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 announced "Japan's Action Plan for implementing the Paris Declaration(Action Plan)". Up to now, Japan has been making efforts to implement the Paris Declaration in accordance with this Action Plan. This paper is Japan's annual self-report on the progress of Action Plan.

General assessment

Progress on the implementation of the Paris Declaration can be seen in many partner countries, and there are increasing number of cases that Japan is participating in in-country effort for alignment and harmonization by joining SWAps and joint arrangements such as localized declarations and MOUs. Such progress can be also seen in Asia, especially in such countries as Cambodia and the Lao PDR where localized declarations on aid effectiveness were adopted. We also supported promotion of Paris agenda especially in Asian and Pacific region, which include co-organizing "Asian Regional Forum on Aid Effectiveness 2006" with DFID, AsDB and WB.

Domestic level efforts

The Japanese government and implementing agencies are in the process of major organizational reforms so as to strengthen the strategy focus of ODA to make it more effective. In this regard, Overseas Economic Cooperation Council was established under the chairmanship of the Prime Minister, and improved the mechanism for prompt decision making for ODA strategy. The Ministry of Foreign Affairs of Japan was reorganized in August, 2006 to merge the departments responsible for bilateral and multilateral development assistance. In addition, JICA and JBIC will be merged in 2008, and consequently, three types of Japan's ODA instruments, Japanese ODA loan, a major part of grant assistance, and technical assistance, will be managed by a single agency with greater synergy and efficiency to achieve development result.

International and regional level efforts

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

- 1. 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)
- 2. Co-organized Asian Regional Forum on Aid Effectiveness for facilitating implementation of the Paris Declaration jointly with DFID, AsDB and WB in Oct. 2006. Follow-up for the forum is also planned in cooperation with the co-organizers.
- 3. Actively participating in the relevant activities of Strategic Partnership with Africa (SPA)
- 4. Serving for preparation of Accra HLF in 2008 as a member of steering committee of the forum.

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) Participation in upstream country/sectoral joint analytic work, such as;
 - Indonesia: Participating in joint works for County Procurement Assessment Review(CPAR) led by WB.
 - Bangladesh: Developed joint country assistance strategy matrix with DFID, AsDB and WB.
 - Tanzania: Contribute to Poverty Reduction Strategy Monitoring System through pool funding.
 - Ethiopia: Participation in joint analytic work for PASDEP(Ethiopia's PRS) and joint analysis on PFM capacity.
 - Honduras: Lead in-country donors in 2006 monitoring survey on the Paris Declaration as coordinator of harmonization task team.
 - Bolivia: Jointly participated in the WB's Country Social Analysis with DFID Germany and Sweden.

(2) 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, (ii) health, (iii) PFM, and (iv) demining
- Indonesia: Creating enabling environment for investment
- Lao PDR: (i)Support to alternative development on post-opium,(ii)UXO and (iii)health
- Nepal: Primary education
- The Philippines: Power sector
- Timor Leste: (i)Sector Investment Program (Transport sector) and (ii)Planning and PFM

		 Vietnam: PRSC Yemen: (i)water and (ii)strategic investment planning Ethiopia: (i) Primary education and (ii) health Niger: Primary education Tanzania: (i) PRBS and PRSC, (ii) Agriculture Sector Development Programme, (iii) Poverty Reduction Strategy Monitoring System and (iv)PFM Reform Programme Uganda: (i) Primary education, (ii) health, (iii) road and (iv)rural electrification Zambia: Decentralization Rwanda: Education Kenya: (i)Education and (ii)water Ghana: Private sector development Bolivia: (i)Education, (ii)health, (iii)water and (iv)statistics Honduras: (i) Primary education (Education for all) and (ii) Chagas' disease Nicaragua: (i) Primary education and (ii) agriculture (2) Japan has been making efforts to identify its comparative advantages and intensifying selectivity of its priority areas in drafting and revising process of its country assistance program of each partner country. For example; In Bangladesh, Japan developed joint country assistance strategy matrix together with AsDB, DFID, and the WB. In Vietnam, Japan introduced mechanism to decide aid volume according to performance evaluation. Prioritization of areas of support in sub-sector level is also introduced. In Ghana, priority areas of support are clarified in country assistance program.
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;	In general, Japan endorses or signs joint arrangements such as declarations and MOUs as far as those documents is not legally binding. Examples Cambodia: Declaration by the RGC and Development Partners on Enhancing Aid Effectiveness Lao PDR: Vientiane Declaration on Aid Effectiveness Vietnam: Hanoi Core Statement on Aid Effectiveness

- Nepal: Code of conducts for donor coordination
- Yemen: Statement of aid coordination
- Uganda: Partnership Principle
- Zambia: MoU on coordination and harmonization on donor practices, Joint Assistance Strategy for Zambia
- Ghana: (i)Harmonization and Alignment in Ghana for Aid Effectiveness (ii)Joint Assistance Strategy, (iii) Ghana Harmonization and Aid Effectiveness Action Plan Implementation of Indicator 6, (iv) Ghana Harmonization and Aid Effectiveness Action Plan Implementation of Indicator 10a, (v) Joint Ministry of Health Development Partners Health Summit Aide Memoire, and (vi) National HIV and AIDS Partnership Forum Aide Memoire
- Tanzania: JAS for Tanzania Memorandum of Understanding
- Bolivia: Harmonization and alignment
- 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);
- (1) JICA and JBIC will be merged in 2008, and three types of Japan's ODA instruments, technical assistance, a major part of grant assistance, and Japanese ODA loan, will be managed by a single agency with greater synergy and efficiency.
- (2) Japan has been expanding the modalities of its aid from project aid to program aid including budget support. For example, in recent years, Japan has provided budget support to (i) Tanzania (since 2004), (ii) Indonesia (since 2005) as DPL, and (iii) Vietnam and Lao PDR as co-finance for PRSC(O). In 2007, Japan introduced new aid instrument to provide budget support for PRSPs, and plans to increase the number of countries to provide budget support.
- (3) Japan is now on the process to establish 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 mid-term action plan for implementing Japan's country assistance program of the following partner countries;
 - Bangladesh, Vietnam, Cambodia, India, Mongolia, Sri Lanka, Egypt, Saudi Arabia, Ethiopia, Ghana, Rwanda, Tanzania, Zambia, Bolivia, Peru, and Madagascar

	 (4) Strengthen complementarity between project aid and budget support Uganda: Provide TA for Office of Auditor General under PFM reform program, and increase transparency and accountability of budget support. (5)Strengthen complementarity between donors Mozambique: Japan co-financed for "Montequez-Lichinga Road Project" with AfDB while Sida provided grant ODA for neighboring section of the same road. Ghana: "The Study on Promotion and Development of Local Industries" was followed by UNDP's program on "Empowering Rural Women and Alleviating Poverty by Strengthening the Local Shea Butter Industry in Northern Ghana." 				
Participating in joint arrangements such as joint diagnostic work, joint reviews, and joint missions, which are undertaken under the framework of PBAs					

	 Zambia: Joint missions on decentralization as a lead donor with Germany and WB. Tanzania: Joint Appraisal Mission for establishment of basket fund of Agriculture Sector Development Programme.(with Denmark, DFID/UK, EU, FAO, IFAD, Ireland, WB and the Government of Tanzania) Uganda: Joint diagnostic work for PEFA Ethiopia: Join PBS(Protection of Basic Service) and Joint Budget and Aid Review led by WB Honduras: (i)Taking leading role in major tripartite (government/CSO/donor) sector groups including health, education, small and medium enterprise development for better implementation of PBAs. (ii)Participated in annual joint review of EFA. Bolivia: (i) Joint PO monitoring and evaluation of Education Sector, (ii)Joint PO monitoring of statistics sector, and (iii)collaborative work on dissemination of the result of poverty assessment led by WB. Guatemala: (i) a joint seminar on police administration (with GTZ, UNDP and USAID), and (li) joint activities on education network Nicaragua: (i) Drafting code of conducts of agriculture sector, and (ii) developing annual plan of actions in agriculture sector
Facilitating information sharing of Japan's country assistance programs and the results of policy dialogue with partner countries and other donors.	Japan has been making efforts to facilitate information sharing through the following: Examples Bangladesh: Developing joint country assistance outcome matrix and encouraging other donors to join them through local consultative group (LCG), together with AsDB, DFID and WB. Lao PDR: Organize Japan ODA seminar annually to invite Lao officials and local donors for sharing Japan's assistance strategy and work plan. Pakistan: Organizing a dissemination seminar on its country assistance program of Pakistan Zambia: Sharing information on Strategy Paper agreed at Zambia-Japan bilateral aid policy dialogue with other donors. Honduras: Share information on health, education, water and sanitation, decentralization and small and medium enterprise development through

SACTOR	working	aroune
3000	WUINIIU	ui uuus.

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 tables on primary education, health and agriculture.

II. Capacity Development

[Action 2]

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.

Japan has been actively supporting capacity development of the partner country, aligning strategies ad priorities set out by capacity development program of those countries as follows:

Examples

- Ministry of Foreign Affairs: Conducting a study titled "Voice of the Partner: Making Capacity Development more Effective"
- JICA: (i) Developing a handbook for operationalizing capacity development, (ii) conducting research activities, and (iii) Conducting training for JICA experts for effective capacity development
- 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 WB's Policy and Human Resources Development Fund trusted by Japan)
- Cambodia: Conducting joint research on effective TA with AFD.

[Action 3]

Japan will support partner countries to conduct diagnostic work on their needs for capacity development.

Japan is providing the following projects for capacity development of the partner country as follows:

Examples

DAC/EVALUNET: conducted joint mapping research on evaluation capacity

development.

- Zambia: (i) Conducted 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.
- Honduras: Conducted needs survey of capacity development for local government.
- Bolivia: (i) Conducting a needs survey of capacity development of small and medium enterprise development, and implemented TA according to the result.
- 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 as a member of in-country donor facilitators, which consists of EC, the Netherlands, UNDP and Japan).

[Action 4]

donors.

Japan will support South-South cooperation and (1)South-South cooperation: Japan (i)developed JICA-ASEAN Regional Cooperation regional cooperation where such cooperation is mechanism for facilitation of south-south cooperation in ASEAN region, and (ii)agrees effective, and continue dialogue with non-DAC on Partnership Program with 12 emerging donors including Thailand, Singapore and Brazil, and provides technical and financial support to those emerging donors when they provide TA to the third countries.

Examples

- Zambia: Support TA on investment promotion by hiring Vise Minister of Investment of Malaysia as a consultant under TICAD Asia-Africa cooperation program.
- Facilitate south-south cooperation in Latin American Region among Spanish speaking countries. We also utilize experts of Japanese descent for south-south cooperation especially in Latin American Region.

(2)Dialogue with non-DAC countries: Supported workshop for dialogue between DAC donors and non-DAC donors in cooperation with DFID in 2005.

Others

In pursuing these actions, Japan will make full use of available ICT facilities such as JICA-NET and the Tokyo Distance Learning Center (TDLC) managed by WB.

Japan has developed distance learning network, called JICA-NET, which connects 55 countries in collaboration with WB's Tokyo Distance Learning Center (TDLC). Some 51,860 people were benefited from distance learning trainings, workshops, and meetings in 2006.

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 WB and diagnostic work led by PEFA (Public Expenditure and Financial Accountability).

- (1) Japan participates in (i) CFAA (Country Financial Accountability Assessment) conducted by WB, and (ii) PEFA (Public Expenditure and Financial Accountability)-related activities at the partner country level.
- (2) Lao PDR: Co-financed with WB for PRSO, and supported PFM reform. Japan also supports TA for capacity development of management of public investment program.
- (3) Cambodia: supporting TA on taxation within a framework of PBA on PFM reform.
- (4) Vietnam: Supporting Vietnam's PFM reform through co-financing with WB for PRSC.
- (5) Mongolia: Providing TA on tax policy as well as TA on accounting and auditing.
- (6) Tanzania: Providing TA on capacity development of PFM (as one of the components of PFM Reform Programme).

[Action 6] Japan will make efforts to improve the predictability of aid flows at the following levels:

1. <u>Macro level</u>: 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. (Such case can be seen in Mozambique and Tanzania)

2.	<u>Meso level</u> : 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.
3.	Micro level: Sharing information on the indicative budget of individual projects, of which project agreement documents are already signed, in a timely and systematic manner.	individual projects, after project documents are signed, in a timely and systematic manner at the field level as follows:

IV. <u>Untying</u>

[Action 7]								
Japan will continue to implement the DAC Recommendation on Untying of ODA to LDCs.	Japan is implementing the DAC Recommendation on Untying of ODA to LDCs. Japan's untying ratio of bilateral ODA to LDCs is 86% in 2005. (Source: OECD-DAC)							

V. Rationalizing Aid Procedures

[Action 8]										
			· ·						5	
Japan will make continuous efforts to enhance aid	These	harmonization	efforts	has	made	in	Indonesia,	the	Philippines,	Vietnam,

effectiveness in ODA loans by harmonizing procedures with other development banks (e.g. WB and the Asian Development Bank, etc.) in the areas of procurement and public financial management.

Senegal, Mozambique and Tanzania.

- (1)Vietnam: Procurement guideline and Social and Environmental Impact guideline were revised, and F/S on public and private investment was harmonized by 5 banks initiative(JBIC, WB, AsDB, AFD, KfW)
- (2)Philippines: JBIC Shares procurement regulations and format for bidding documents, and harmonized procurement procedures with AsDB and WB.
- (3)Indonesia: Developed harmonized procedure for reporting and monitoring for PFM under co-financing Development Policy Lending with AsDB and WB.
- (4) Senegal, Mozambique and Tanzania: Procurement guideline of AfDB is utilized by JBIC under ACFA scheme for co-financing projects.
- (5) Tanzania: Japan, through co-financing of the WB PRSC, also participates in the general budget support with other 13 development partners including WB, which aims at strengthening alignment with public financial management of the Government of Tanzania.

[Action 9]

Japan will make efforts to rationalize aid procedures in grant aid.

- (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 introduced fast-track scheme to shorten the preparation period of new technical cooperation projects in emergency situation.
- (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.

[Action 10]

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.

Japan has been providing the following support:

- (1) Vietnam: Supporting (i)Vietnam's PFM reform through co-financing with WB's PRSC, (ii)jointly implement CCBP(Comprehensive Capacity Building Program) with other donors to strengthen government's capacity for aid management, and (iii)support TA on aid management complementary to CCBP.
- (2) Indonesia, the Philippines and Vietnam: Supporting improvement of country PFM and procurement systems through joint harmonization efforts by AsDB, WB and Japan.

		 (3) Lao PDR: Co-financed with WB for PRSO, and supported PFM reform. Japan also supports TA for capacity development of management of public investment program. (4)Cambodia: supporting TA on taxation within a framework of PBA on PFM reform. (5)Mongolia: Providing TA on tax policy as well as TA on accounting and auditing. (6) Tanzania: Providing TA on capacity development of PFM (as one of the components of PFM Reform Programme).
[Ac	tion 11] Japan will make efforts to reduce the	e number of bilateral meetings with partner countries and missions by:
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	JICA, as an implementation agency for Japan's ODA, has been making efforts to reduce the number of missions through further enhancing the functions of the field missions including project/program formulation, monitoring and evaluation. (NOTE: Missions which have specific terms of reference for Japanese ODA (e.g. evaluation studies of individual projects/ programs) are not always valid to send jointly with other donors.)
2.	Combining multiple missions, which have similar objectives or TORs, with other donors.	Following joint missions were conducted: Examples Bangladesh: (i) Annual joint evaluation meeting on maternal health and (ii) joint project formulation study in private sector development (with CIDA, EC, WB) Pakistan: Joint needs assessment mission for emergency assistance against the large-scale earthquakes (with AsDB, DFID, USAID, and UN, WB) Zambia: Joint mission on local administration, which consists of seven donors Bolivia: Joint mission on health sector(with USAID) Honduras: Joint evaluation on Chagas' disease program(with Cida, etc) Guatemala: Joint evaluation mission on Chagas' disease (with PAHO-WHO)
	artner countries where efforts of harmonization 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

VI. Managing for Development Results

[Action 12]

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.

New guideline on Japan's Country Assistance Strategy introduced in 2006 instructs clarification of expected outcome of Japan's ODA, and more prioritization for focused assistance.

[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.

(1) 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.

(2) Japan supports statistics capacity development in order to support partner countries for management of development result.

Examples

- Cambodia: TA on capacity development of statistics through both bilateral and multilateral support.
- Vietnam: Support for industrial statistics
- Myanmar: TA on capacity development of Central Statistical Organization
- Tanzania: TA on capacity development of National Bureau of Statistics for data providing services
- Bolivia: TA and financial support for National Institute of Statistics

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 and JBIC will be merged in 2008, and consequently, three types of Japan's ODA instruments, technical assistance, Japanese ODA loan, and a major part of grant assistance will be managed by the single agency with greater synergy and efficiency. Operational procedures will be economized by, for example, establishing an integrated and simple business process common to each ODA instruments.
- 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)JICA moved 200 staffs from HDQ to field office from 2004 to 2006
- (2) Conducting training courses for those who move to the field missions.
- (3) Conducting distance-learning programs for staff working for the field missions.
- (4) Sending advisors/coordinators in charge of PRSP and PFM to partner countries.
- (5) Sending advisors for aid harmonization to 5 African countries including Uganda, Ethiopia, Ghana, Sudan and Mozambique.

(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]