

Institutional Design for Development Cooperation that Aptly Reflects Enhanced Strategic Values

(1) Enhanced Alignment of Policy Formulation and Project Implementation

■ Policy Framework on Development Cooperation

Under the Development Cooperation Charter, which sets out Japan's development cooperation principles, the Ministry of Foreign Affairs (MOFA) formulates the Country Assistance Policy ¹⁷ for each recipient country as well as the Sectoral Development Policy ¹⁸ in light of international efforts on development, such as the Sustainable Development Goals (SDGs).

The Country Assistance Policy identifies the priority areas and directions of Japan's development cooperation for a given developing country or region, taking into account its political, economic, and social situations along with its development plans, development challenges, and other relevant factors. As an appendix to the Country Assistance Policy, the Rolling Plan is developed as a compilation list of all ODA projects in the country or region at various stages of implementation, organized by development issue and cooperation program with visualized implementation schedules, in order to increase correlation among and forward planning of development cooperation projects.

To implement Japan's development cooperation more effectively, Japan shares its medium-term development cooperation policies with the governments of recipient countries, while also strengthening policy consultations with them and promoting efforts to achieve mutual recognition and understanding.

■ Implementation Architecture of Development Cooperation

In the implementation of development cooperation in accordance with the relevant policies, the Government of Japan and implementing agencies work together to effectively utilize different modalities such as grants, technical cooperation, and loan aid. With a view to maximizing development impacts, Japan strives to implement development cooperation with the optimized combination of bilateral cooperation and multilateral

cooperation through international organizations and NGOs, through "co-creation" in partnership with various actors.

In order to strengthen its posture to realize smooth processing from project conceptualization and formulation to implementation, the Government of Japan has put in place the country-based ODA Task Force* in each ODA-recipient country, comprised mainly of the Embassy of Japan and the JICA office, who have first-hand knowledge of local development needs and operational realities in consideration of the status of the bilateral relations and political, economic, and social situations of the recipient country. In addition, the ODA Task Force participates in the process of drafting the Country Assistance Policy and the Rolling Plan, formulating and shortlisting project candidates, strengthening collaborations with other donors, international organizations, Japanese companies, and NGOs with active local presence, and recommending and reviewing development cooperation modalities.

Japan also provides follow-up support even after project completion to ensure that each project is widely recognized by the government and people of the recipient country for many years to come and delivers effects properly.

■ Improved Project Management and Ensuring Accountability of ODA

From the perspective of improving the effectiveness and efficiency of development cooperation and ensuring accountability to the Japanese public, it is important to carry out proper evaluations and incorporate the results of evaluations in the improvement of policies and projects. In order to improve management and fulfill the accountability of ODA, Japan has taken the following measures: (i) enhancing the PDCA cycle (policy planning and project formation (Plan), implementation (Do), evaluation (Check), improvement (Act)), (ii) strengthening program approaches, and (iii) reinforcing "visualization." With these measures, Japan is striving to ensure strategic consistency in the PDCA cycle of its development cooperation.

The ongoing efforts toward the enhanced PDCA cycle include: (i) formulating Country Assistance Policies for all ODA recipient countries, (ii) convening the Development Project Accountability Committee, (iii) setting impact

¹⁷ Country Assistance Policy and Rolling Plan for Respective Countries https://www.mofa.go.jp/mofaj/gaiko/oda/seisaku/kuni_enjoy_kakkoku.html

¹⁸ Sectoral Development Policy <https://www.mofa.go.jp/mofaj/gaiko/oda/bunyabetsu/index.html>

indicators for each project, and (iv) strengthening the evaluation mechanism.

For more effective and efficient ODA operation, it is essential to strengthen the PDCA cycle not only at the project level but also at the policy level. To this end, the Government of Japan carries out evaluations of economic cooperation policies in line with the “Government Policy Evaluations Act (GPEA),”¹⁹ and evaluations by third parties are carried out in order to ensure objectivity and fairness. The recommendations and lessons learned from these evaluations are fed back to development cooperation policy for further improvements in ODA management.²⁰

The ODA evaluations by third parties are implemented both from the “development viewpoints,” which concern how well ODA is contributing to the recipient country’s development, and from the “diplomatic viewpoints,” which examine what desired impacts ODA has brought to Japan’s national interests.

Evaluations from the “development viewpoints” are carried out under three evaluation criteria; how the development cooperation policy is aligned with Japan’s high-level policies, global priorities, and local needs of the recipient country (Relevance of Policies); how much impact ODA has delivered (Effectiveness of Results); and what processes have been taken to ensure ODA’s Relevance of Policies and Effectiveness of Results (Appropriateness of Processes). Evaluations from the “diplomatic viewpoints” are conducted under two criteria: how ODA is expected to contribute to Japan’s national interest (Diplomatic Importance) and how ODA has contributed to the realization of Japan’s national interest (Diplomatic Impact).

In addition, following the recommendations from the “Review of Japan’s ODA Evaluations from FY2015 to FY2021,” conducted in FY2022, MOFA is strengthening

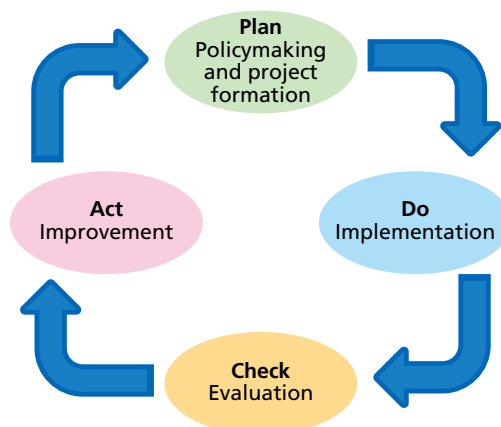
ODA evaluations in line with the priority policies, approaches, and implementation principles of the Development Cooperation Charter.

MOFA publishes the evaluation results on its website²¹ to ensure accountability to the Japanese public while promoting public understanding and support for ODA through higher levels of transparency.

At the project level, JICA mainly carries out evaluation by modality—grants, loan aid, and technical cooperation—as well as thematic evaluations. Having established a coherent evaluation mechanism for each modality, JICA conducts monitoring and evaluations for each project through ex ante, mid-term, and ex post stages. As for projects whose cost exceeds a certain threshold, JICA commissions third-party ex-post evaluations. JICA also invests in impact evaluations²² in order to rigorously verify the effectiveness of projects.

MOFA and JICA conduct ODA evaluations primarily based on the Evaluation Criteria of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD).²³

Chart V-2 PDCA Cycle



Glossary

Country-Based ODA Task Force

The ODA Task Force was introduced in FY2003 to ensure the effective and efficient implementation of Japan’s development cooperation in a given developing country or region. With the Embassy of Japan of the country or region and the JICA Office at its core, the ODA Task Force convenes representatives of the Japan External Trade Organization (JETRO), the Japan Bank for International Cooperation (JBIC), and other organizations as key members.

¹⁹ Other than at the policy level, ex-ante evaluations are conducted on loan aid projects in which the maximum amount of loan offered through an Exchange of Notes (E/N) is ¥15 billion or more and on grant projects in which the maximum amount of aid offered through an E/N is ¥1 billion or more. In addition, ex-post evaluations are conducted on “pending projects” and “incomplete projects.” (“Pending projects” are projects for which the loan agreement has not been signed or loan disbursement has not begun after five years have elapsed following the decision to implement the project, etc. “Incomplete projects” are projects for which loan disbursements have not been completed after 10 years have elapsed following the decision to implement the project, etc.)

²⁰ Since FY2017, in addition to policy-level ODA evaluations, grant projects in which the amount of aid offered through an E/N is ¥1 billion or more are subject to third party evaluations while the project in which the aid amount falls between ¥200 million and ¥1 billion are internally evaluated. Japan strives to ensure that the results of these ex-post evaluations are utilized to improve the formation of ODA projects in the future.

²¹ ODA Evaluation <http://www.mofa.go.jp/mofaj/gaiko/oda/kaikaku/hyoka.html>

²² Evaluation method verifying the effects of development projects by using methods from statistics and econometrics.

²³ In December 2019, coherence was added to the criteria of relevance, effectiveness, efficiency, impact, and sustainability that had been in use since 1991.

(2) Institutional Design for Development Cooperation that Enables Qualified Response with Japan's Strengths

The human resources, knowledge, high level of technical competency, and institutions that Japan has developed in the course of its democratic economic development while valuing its own traditions are assets for development cooperation. Japan builds on these strengths to engage in development cooperation.

■ Investment in People

Since Japan began providing ODA in 1954, it has consistently emphasized “investment in people” to transfer its technologies and expertise through acceptance of trainees and dispatch of experts, and strove to develop human resources with careful programming. For the purpose of contributing to solving problems in developing countries, Japan has hosted from developing countries trainees in a wide range of fields, including public administration, agriculture, forestry, fisheries, mining and manufacturing, energy, education, health, medicine, transport, and communications. In FY2023, 9,253 new trainees from 137 countries and regions came to Japan to participate in training programs, while a total of 463 new trainees from seven countries participated in the In-Country Training Program—conducted in the home countries and regions of the trainees—and 2,479 new trainees from 110 countries and regions participated in the Third-Country Training Program. Furthermore, through the Dispatch of Technical Cooperation Experts, Japan aims to develop the human resources of developing countries by providing advanced policy recommendations to governments tackling development challenges and by developing technologies tailored to local conditions, in pursuit of enhanced development outcomes. As of FY2023, a total of 6,827 JICA experts, both new and those from previous fiscal years, are active in 103 countries and regions.

■ Japan Overseas Cooperation Volunteers (JICA Volunteer Program)

Started in 1965, the Japan Overseas Cooperation Volunteers (JICA Volunteer Program) has a long track record of success over half a century. More than 57,000 volunteers have been dispatched to 99 developing countries and regions in total, and as of December 2024, 1,756 volunteers are in service in 74 countries. This is an ODA program that invites public participation in the true sense of the word and has contributed to developing countries and regions while embodying the “visibility

of Japanese development cooperation.” Furthermore, the program not only contributes to the socio-economic development in developing countries and regions but also to the promotion of mutual understanding and friendship between Japan and these countries and regions through cultivating people's affinity for Japan, and, as a result, it is highly acclaimed both domestically and internationally.

In 2012, the JICA Volunteer Program, to dispatch personnel in partnership with private companies and organizations (hereinafter referred to as “private entities”), local governments, and universities, became officially institutionalized.²⁴ In partnership with private entities, the Program actively supports the overseas outreach of these companies through the dispatch of their staff as volunteers, tapping their professional experience from Japan for activities in developing countries and, upon return to Japan, by incorporating their knowledge of country-specific business practices and market needs from volunteering days in their corporate activities. By December 2024, 134 volunteers had been dispatched from private entities to 39 countries (see “Featured Project” on page 146 for specific examples). In partnership with local governments, the Program enables the community-building know-how of Japanese municipality offices to be utilized for community development in developing countries through the dispatch of their staff as volunteers. Those former volunteers are expected to incorporate the community-building experiences from their volunteering days in their work back in local government offices in Japan for community development and nation-building. By December 2024, 80 volunteers had been dispatched from local government offices to 13 countries. The Program also supports university students being dispatched in partnership with universities, with the hope that the volunteering experiences in developing countries will enhance their personal growth and lead to effective human resource development in both Japan and developing countries. By December 2024, 1,123 volunteers had been dispatched from universities to 40 countries.

Moreover, it is worth noting that the JICA Volunteer Program returns its advantages to the Japanese society in the form of former volunteers' contribution to regional revitalization and the business expansion of Japanese corporations to developing countries on the back of the global perspectives they newly obtained through the volunteering activities. Since 2022, to enhance such effects, JICA has been implementing the “GLOCAL Program (Pre-departure Type),” which provides opportunities for prospective JOCVs undergoing pre-dispatch training that intend to address challenges faced by regional communities in Japan after their volunteering service abroad to participate in activities for regional revitalization and multicultural coexistence implemented by local governments. In FY2023, 112

²⁴ In April 2023, the “Private Sector Partnership,” “Local Government Partnership,” and “University Partnership” dispatch programs were reorganized and integrated into the “Partnership Program.”

pre-dispatch volunteers participated in the program in 20 areas across 12 prefectures. Those who participated in the program regarded it as beneficial for acquiring firsthand experiences of fostering social relationships in a new place, gaining personal connections with communities that last beyond the end of the program, and broadening their career options after volunteer service abroad. Host local governments give highly positive feedback on the program, noting that insights from outsiders' perspectives helped residents rediscover the value of their own communities.

In order to promote these initiatives, Japan strives to make it easier for more people to join the JICA Volunteer Program through supporting former volunteers' pursuit of career advancement as well as disseminating information on how to participate in the Volunteer Program while retaining one's job.



A JOCV teaching Japanese language and culture to children at an elementary school in Tashkent, Uzbekistan (Photo: JICA)

■ Co-creation for Common Agenda Initiative

Japan's advanced technologies and science and technology are major advantages. At the same time, as emerging and developing countries raise their technological base and present diversified needs, it is becoming important to provide value-added development cooperation in a way that couples the cooperation on quality hardware provision, including the equipment procurement and facility development, with the cooperation on software provision, including intervention in operation and maintenance, institutional building, and human resources development. Against such a backdrop, Japan has launched in the revised Development Cooperation Charter of June 2023 the galvanized Co-creation for Common Agenda Initiative, which advocates the proactive proposition of a cooperation menu, including Official Development Assistance (ODA), Other Official Flows (OOF), and private funding, which leverage Japan's strengths in strategically important fields for foreign policy. In September 2023, Japan formulated the strategy document, "Co-creation for common agenda

initiative" ²⁵ and identified (i) climate change response and green transformation (GX), (ii) economic resilience, and (iii) promotion of digitalization and digital transformation (DX) ²⁶ as strategic fields to promote this initiative.

Based on the above strategy document, Japan and a prospective developing country work together to formulate sector-based goals, scenarios, and a menu of possible development cooperation through policy dialogue. Through the process of presenting a cooperation menu indicating mid- to long-term inputs from Japan—indicative figures of financial contribution and enabling workforce, overview of a mixture of projects by different modalities, etc.—and discussing policy initiatives to be undertaken by developing countries, Japan and the developing country would gain a consensus on the overall framework of cooperation, if desired. Japan also emphasizes establishing a platform for dialogue for each target developing country with relevant stakeholders from both Japan and developing countries. Through these efforts, Japan aims to realize development cooperation goals and solve challenges of developing countries while also attempting to "co-create" with various stakeholders in addressing Japan's own challenges and promoting economic growth.

A specific example of the Co-creation for Common Agenda Initiative is the cooperation for the development of Cambodia's digital economy and society. In December 2023, then Prime Minister Kishida and Cambodian Prime Minister Hun Manet reached a consensus on a cooperation menu ²⁷ for the development of Cambodia's digital economy and society during their summit meeting. In March 2024, a public-private roundtable meeting was held to further promote cooperation by leveraging private sector services, products, and expertise. Relevant ministries (Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry), relevant organizations (JICA, Japan ICT Fund (JICT), Japan External Trade Organization (JETRO), Nippon Export and Investment Insurance (NEXI), Japan Bank for International Cooperation (JBIC)), and private companies participated in the conference.

Additionally, in March 2024, at the Japan-Mozambique Foreign Ministers' Meeting, the two countries concurred on advancing cooperation under the Co-creation for Common Agenda Initiative for the stabilization of security in the northern region and stable supply of liquefied natural gas (LNG). In April 2024, at the Japan-Madagascar Foreign Ministers' Meeting, the two countries agreed to utilize this initiative for the development of the Greater Toamasina area and the improvement of production technology for critical minerals. We are also promoting cooperation in disaster prevention and climate change

²⁵ Strategic fields and approaches to cooperation through the Co-creation for Common Agenda Initiative: "Co-creation for Common Agenda Initiative with Partners" <https://www.mofa.go.jp/mofaj/files/100553362.pdf>

²⁶ See ¹⁵ on page 38.

²⁷ For details of the Co-creation for Common Agenda Initiative menu in the digital field for Cambodia, refer to the Ministry of Foreign Affairs website (<https://www.mofa.go.jp/mofaj/files/100597089.pdf>).

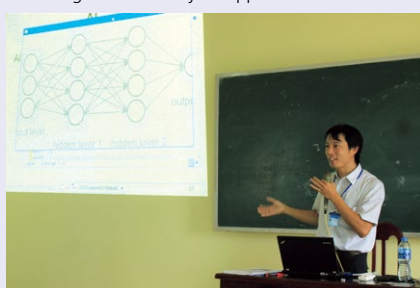


Applying Computer Technology Skills in the Field

I was dispatched as a Japan Overseas Cooperation Volunteer (JOCV) to Dong Thap Province in Vietnam, where I was assigned to a three-year community college to help improve a newly introduced e-learning system and assist with classes in the Department of Information Technology.

The college had begun using the e-learning system for submitting assignments and distributing education materials, but students were complaining that it was difficult to use. Therefore, I collected feedback from students and submitted proposals for improvement to the school. Since the practice of conducting surveys by questionnaire was not yet common at the college, it was a new experience for me to explain the concept of what surveys were to the faculty members.

For class support, I developed teaching materials on the latest artificial intelligence (AI) technology and taught classes. I also introduced programming case studies related to the control of manufacturing equipment. Drawing on my prior experience as an industrial engineer in factories, I strived to help students visualize how the technologies they were learning could actually be applied in real life.



A class in the Department of Information Technology at Dong Thap Community College, Vietnam (Photo: IWAMOTO Hideaki)



Conducting a soil survey in Tanzania (Photo: IWAMOTO Hideaki)

After completing my term as a volunteer, I returned to work for TOPPAN Holdings Inc. in Japan and became involved in developing environmentally friendly plastic products. When I searched for and built relationships with new development and manufacturing partners, the ability to coordinate and dive into unknown environments developed as a volunteer proved to be beneficial.

Currently, I am stationed in Tanzania, working on a pilot project to realize smart agriculture.*1 At a coffee farm of TANJA Corporation Ltd. run by OS Trading & Investment Pte. Ltd., a company collaborating with TOPPAN Holdings Inc., we are working to optimize farm operations by leveraging satellite data and IoT technology,*2 aiming to develop a business that contributes to improving the lives of local residents. Drawing on my experiences as a volunteer, including adapting to different cultures and regions from those of Japan, I am committed to contributing to new business development in East Africa.

*1 The application of robotics, AI, and other advanced technologies, along with agricultural data, to enhance productivity and efficiency in agriculture.

*2 Technology that connects common devices to the internet, enabling remote monitoring, control, detection, and device interconnection via internet.

countermeasures in Fiji and the Oceania region through this initiative.

Most recently, in October 2024, at the Japan–Laos Summit Meeting, the two countries concurred on cooperation on strengthening power connectivity between Laos and neighboring countries and promoting decarbonization through clean electricity in Laos, including the possible start of a Co-creation for Common Agenda Initiative. At the 2nd Asia Zero-Emission Community (AZEC) Leaders Meeting held in the same month, then Prime Minister Ishiba stated that Japan would consider implementing this initiative for Laos to contribute to regional decarbonization, with Laos as a future supply base of clean energy in the region.

■ Grant for Grass-Roots Human Security Projects

Espousing the philosophy of human security, Japan's Grant for Grass-Roots Human Security Projects, which traces its origin to the "Small-Scale Grant" initiated in FY1989, directly and agilely implements relatively small-scale development projects,²⁸ targeted at populations in localities of developing countries and regions where access to public service is limited. These projects address

basic human needs (BHN) and encompass education, health and medical care, water and sanitation, landmine clearance, and disaster prevention. Within this framework, Japan also undertakes specific projects in which Japanese companies and local governments collaborate in project implementation, providing complementary services such as technical training. This approach leverages Japan's expertise and technological capabilities to effectively address social challenges in developing countries and regions. In FY2023, a total of 507 projects were executed across 115 countries and regions.

■ Loan Aid

In order to enhance the "visibility of Japanese development cooperation" through utilizing and transferring Japan's advanced technologies and know-how to developing countries, the Government of Japan continuously improves its systems, including the introduction of the Special Terms for Economic Partnership (STEP). Through these efforts, the ratio of orders received by Japanese companies has remained at around 60% to 70% in loan projects, which supports their business expansion overseas.

²⁸ The general limit for each project is ¥20 million, with a maximum of up to ¥100 million.