange risks on the part of recipient countries with a view to utilizing ODA loans as a more attractive scheme. We start considering the introduction of this scheme in Africa where the reduction of exchange risks is needed most while developing a system of hedging exchange risks of JICA, which usually generates yen-denominated funds.

### ➤ Expanding subject issues of ODA loans to upper-middle-income countries

Currently, subject sectors of Japanese ODA loans to upper-middle-income countries are limited to environment (including climate change), human resource development, disaster risk reduction/disaster prevention and relief and correction of economic gaps. For upper-middle-income countries in Africa, "regional infrastructure" and "agriculture" are added to subject sectors. Expansion of subject sectors for other regions will be examined based on foreign policy and development needs.

### ➤ Packaged assistance for infrastructure projects

To provide assistance on infrastructure projects including operation and management of infrastructure, Japan will promote packaged assistance which includes technical cooperation components in infrastructure projects using Japanese ODA loans.

### ➤ Introduction of ODA loans to ODA graduating countries

Japan will consider provision of ODA loans to developing countries with higher GNI per capita than upper-middle-income countries in order to meet their development needs and in view of strengthening bilateral relationships.

- Strengthening community development assistance
  - Assistance in soft components will be enhanced in Grant Aid for Community Empowerment and NGOs' participation will be encouraged, thereby helping self-sustaining development of communities in developing countries.
- Cultural Exchange
  - Cultural Grant Assistance will be reviewed, taking into account the philosophy of development cooperation and priority issues. We will seek better coordination between Japan Foundation's overseas Japanese language education and JICA's volunteer projects on Japanese language education.

#### 6-2-4. Improving implementation procedures

##### (1) Acceleration of ODA loan procedures

The process of ODA loan projects can be delayed due to the lack of familiarity with the related procedures on the part of recipient countries. Japan will take measures to accelerate the process including reinforcing the assistance for capacity building of recipient governments. This is expected to result in halving the period between the start of feasibility studies and that of construction works for the projects that would otherwise take more than 7 years.

##### (2) Eliminating inefficiency and increasing competitiveness

- Duplication of similar services related to ODA is to be eliminated. For necessary services, their contract arrangements will be improved to ensure competition.
- The scale of ODA projects will be made appropriate and contingency will be introduced on a trial basis into ODA projects to avoid unsuccessful tenders and to ensure the effective ODA implementation.
- We will continue efforts to reduce costs of each project.

##### (3) Ensuring appropriate implementation of projects

- Japan fully observes JICA's new Guidelines for Confirmation of

Environmental and Social Consideration.

- The measures recommended by the Study Panel for Preventing a Recurrence of ODA-related Corruption will be implemented. The progress of implementation will be made public in the fall of 2010.

### **6-3. Strengthening the functions at the field level**

Country-based ODA Task Forces (ODA-TFs) made up of Japanese embassies and JICA / JETRO / JBIC overseas offices have been established in 80 countries in order to grasp the situations on the ground and the development needs of recipient countries. To strengthen the functions at the field level, ODA-TFs will actively share expertise, experiences and good practices.

- The number of Coordinators for Economic Cooperation in the field will be expanded. ODA-TFs will enhance the sharing of information and expertise of JICA volunteer staff and experts in the field.
- There will be more frequent meetings between ODA-TFs and field offices of Japanese corporations and NGOs to reinforce dialogue and collection of information.
- To promote information sharing among ODA-TFs, regional fora among TFs in the region or neighbouring countries will be created.
- Human and other resources will be allocated to priority countries.

### **6-4. Improving evaluation**

#### **6-4-1. Reinforcing ODA evaluation division**

ODA evaluation arrangement will be strengthened with increased independence to raise the objectivity and the value of evaluation. MOFA will therefore reform its ODA evaluation division by recruiting an expert to the head of the division or transferring the division out of the ODA policy division. In addition, an ODA opinion box will be put in place to listen to various opinions from outside MOFA and JICA.

#### **6-4-2. Mechanisms to learn lessons**

A feedback mechanism will be strengthened to draw lessons from both good practices and failures in the past through evaluation and make use of them in future projects. For the policy-level evaluation, the cases to be

evaluated will be selected in accordance with the priorities of foreign policy and development cooperation. At the project level, detailed evaluation will be conducted for the selected projects from which useful lessons are expected to be drawn. The results of evaluation will be compiled and made available to all of the relevant officers in MOFA and JICA through a database. At the time of formulation and selection of new ODA projects, a procedure will be set in place to make sure lessons from past practices are utilized.

#### **6-4-3. Improving accessibility of information on evaluation**

The results of ODA evaluation should be shared not only within MOFA and JICA but also with relevant government ministries and agencies as well as the public including NGOs, relevant private companies and researchers. Reports on evaluation results will be made more readable for the public by rendering the contents succinct, avoiding technical terms and using graphical materials. All the reports will be released on the websites of MOFA and JICA.

### **6-5. Cooperation with diverse stakeholders**

#### **6-5-1. Expanding dialogue with various stakeholders**

##### **(1) Establishment of Development Cooperation Forum**

The Development Cooperation Forum (tentative) will be established where a range of stakeholders from the private sector and NGOs to intellectuals will participate. The Forum will take place both in Tokyo and in other regions.

##### **(2) Dialogue with the private sector**

Active dialogue with the private sector will be promoted to strengthen cooperation. MOFA will ensure opportunities to exchange views under the participation of the political leadership of the Ministry. There will be periodical meetings between the private sector and relevant government ministries.

##### **(3) Dialogue with NGOs**

The NGO Advisory Group is established under the Minister for Foreign Affairs to draw on opinions of NGOs with experiences in the field. NGO-MOFA Regular Meetings will organize sub-groups as needed to

discuss specific issues and ensure opportunities where the political leadership of MOFA participates in the meetings. MOFA will also support discussion fora led by regional NGOs.

(4) Dialogue at the field level

The scope of workshops by ODA-TFs will be enlarged to facilitate dialogue with NGOs and private corporations.

(5) Cooperation with academic institutions

Japan will cooperate with Japanese and foreign universities and research institutions to keep abreast of international trends of aid and development needs and to utilize this for the improvement of policy-planning and implementation

6-5-2. Cooperation with the private sector

(1) Proper use of ODA for Japan's Growth Strategy: Coordination with the private sector and OOF

- To reconstruct JICA's Private Sector Investment Finance, discussions among related ministries will be accelerated.
- Various aid schemes will be studied or introduced to promote BOP (Base of Pyramid) businesses with effective development impact; to utilize proposals by private corporations; to facilitate participation of the private sector including regional small and medium-sized enterprises (SMEs).

(2) Promoting cooperation within non-public sectors

To promote cooperation between private companies and NGOs in CSR activities or BOP businesses, preferred slots will be created for Grant Assistance for Grassroots Human Security Projects. Other possible modalities will be explored to promote such cooperation.

(3) Facilitating participation by Japanese local companies and SMEs in ODA projects

MOFA and JICA will organize briefing sessions on ODA for local companies and SMEs.

### **6-5-3. Cooperation with NGOs**

#### **(1) Enhancing human resource mobility between NGOs and MOFA/JICA**

MOFA and JICA will utilize the expertise of NGOs and other non-public sectors in development policy-making and implementation through recruitment of people with experiences in NGOs (especially field experiences). The possibility of personnel exchange from MOFA/JICA to NGOs will also be explored.

#### **(2) Support to solidify NGOs' financial basis**

- We will facilitate the financial flows from the private sector to NGOs.
- MOFA will cooperate with relevant ministries and the Cabinet Office to follow the discussion in the round table of "the New Concept of Public Service" to ensure that opinions of development cooperation NGOs will be appropriately reflected in the revision of the tax system for promoting donations to NPOs.
- In response to the request from NGOs, the establishment of a fund for assistance to civil societies in developing countries will be considered through discussions with NGOs.

#### **(3) Expanding assistance to NGOs**

- The budget for Grant Assistance for Japanese NGO Projects has been largely increased (from ¥2.9 billion to ¥5 billion). The terms and conditions of this scheme have been modified to make more user-friendly.
- The period and the scale of JICA Partnership Program projects will be reviewed (from up to ¥50 million, 3 years to up to ¥100 million, 5 years).
- Cooperation with Japanese NGOs' activities in Afghanistan will be enhanced (financial assistance will be provided to NGOs belonging to the Japan Platform at a scale of ¥1.5 billion in the first phase).

#### **(4) Establishing a new scheme for cooperation with NGOs**

A new scheme will be studied to enable joint-implementation of field projects with NGOs throughout the PDCA cycle.

#### 6-5-4. Cooperation with all sectors of Japan

To promote cooperation with all sectors of Japan, we will promote measures to enhance synergies among activities by relevant government ministries, agencies and governmental organizations (including the Japan Foundation, JBIC and JETRO) as well as cooperation at the field level between these government entities and Japanese corporations or NGOs through the Embassies.

## **7. Taking a leadership role in the international community**

### **7-1. Response to global challenges**

#### **7-1-1. Proposing concept and approach: human security**

Japan pioneered and has actively implemented the concept of human security since the 1990s. Japan will continue to promote and lead international discussions on human security.

#### **7-1-2. Commitment to global challenges**

Japan will proactively address global issues such as environment, terrorism and infectious diseases. On climate change issue, for example, Japan will actively and flexibly provide fast start financing for developing countries to support their efforts on climate change issue and to advance negotiations by establishing a fair and effective international framework in which all major economies participate and reaching agreement on ambitious targets.

#### **7-1-3. Contribution and leadership towards achieving the MDGs**

Toward the UN High-level Plenary Meeting on the MDGs, Japan will put forward a new policy on health and education, where the progress is especially lagging behind among MDGs targets. Japan will also propose an approach to unite the efforts by all stakeholders including developing nations, donor countries, international organizations and NGOs, building on the development of the self-help capacities of partner countries for sustainable progress.

### **7-2. Cooperation with international partners**

#### **7-2-1. Cooperation with international organizations**

##### **(1) Enhancing coordination between bilateral and multilateral aid.**

In cooperation with international organizations, Japan will increase the consistency of its bilateral aid with international agendas and enhance aid coordination. At the same time, we will strive for bringing the aid policy and the aid modalities led by Japan to the mainstream in the international community. Also, Japan will strengthen coordination between bilateral and multilateral aid, especially in the areas of health and education. From these viewpoints, we will ensure necessary financial contribution to international organizations.

(2) Increasing strategic value of cooperation with international organizations

Japan will evaluate the performance of international organizations and strengthens cooperation through selection and concentration. We will also promote further dialogue with international organizations.

7-2-2. Cooperation with emerging donors and regional partners

(1) Cooperation with emerging donors

While traditional donors and international organizations coordinate and implement their aid in accordance with DAC rules and other prevailing norms, emerging donors are not bound by most of them. This could undermine the overall aid effectiveness and in some cases affect the development policy of recipient countries. In response, the international aid community, including the DAC and the World Bank, has initiated dialogues with emerging donors. Japan will continue, cooperating with other donors and international organizations, to encourage emerging donors to adhere to international rules. Japan will also use bilateral and regional frameworks to promote dialogue with emerging donors including information exchange on aid experiences. We will also advance trilateral cooperation with emerging donors, taking advantage of the established experiences and connection in Asia through Japanese ODA.

(2) Cooperation through regional network

Japan will set forward the development of networks among relevant countries in a region to work together on common challenges and enhance aid effectiveness. We will consider policy research and the creation of intellectual networks based on Japan's ODA experiences in Southeast Asia.

## **8. Human resource development**

### **8-1. Cultivating human resources in development fields**

#### **(1) Enhancing training programs**

MOFA will enhance training programs for prospective employees and candidates for international organizations. After completing the programs, career development support will be extended.

#### **(2) Fostering leadership**

The Masters Program for International Development Studies will be redesigned to provide more sophisticated and practical education for students to foster their leadership role in the field.

#### **(3) Supporting NGOs' internship programs**

MOFA provides financial support for NGOs' internship programs.

#### **(4) Expanding the pool of field staff**

Career opportunities such as Economic Cooperation Assistants are open for former Japan Overseas Cooperation Volunteers so that they can stay engaged and build careers in development cooperation. Such opportunities to build careers are expected to broaden the base of people working at the field level.

### **8-2. Increasing qualified experts to work in the front lines of development**

#### **(1) Fostering and posting qualified specialists**

MOFA and JICA take measures to foster development experts and fully utilize their expertise. These measures include paving clear career tracks for Special Assistants for Economic Cooperation in MOFA, reinforcing Coordinators for Economic Cooperation on the ground and increasing dispatch of JICA's young staff to developing countries.

#### **(2) Promoting the training of development consultants**

MOFA/JICA will encourage the training and the active use of young development consultants including through modification of JICA's terms of contracts. We will also promote the participation by new sources of consultants such as private companies, research institutions and NGOs.

### (3) Support for career development

MOFA/JICA supports talented youth to build their career in development fields by sending would-be candidates to international organizations and providing information on employment opportunities in international organizations, private companies (such as development consultants) and NGOs.

## **9. Promoting public understanding and support**

### **9-1. Broadening participation and sympathy by Japanese citizens**

#### **9-1-1. Promoting citizens' participation**

- Dialogue with citizens on development cooperation will be promoted through the Development Cooperation Forum and JICA's new interactive website program which delivers information on facts and realities of developing countries and development cooperation.
- MOFA/JICA will provide citizens with opportunities to have first-hand experience in the field through JICA volunteer projects and a renewed citizen participation program. We will also support development cooperation and international exchange activities by the civil society.

#### **9-1-2. Reaching out to regional residents and a wider public**

- JICA International Centers throughout Japan, in cooperation with NGOs, will be the focal point to promote public understanding and support in regional areas.
- The revised TV program to promote ODA takes up more familiar topics and reaches a wider public through local channels and other media.

#### **9-2. Increasing the visibility of ODA**

MOFA/JICA will enhance information disclosure through clear communication of ODA's effects by shifting focus on outcomes, the set-up of a website to systematically provide information on the ongoing ODA projects and reader-friendly evaluation reports. We will release information regardless of the success or the failure of the projects. This aims at enhancing the confidence of the public in development cooperation through increasing its transparency and visibility.

#### **9-3. Improving the efficiency of public relations activities**

PR activities about the field operations and specific projects will be concentrated in JICA while MOFA will remain responsible for promoting public understanding of the diplomatic significance of development cooperation. This will increase the efficiency of PR activities and the accessibility of information for the public.

## **10. Reinforcing policy-making functions and implementation capacity**

### **10-1. Clear division of labor between MOFA (policy) and JICA (implementation)**

MOFA will strengthen its policy-making functions while JICA takes more responsibility and plays an increasing role in implementation. MOFA will enhance country assistance strategies, taking advantage of the reinforcement of country-based planning functions by the institutional reform in 2009. JICA will improve implementation capacity (with expertise and flexibility), accountability and organizational management. At the same time, duplication of works between MOFA and JICA will be streamlined. Through these measures, MOFA and JICA will better play their respective roles and generate greater synergies.

### **10-2. Reform of JICA**

#### **10-2-1. Enhancing program and project planning capacity**

- JICA will carry out analysis on country-based development needs and strategies (JICA Analytical Work) for major recipients of Japan's ODA (around 50 countries mainly with a JICA field office). In addition to the development policy of the recipient government, JICA will make utmost use of the findings on the ground obtained through JICA experts and JOCVs.
- JICA will develop new models of assistance in response to changes in development needs and available resources from Japan.
- JICA will formulate five-year rolling plans for cooperation programs in consultation with recipient countries and other donors. The plans will be utilized in Japan's CAPs.

#### **10-2-2. Building flexible implementation structure**

- JICA will assume responsibility and fulfill accountability for implementation of aid within the agreement between governments.
- JICA will carry out research on new aid modalities, ensure effective and efficient operation through the PDCA cycle, and improve the implementation system in the field including overseas staff and security management in unstable regions.

### **10-2-3. Revitalizing JICA**

#### **(1) Cost reduction**

- Domestic facilities of JICA will be streamlined based on the results of the screening process by the Government Revitalization Unit.
- To promote further cost-cutting, project contracts will be processed through more competitive systems and made subject to examination by a contract compliance body.

#### **(2) Improving management and transparency**

- JICA will install a system to receive proposals to improve its operations from various actors including NGOs, volunteers, experts and consultants.
- JICA will strengthen internal control functions (compliance body, evaluation, auditing, etc.).
- The structure and the number of board members will be reviewed to strengthen organizational management.

#### **(3) Connecting diverse stakeholders**

- To promote cooperation with various stakeholders in development, JICA acts as a hub to connect aid recipient countries, donor countries, international organizations, NGOs and private corporations (through leading policy discussions in donor meetings, reinforcing support for NGOs and strengthening public-private partnership).
- JICA fully utilizes its domestic assets to promote public understanding and support for development cooperation.

## **11. Mobilizing financial resources for development**

### **11-1. Efforts towards expanding ODA**

In today's globalized world, Japan shall pursue common interests of the international community in cooperation with major countries. To this end, we need to sufficiently implement ODA as the core of development cooperation.

Even under difficult economic and fiscal conditions, Japan will strive to expand ODA, fulfilling our commitments including assistances for Afghanistan and Africa and staving off the declining trend of ODA as investment for the future. As a premise, we will eliminate inefficiencies and promote cost-reduction efforts.

Also, in the decreasing trend of ODA, its volume was retained by the supplementary budget in addition to the initial budget. As the supplementary budget is designed to meet unexpected needs of the time, we seek to compile in the initial budget the ODA portions whose necessity and scale are reasonably and reliably estimated.

### **11-2. Collaboration with private sector resources and OOF**

Sustainable growth of developing countries requires dynamic economic activities in the private sector including trade and investment along with ODA. Japan will provide assistance to develop infrastructure, trade and investment-related systems, human capacity and improved governance. This is also conducive to activities of Japanese corporations. In addition, JICA's Private Sector Investment Finance will be restructured at an early date and coordination between ODA and private money and OOF will be promoted in cooperation among relevant ministries.

### **11-3. Innovative financing for development**

#### **(1) International solidarity levies for development**

As an additional financial source for development, we will promote international solidarity levies over the medium term by raising awareness and deepening discussions at home and abroad.

#### **(2) Financing through voluntary contributions**

- We will examine the possibility of utilizing development-related donations as a new financing method along with international

solidarity levies.

- We will support smooth communication on donation opportunities to facilitate voluntary contributions by the public by introducing them on the JICA website.

### (3) Other innovative financing mechanisms

Other measures will be studied based on international practices and discussions.

## **12. Revision of the ODA Charter**

Based on this ODA review, MOFA would start discussions in the government toward the revision of the ODA Charter to reflect the new philosophy and basic policy outlined above. In this process, the Medium-Term ODA Policy, including its status, will be reviewed. Reflecting these policies, CAPs will be redesigned into concise and more strategic contents and formulated for a wider range of countries. Sector-Specific Development Policies serve as effective and strategic guidelines for both bilateral and multilateral aid policies.