

(1) Strengthening Alignment of Policy Formulation and Project Implementation

A. 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 Policy¹⁵ for each recipient country and the Sectoral Development Policy.¹⁶

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

Japan also formulates a Sectoral Development Policy in light of international efforts on development, such as the Sustainable Development Goals (SDGs).

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

B. Implementation Architecture of Development Cooperation

In the implementation of development cooperation in accordance with the relevant policies, the government and implementing agencies work together to effectively utilize different modalities such as grant aid, technical cooperation, and loan aid. With a view to maximizing development impacts, Japan aims to implement development cooperation with the optimized combination of bilateral cooperation and multilateral cooperation through international organizations and NGOs and toward co-creation in partnership with various actors.

In order to strengthen the posture that benefits

project formulation, selection, and implementation, Japan holds 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. 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 after the project implementation period to ensure that each project is widely recognized and properly appreciated by the government and people of the recipient country long after its completion.

C. Improving Management and Ensuring Accountability for 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 use the results of evaluations for better policies and projects. In order to improve management and fulfill the accountability for ODA, Japan has taken the following measures: (i) enhancing the PDCA cycle (policymaking and project formation (Plan), implementation (Do), evaluation (Check), improvement (Act)), (ii) strengthening program approaches, and (iii) reinforcing "visualization." With these measures, Japan has been 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 indicators for each project, and (iv) strengthening the evaluation mechanism.

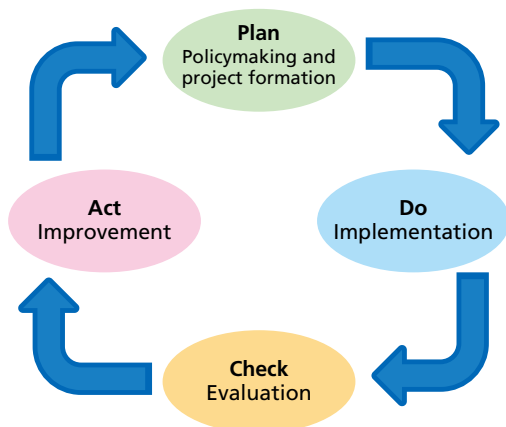
For more effective and efficient ODA operation, it is essential to strengthen the PDCA cycle not only at the project level but also at the policy level. To this end, MOFA carries out evaluations of economic cooperation policies in line with the "Government Policy Evaluations

¹⁵ Country Assistance Policy and Rolling Plan for Respective Countries <https://www.mofa.go.jp/policy/oda/assistance/country2.html>

¹⁶ Sectoral Development Policy <https://www.mofa.go.jp/policy/oda/sector/index.html>

Act (GPEA).¹⁷ It commissions evaluations to third parties in order to ensure objectivity and fairness. The recommendations and lessons learned from these evaluations are fed back to ODA policy for further improvements in ODA management.¹⁸

Chart V-2 PDCA Cycle



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

Evaluations from the “development viewpoints” are carried out against three evaluation criteria; how the ODA policies are 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 against 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 strengthens ODA

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

MOFA publishes the evaluation results on its website¹⁹ to ensure accountability to the Japanese public while promoting public understanding and support for ODA through increasing transparency.

At the project level, JICA mainly carries out evaluation by modalities - grant aid, loan aid, and technical cooperation - as well as by the theme field. Having established a coherent evaluation mechanism for each modality, JICA conducts evaluations for each project ex-ante, mid-term, and ex-post. As for projects whose cost exceeds a certain threshold, JICA commissions third-party ex-post evaluations. JICA also invests in impact evaluations²⁰ in recognition of the importance of quantitatively examining projects.

MOFA and JICA conduct ODA evaluations primarily based on the Evaluation Criteria of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).²¹

(2) Cooperation that Takes Advantage of Japan’s Strengths and Fine-Tuned System Design

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.

A. 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 in a detailed manner. For the purpose of contributing to solving problems in developing countries, Japan has accepted from developing countries trainees in a wide range of fields, including public administration, agriculture, forestry, fisheries, mining and manufacturing, energy, education, health, medicine,

¹⁷ 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 aid 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.)

¹⁸ Since FY2017, in addition to policy-level ODA evaluations, grant aid projects in which the maximum 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.

¹⁹ ODA Evaluation <https://www.mofa.go.jp/policy/oda/evaluation/index.html>

²⁰ Evaluation method verifying the effects of development projects by using methods from statistics and econometrics.

²¹ DAC evaluation criteria: In December 2019, coherence was added to the criteria of relevance, effectiveness, efficiency, impact, and sustainability that had been in use since 1991.

transport, and communications. In FY2022, 8,227 new trainees from 135 countries and regions participated in training programs in Japan, while a total of 1,086 new trainees from four countries participated in the In-Country Training Program, which is conducted in developing countries and regions, and 1,624 new trainees from 103 countries and regions participated in the Third Country Training Program. Furthermore, through the Dispatch of Technical Cooperation Experts, Japan aims to develop the capacity of human resources in partner countries by providing quality policy recommendations and developing technologies tailored to local conditions, in pursuit of enhanced development outcomes. In FY2022, a total of 6,776 JICA experts, both new and those still involved from the previous fiscal year, were dispatched to 101 countries and regions.

As part of its efforts to train professionals in the industrial sector, Japan has provided support through the ABE Initiative (African Business Education Initiative for Youth)* and the Kaizen²² Initiative, which are driven by industry-academia-government collaboration, as well as technical assistance in partnership with international organizations. As of December 2023, the ABE Initiative has offered training opportunities to over 6,700 youths from Africa. There are also good examples of ABE Initiative participants returning to their home countries after the completion of their training and applying the specialized knowledge and skills they acquired in Japan to find employment in Japanese companies, start their own businesses, and assume prominent positions in government agencies and universities in their home countries, while contributing to the development in their own countries and the overseas expansion of Japanese companies (see “Stories from the Field” on page 36 for the activities of the graduates of the ABE Initiative, and Part V, Section 1 (6) on page 139 for follow-ups after the training).

In addition, Japan has set up “Project NINJA (Next Innovation with Japan)”²³ to support startup ecosystems in developing countries. In collaboration with various stakeholders, the project provides assistance in identifying issues faced by entrepreneurs, making policy recommendations, developing corporate management capacity, strengthening cooperation among entrepreneurs,

pairing entrepreneurs in developing countries and Japanese companies, and promoting investment.

B. Improvement of Japan's Loans

In order to promote “visible Japanese development cooperation” through utilizing and transferring Japan's advanced technologies and know-how to developing countries, the Government of Japan set up the Special Terms for Economic Partnership (STEP) under the yen loan scheme, which features, among other measures, the expanded scope of application and lower interest rates. In addition, to promote the steady formulation and implementation of infrastructure development projects through Public-Private Partnerships (PPPs) in which Japanese companies participate, Japan introduced the Equity Back Finance (EBF) loan²⁴ and the Viability Gap Funding (VGF) loan,²⁵ while taking into account the improvement and application of measures by the recipient governments. In recent years, the ratio of orders received by Japanese companies has remained at around 60% to 70% in loan projects, which supports their overseas business expansion.

In addition, as follow-up measures for “Partnerships for Quality Infrastructure,”²⁶ the Government of Japan also makes efforts to improve its yen loans and Private-Sector Investment Finance (PSIF) in terms of speeding up Japan's yen loan procedures and creating new loan options. Furthermore, in preparing for public health emergencies, Japan recognizes the importance of securing funds to respond promptly when crises occur (R: Response), as well as ensuring prevention (P: Prevention) and preparedness (P: Preparedness). Therefore, Japan has developed two new financing packages: Results-Based Loans and Stand-by Credit for Urgent Response to Epidemics Loans. The former provides along with technical cooperation the funds necessary for borrowing countries to strengthen their prevention and preparedness efforts in accordance with the level of their progress. The latter provides loan facilities in advance in order to meet the financial needs of countries in the event of a pandemic or other public health emergency. Results-Based Loans can also be applied to sectors other than health, and are expected to contribute to making the yen loan system faster and more flexible.

²² An approach in which each worker at a production site comes up with and implements their own ideas on how to eliminate inefficiency in the production process and improve quality and productivity. In Japan, in the period of rapid growth after WWII, this approach was cultivated on the job by the manufacturing industry to increase quality and productivity, and is based on 5S: “Sort, Set, Shine, Standardize, and Sustain.”

²³ Launched by JICA in January 2020, it supports activities for entrepreneurs aimed at facilitating business innovation in developing countries.

²⁴ The Equity Back Finance (EBF) loan provides a yen loan for the developing country's share of the investment of the Special Purpose Company (SPC) that takes the lead in public projects in the developing country. It is restricted to PPP infrastructure projects, wherein the recipient country governments or their state-owned companies and others make the investment, and the Japanese companies participate as a business operating body.

²⁵ The Viability Gap Funding (VGF) loan is a yen loan for VGF that the developing country provides to the SPC in order to secure profitability expected by SPC when Japanese companies invest in the PPP infrastructure projects by the developing country in principle.

²⁶ Announced in 2015, the Partnership for Quality Infrastructure has the following pillars: expansion and acceleration of assistance through the full mobilization of Japan's economic cooperation tools, collaboration between Japan and ADB, expansion of the supply of funding for projects with relatively high-risk profiles by such means as enhancement of the function of JBIC, and promoting “Quality Infrastructure Investment” as an international standard.

C. Co-Creation for Common Agenda Initiative

Japan's advanced technologies and science and technology are great strengths. At the same time, as emerging and developing countries make a technological catch-up and their needs are diversified, it is becoming important to implement development cooperation in a way that adds value and combines structural aspects of quality cooperation, including the provision of materials and equipment and the construction of facilities, with non-structural aspects, including involvement in operation and maintenance, institution building, and human resources development. Given this situation, Japan launched the Co-creation for common agenda initiative, which proactively proposes appealing menus that combine various schemes such as ODA and other official flows (OOF) to increase synergy and leverage Japan's strengths, while utilizing new social values and solutions that emerge from co-creation of dialogue and collaboration (see Part I, Section 1 on page 4 for the details on the Co-creation for common agenda initiative and the status of preparations for its implementation).

D. Japan Overseas Cooperation Volunteers (JICA Volunteer Program)

Started in 1965, the Japan Overseas Cooperation Volunteers (JICA Volunteer Program) has a long record of success over half a century. More than 55,300 volunteers have been dispatched to 99 developing countries and regions in total. This is truly a program of public participation and has contributed to development in these countries and regions, exemplifying the "visibility of Japanese development cooperation."

The JICA Volunteer Program is highly regarded both domestically and internationally. The program not only contributes to economic and social development in

developing countries and regions, but also promotes mutual understanding and friendship between Japan and these countries and regions through cultivating local people's affinity for Japan. Moreover, the program deserves attention for ex-volunteers applying their experiences and knowledge in Japanese society. For example, ex-volunteers who have obtained global perspectives through the program contribute to the revitalization of local communities in Japan and the business expansion of Japanese private companies to developing countries.

In order to promote these initiatives, the Government of Japan strives to make it easier for more people to join the program through supporting ex-volunteers in pursuing their careers, as well as disseminating information on how to participate in the program while retaining one's job (see "Featured Project" on page 146 for the activities of a JOCV who participated in the program while retaining their job and Part V, Section 1 (1) on page 129 for the scheme for dispatching company employees to developing countries as JOCVs (partnership program)).



A JOCV working as a midwife at a provincial hospital together with her counterpart in Cambodia (Photo: JICA)



Glossary

Country-Based ODA Task Force

The Task Force was established in FY2003 to ensure the effective and efficient implementation of Japan's development cooperation in developing countries. It has the Embassies of Japan and JICA as the main members, and local offices of the Japan External Trade Organization (JETRO), the Japan Bank for International Cooperation (JBIC), and other organizations as key members.

African Business Education Initiative for Youth (ABE Initiative)

This program aims to promote human resources development for business and industry in Africa, and to foster "navigators" who support the business activities of Japanese companies in Africa. Continuously implemented since its launch at TICAD V in 2013, the program has provided youth from Africa with opportunities to pursue master's degrees at Japanese universities, business programs such as internships at Japanese companies, Japanese language training, and business skills training.



Aiming to Improve the Livelihood of Farmers!

Japan Overseas Cooperation Volunteers (JICA Private-Sector Partnership Volunteer Program)*1
Category: Community Development

ONIMURA Yuya (Ezaki Glico Co., Ltd.) (April 2016 – March 2017)

Philippines



I was dispatched to a small island called Bohol Island in the Philippines as a Japan Overseas Cooperation Volunteer (JOCV), and participated in a project that aimed to improve the livelihoods of farmers by promoting sales of agricultural products. Local farmers were engaged in the production and processing of agricultural products through agricultural cooperatives formed in each region, but they faced the issue that they did not know how to sell even though they knew how to produce. To solve this challenge, I worked with the Provincial Government of Bohol and agricultural cooperatives to open a direct sales store that would be run by the farmers themselves, aiming at increasing sales of their agricultural products.

I focused on providing some marketing measures to promote sales at the direct sales store, drawing on my experience in sales activities for retailers in Japan as a sales representative of Ezaki Glico Co., Ltd. Together with farmers, I devised and implemented easy-to-see product displays for customers visiting the store. I also led activities to attract more customers by distributing flyers and utilizing social media. In addition to in-store activities, I participated in exhibitions to introduce and sell their products and promote them to restaurants. As a result, we were able to increase both the number of customers and sales volume by more than 1.5 times compared to when the store was first opened. The direct sales store



The author discussing sales methods with members of the cooperative (Photo: ONIMURA Yuya)

is still in operation as of 2023.

After completing my term as a JOCV and returning to Ezaki Glico, I was assigned to the Philippines for six years as an expatriate of the company, where I was engaged in the establishment of its local subsidiary and expanding product sales. What I had acquired through the JOCV program was very useful for my work there. This included communication and management skills tailored to the country, and my understanding of the differences in preferences between the people of the Philippines and Japan shown in terms of what they value and what they find pleasure in.

Currently, I am back in Japan and in charge of export operations. I would like to continue to utilize my experience as a JOCV to connect the head office in Japan and local corporations overseas and contribute to expanding overseas sales of our products.



The author visiting a workshop that processes soap from carabao (water buffalo) milk (Photo: ONIMURA Yuya)

*1 In 2016, the author was dispatched through the “Private-Sector Partnership Volunteer Program” in which a volunteer was dispatched by a company to participate in the Japan Overseas Cooperation Volunteers (JOCVs) (participation with incumbent occupation). Currently, this program is implemented as a “partnership program,” recruiting volunteers from various organizations such as private companies, universities, and local governments (see also Part V 1 (1) on page 129).