

**The Ministry of Foreign Affairs of Japan**  
**Third Party Evaluation**

**Evaluation of Japan's ODA**  
**for Agriculture and Rural Development**

**Summary Report**

**March 2007**

## Preface

This is the summary of “Evaluation of Japan’s ODA for Agriculture and Rural Development” undertaken by the External Advisory Meeting on ODA Evaluation. This evaluation was commissioned by the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan.

Japan has been one of the top donor countries of Official Development Assistance (ODA). From the viewpoint of human security, agriculture and rural development holds an important position in the development of the world. Eradication of extreme poverty and hunger is the first goal of the Millennium Development Goals (MDGs). Agriculture is the basic industry in many developing countries, and many of the poor in the world earn their living in rural communities. Japan as the top donor in the agriculture and rural development sector has played an important international role.

There have been domestic and international calls for more effective and efficient implementation of assistance. The Ministry of Foreign Affairs, as the coordinating ministry of ODA, conducts evaluation of ODA mainly at the policy level with two main objectives: to support the implementation and management of ODA; and to ensure its accountability. This evaluation study aims at reviewing the objectives, effectiveness and the process of planning and implementation of Japan’s ODA policy for agriculture and rural development; extracting lessons learned and propose recommendations as references for policy review and implementation of more effective and efficient assistance in future; and fulfilling accountability of the government by disclosing the evaluation results.

The ODA Evaluation Advisory Meeting is an informal advisory body of the Director-General of the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan with a main aim of improving the objectivity in evaluation. The Meeting is commissioned to conduct ODA evaluation and to report its results and recommendations to the International Cooperation Bureau. Dr. Masato Noda, a member of the Meeting, and director of the Nagoya NGO Center and associate professor of Chubu University, was in charge of this evaluation.

Dr. Tetsuo Matsumoto, professor of the International Cooperation Center for Agricultural Education at Nagoya University, also participated in this evaluation study and made enormous contribution. In addition, cooperation was received from the Ministry of Foreign Affairs (MoFA), the Japan International Cooperation Agency (JICA), the Japan Bank for International Cooperation (JBIC), members of the Country-based ODA Task Forces, relevant agencies of the Kingdom of Thailand where field study was conducted, and members from NGOs/civil society. We would like to express our sincere gratitude to all of them. The ODA Evaluation Division of the International Cooperation Bureau of the Ministry of Foreign Affairs was in charge of coordination of this evaluation. IC Net

Limited, under the commission of the Ministry of Foreign Affairs, conducted a series of supportive works for this evaluation including information collection and analysis.

Finally, we wish to add that the opinions expressed in this report do not necessarily reflect the view or position of the Government of Japan or any other institution.

March 2007

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## Field Study in Thailand



Support for “One Village One Product” Movement



Modernization of Water Management System Project





Cooperation to Encourage Self-Reliance through Community Market



Project for Revitalization of the Deteriorated Environment in the Land Reform Areas through Integrated Agricultural Development

## Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
BAAC	Bank for Agriculture and Agricultural Cooperatives
BRDB	Bangladesh Rural Development Board
CIDA	Canadian International Development Agency
CDF	Comprehensive Development Framework
DFID	Department for International Development
EU European	Union
FAO Food	and Agriculture Organization
GDP	Gross Domestic Product
GTZ Germ	an Technical Cooperation
IFAD	International Fund for Agricultural Development
JBIC	Japan Bank for International Cooperation
JETRO	Japan External Trade Organization
JICA Japa	n International Cooperation Agency
JOCV	Japan Overseas Cooperation Volunteers
KfW	Kreditanstalt für Wiederaufbau
LGED	Local Government Engineering Division
MDGs	Millennium Development Goals
NEDA	Neighboring Countries Economic Development Cooperation Agency
NGO No	n-Governmental Organization
NIAH	National Institute of Animal Health
ODA Of	ficial Development Assistance
OECD/DAC	Organization for Economic Cooperation and Development / Development Assistance Committee
OIE	World Organization for Animal Health
PPP	Purchasing Power Parity
PRS	Poverty Reduction Strategy
SIDA Swedish	International Development Agency
USAID	United States Agency for International Development

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# **1. Evaluation Approach**

## **1.1 Background**

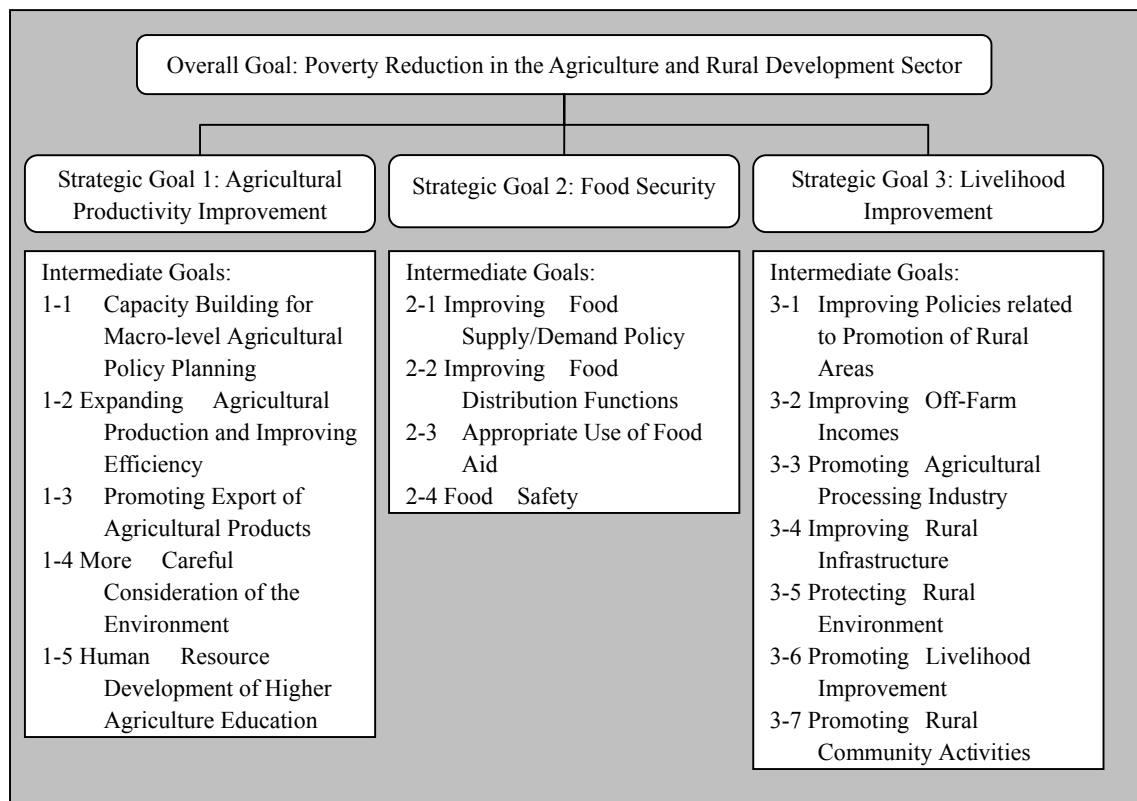
From the viewpoint of human security, agriculture and rural development holds an important position in the development of the world. Eradication of extreme poverty and hunger is the first goal of the Millennium Development Goals (MDGs). Agriculture is the basic industries in many developing countries, and many of the poor in the world earn their living in rural communities. Japan has been the top donor in the agriculture and rural development sector, and Japan's Official Development Assistance Charter specifies poverty reduction as one of the Japan's priority issues. Japan's Medium-term Policy on Official Development Assistance includes the following statement in the section on approach to poverty reduction and specific actions: "For the development of rural areas, raising agricultural productivity is important. Japan will support the formulation of agriculture related policy, improvement of infrastructure such as irrigation and farm roads, dissemination and research/development of production technologies such as NEERICA (New Rice for Africa), and strengthening of community organizations. Assistance will be provided to foster economic activities in rural areas, such as processing of agricultural products, development of market distribution and sale of foodstuffs." Development of agriculture and rural communities plays an important role in the effort of poverty reduction, and Japan is the largest donor in the agriculture sector among the DAC member countries. For these reasons, it is important for Japan to exercise initiative as the largest donor in the sector and to continue assistance for poverty reduction through effective and sustainable agriculture and rural development.

## **1.2 Objectives of Evaluation**

This evaluation study aims at reviewing the contribution of Japanese ODA for poverty reduction through agricultural productivity improvement, food security and livelihood improvement; extracting lessons learned and propose recommendations as references for policy review and implementation of more effective and efficient aid activities; and ensuring accountability by releasing the evaluation results to the partners of international cooperation, donors, NGOs, civil society and beneficiaries. This evaluation study defines agricultural development as the development mainly aims at bio-production or an increase in bio-production which involves production environment while regarding people, land and capital as production assets or means of production. Rural development is defined as the development of rural areas, which involves empowerment of rural community members through social infrastructure improvement, as well as agriculture or agriculture-related industries as a primary means of livelihood. Based on these definitions, the evaluation team developed the following conceptual diagram of policy objectives to indicate relationship between agriculture and rural development and poverty reduction raised as one of the priority issues in the ODA Charter and the Medium-term Policy on ODA.



**Figure 1: Conceptual Diagram of Policy Objectives for Poverty Reduction, Agriculture and Rural Development**



Source: Prepared by the Evaluation Team

### 1.3 Method of Evaluation

This evaluation study reviewed and analyzed Japan's overall ODA policy on agriculture and rural development, in four case study countries namely Thailand, Bangladesh, Ghana and Peru. Based on the result of the analysis both at policy level and of the case study countries, this evaluation study proposes recommendations for Japan's ODA policy and implementation in the agriculture and rural development sector for the future.

Policy level analysis reviews overall policy for agriculture and rural development mainly from the perspective of policy objective and results, and related processes are also reviewed. For policy objectives, the focus is given to the relevance, and the Japanese ODA policy for agriculture and rural development was reviewed for consistency with international development goals of this sector, Japan's policy guidelines and approaches, ODA Charter, Medium-Term Policy on ODA, other overall policies, policies of developing countries, beneficiaries' needs, and international priority issues including MDGs. For approach for agriculture and rural development assistance, such assistance in the country assistance programs, and roles and functions of country-based ODA Task Forces were reviewed. For results of assistance policy, Japanese ODA for agriculture and rural development covers many schemes, sub-sectors and regions, and it was difficult to review the

outputs and impacts of all the activities. Instead, this study analyzed inputs of Japanese ODA to the agriculture and rural development sector, and reviewed major results in the case study countries to assess contribution of Japanese ODA in this sector.

For the review of case study countries, the evaluation team adopted three basic perspectives: relevance of the objectives, effectiveness of the results and adequacy and efficiency of the processes, and also considered impacts and sustainability. Furthermore, the following assistance approaches and issues were reviewed: 1) coordination with stakeholders including NGOs/civil society; 2) effective combination of schemes; 3) south-south cooperation/regional cooperation; 4) other donors' assistance and donor coordination; and 5) promotion of sustainable agriculture and rural development.

## **2. Recent Trends in Japanese ODA for Agriculture and Rural Development**

### **2.1 Agriculture and Rural Development and Reaction of the International Community**

#### **2.1.1 Importance of Agriculture and Rural Development and Recent Trends in Developing Countries**

##### **(1) Importance of Agriculture and Rural Development**

Agriculture and rural development sector is an important agenda for the development of the world, and especially it has economic and social significance in developing countries. Economically, agriculture forms a key industry, accounting for 12% of GDP in developing countries, and 54% of labor force is engaged in the sector. The proportion of agriculture in GDP and labor force is higher in low-income countries.

For developing countries as a whole, 59% of the population lives in rural areas, with 65-66% in the cases of Asia and Africa. However, agricultural areas are often in regions left behind in economic development, with low agricultural productivity and limited opportunities for alternative means of livelihood. Thus, many people living in such areas are poor, and two-thirds of the poor are in rural areas. Farmers and rural residents use soil, water, forests and other natural resources on daily basis. Agriculture and rural development is also important from the viewpoint of conservation and management of natural environment.

##### **(2) Recent trends in Agriculture and Rural Development in Developing Countries**

The development of agriculture and rural areas has been an important agenda for economic development in a vast majority of developing countries, and much effort has been made for this purpose with increasingly greater diversity in the conditions among the countries. Most countries in Asia achieved self-sufficiency in the production of main cereals (rice and wheat) through green revolution during the 1970s to the 1980s, and in the 1990s diversification and commercialization of

agricultural products was promoted. In Asia where both economy and agriculture had relatively high rates of growth, much progress was made in reducing poverty and hunger. On the other hand, in Africa, the economy slumped in the 1980s, and increasing food production towards greater self-sufficiency remained a priority for agricultural development. Nevertheless, the effort for agricultural production was hampered by droughts, desertification and HIV/AIDS. As a result, while the population with malnutrition declined by 2%, the population of the poor increased by 1.6% in Africa. During the 1990s in the developing countries as a whole, the poverty population declined by 6.7% and malnourished population by 3%.

### **(3) Main Issues concerning Agriculture and Rural Development**

The results achieved in the last 15 years concerning poverty and hunger reduction are not necessarily satisfactory. The following issues pose challenges for the future.

1. The pace in poverty and hunger reduction has been slow. The MDG1 “reduction of percentage of poverty and malnutrition population by half by 2015” is unlikely to be achieved. Moreover, dire poverty in rural areas persists, particularly in Africa and South Asia.
2. Worldwide demand for food is expected to greatly increase due to population growth and economic development. Although it might be possible to provide sufficient food supply as a whole, problems are anticipated in the poorest countries, especially those in Africa.
3. From the viewpoint of food supply, there are issues confronting food production growth, including need for developing new technologies for agricultural production, reconciling agricultural development and environmental conservation, and achieving food safety.

#### **2.1.2 Reaction of the International Community to Agriculture and Rural Development**

OECD/DAC donors, international development agencies and UN agencies have provided assistance for agriculture and rural development, but their perspectives and approaches have not been integrated among them and also changed over time. During the 1970s, the main approach was to target small farmers and the rural poor for direct assistance through integrated rural development projects covering the provision of basic social services as well as for agriculture development. In the 1980s, structural adjustment became the mainstream approach advocated by the World Bank and IMF, which emphasized reforms in development policies, organizations and institutions as well as fiscal balance, liberalization of exchange rates, and privatization in favor of “small government.”

The structural adjustment approach not only promoted turn-around in development strategies in many developing countries, but also affected the volume and quality of ODA flow, on which poorer countries depended. The amount of aid for agriculture and rural development declined sharply between 1980 and the early 1990s. As a result of emphasis on support to privatization, agricultural projects and services that used to be implemented by the public sector agencies were cut back, and ODA for such services and projects, especially for large-scale agricultural infrastructure work, declined. Another contributing factor to the decline in ODA for agriculture and rural development

could be difficulties in project implementation and achieving results in this sector. In the end, the structural adjustment approach was criticized for bringing about unfavorable results for the poor, and the concept of development assistance was reexamined in the 1990s.

In the 1990s, with the decline of ODA, more effective development approaches were sought with an emphasis on social development aspects. The new development strategy by OECD/DAC was a revolutionary concept with focus on poverty reduction, and its substance has been incorporated into the PRS and CDF, and into the UN Millennium Development Declaration in the 2000s. Similarly, since the mid-1990s, a series of international conferences on development issues have been held, through which developing countries have demanded increases in ODA and more equal access to international trade. Recently, partnership and policy dialogues between donors and recipients are emphasized in international development cooperation.

Presently, reduction of poverty and malnutrition as well as improvement in living conditions of the poor have become the central issue in international development cooperation. It is fair to say that the MDGs summarize the issue. The World Food Summit in 1996 adopted the “Rome Declaration on World Food Security” with comprehensive policies and related strategic recommendations for achieving the goal of reducing the proportion of malnourished population by half by 2015. This goal has been incorporated into the MDG1 and the strategy for achieving food security has been adopted in the agricultural and rural development approaches under NEPAD (New Partnership for African Development). Nevertheless, no systematic approach has been agreed upon at the international level for addressing agriculture and rural development in the context of achieving the MDGs.

At present, in the context of achieving the MDGs, assistance for agriculture and rural development is carried out by donors through consultations among themselves, and through policy dialogues with recipient countries. In the last few years, as part of the efforts to formulate models for achieving sound economic development through poverty reduction and “policies for pro-poor growth”, donors and international organizations have started to highlight the importance of agriculture and rural development, and the DAC secretariat and the World Bank are advocating increased assistance to this sector.

## **2.2 Japanese ODA Policies for Agriculture and Rural Development**

This section provides an overview of the Japanese approaches to ODA for agriculture and rural development sector during the last ten years, i.e., 1996-2005. It reviews how the sector has been placed within the approaches to priority areas as set out in the ODA Charter and the Medium-term Policy on ODA, and also reviews approaches taken by the key implementing agencies, JICA and JBIC.

### **2.2.1 Higher-level Policies concerning the Sector in the ODA Charter and the Medium-term Policy**

The old ODA Charter emphasized self-help efforts by the developing countries, and designated “global-level issues” (environmental and population issues) as well as poverty, hunger and peoples’ basic needs as priority agenda, but without showing any systematic approaches in addressing these issues. The old Medium-term Policy on ODA of 1999 adopted the DAC’s new development strategy, and stressed developing countries’ self-help and self-reliance as well as human-centered approaches to development. It also identified as the following priority areas: (1) poverty and social development; (2) economic and social infrastructure; (3) human resource development and intellectual support; and (4) global-level issues, including environmental and food problems.

The new ODA Charter (2003) reflects the MDGs and other international approaches to development issues, and designates, from the human development standpoint, poverty reduction, sustainable development, global level issues, and building world peace as priority areas. The new Medium-term Policy on ODA (2005) elaborates in more concrete terms approaches to the four priority areas set out in the ODA Charter. Regarding poverty reduction, it provides for direct assistance to the poor as well as such more indirect support as strengthening development policies and systems of the recipient countries. The Medium-term Policy also provides for more systematic approaches to more efficient and effective ODA planning and implementation: in particular, it stresses efforts to improve strategic orientation and direction of ODA as well as strengthening the capacity of agencies concerned through the establishment of Country Assistance Programs (CAPs) or Economic Cooperation Programs (ECPs) and similar plans by aid implementing agencies, development of systematic approaches to the priority areas, and establishment of country-based ODA Task Force (ODA-TF).

### **2.2.2 The Priority Areas of ODA Policy and Agriculture and Rural Development Sector**

The ODA policy-level consideration on the sector is most clearly indicated in the new Medium-term Policy on ODA. The most concrete statement in this regard relates to supporting poverty reduction through overall growth, for which development in rural areas, especially productivity improvement in agriculture, is important for balanced development – such development in rural areas to be supported through improving capacity in policy aspects, infrastructure, improvements and extension in production technologies, strengthening of local villagers’ organizations, processing and marketing of agricultural produce. However, there has not been elaboration of any sector specific guidelines to clarify approaches to assistance for the sector in a systematic way. In 2005, the Japanese Government announced a “development initiative” aimed at contributing to poverty reduction through helping stimulate the rural economy, including development of processing industries, marketing and export. This showed a vision for promoting agriculture and rural development through broad cooperation beyond ODA and including market mechanisms and trade, and as such it represents an important proposal as a new policy for poverty reduction.

### 2.2.3 Approaches of JICA and JBIC

In the last ten years, Japanese ODA to the sector provided broad-based support, covering agricultural productivity improvement, stimulating rural communities and their economy (village development) and food production. In providing this support, JICA has been responsible for technical cooperation and part of “grant assistance”, and JBIC for development lending. The grant assistance has been implemented under the responsibility of the Ministry of Foreign Affairs. In the agriculture and rural development areas, salient programs under the grant assistance include Grass-Roots Human Security Projects, Grant Aid for Japanese NGO Projects, Food Aid, and Grant Assistance for Underprivileged Farmers (2KR)<sup>1</sup>.

There have been considerable changes in JICA’s assistance to the sector, centered around technical cooperation. Its assistance has been shifting from agricultural production and development, including agricultural production technology development and extension, technical support to the government agencies and agriculture production-related infrastructure, toward capacity development of national and local bodies in policy-making and implementation, and rural/village development with focus on farmers and social and human dimensions. JICA also issued in 2003 and 2004, respectively, “priority area guidelines on agriculture and rural development” and a manual on related best practices. The guidelines provide a systematic approach to the sector from the JICA viewpoint, based on an analysis of the problems and the international practices in the sector. In particular, the approach provides for three-tier objectives for the sector assistance, i.e., “development strategic objectives”, “medium-level objectives” and “sub-objectives” (latter normally equal to the projects’ outcome), and three objectives are specified for the strategic objectives: “sustainable agricultural production”, “stable food supply”, and “vigorous rural development”. The JICA guidelines are the only technical guide with a strategic perspective for the sector available among the Japanese ODA agencies.

JBIC’s support for the sector has focused on irrigation, rural roads, and farmland improvements (the sector share in JBIC’s lending is 6-10% from 1999 to 2003), but JBIC has been giving growing attention to rural development and poverty reduction while increasing diversification in its assistance. Although it has no specific guidelines for the sector, its directives on Basic Strategy of Japan’s ODA Loan designates the sector as an important field in relation to poverty reduction and global issues within its framework on addressing the priority areas set out in the Medium-term Policy on ODA.

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<sup>1</sup> Based on the country’s request, and after taking comprehensively into account of the food situation, socio-economic situations, foreign exchange status, its relationship with Japan as well as its system for dealing with assistance, this assistance provides funds for procurement of agricultural machineries and tools, fertilizers and other agricultural inputs and related services. In 2005 the title of this assistance was changed from “food production increase support”.



## **2.3 Overview of Delivery of Aid to the Sector**

This section presents an analysis of Japanese bilateral aid in the sector from 1996 to 2005, using the OECD/DAC data, including an attempt to verify if the aid for the sector has been distributed in line with the policy approaches to the sector as summarized in the three strategic objectives.

### **2.3.1 Inputs of Japanese Aid to the Sector**

During the ten-year period from 1996 to 2005, Japanese aid to the sector amounted between US\$5.4 billion and US\$23.8 billion each year, accounting for 20-50% of aid from the DAC donors as a whole: this placed Japan as the largest single donor among DAC donors. However, Japanese aid to the sector has been declining after peaking in 1996, the aid in 2003-04 being one-third of the peak year. At the same time, the share of the sector in the total Japanese ODA has also declined from 25% in 1996 to 6-8% in 2004-05.

In terms of distribution of aid amount over the aid schemes, the largest share was with loans at 53%, followed by 24% for technical cooperation and 23% for grant cooperation. During the period, shares among the three schemes varied annually without any clear trend.

### **2.3.2 Testing Aid Distribution against the Policy Objectives for the Sector**

To see if aid had been allocated in line with the policy approaches to the sector, distribution of aid over the policy objectives scheme was analyzed for 2003-04 using the OECD/DAC data (only for these two years Japanese aid data contained all the information needed for the analysis in terms of aid purpose). This is a crude analysis requiring care in interpreting the result. It is found that Japanese assistance to the sector is concentrated in two of the three strategic objectives, agricultural productivity improvement and livelihood improvement, with a limited share to food security. Support to livelihood improvement also centered on rural infrastructure, village development activities, and environmental improvement, with no support to employment creation in non-agriculture areas. However, it is likely that much of the support to employment creation in non-agriculture areas is included in rural infrastructure and village development assistance.

The most important reason for the small share in food security seems to be that much of the aid for this objective is subsumed under the support to agricultural productivity improvement. It is also possible that, despite the data, contribution to food security is being made through the other two strategic objectives. This result of data analysis shows that the Japanese assistance to the sector has been allocated broadly in line with the ODA policy objectives, i.e., to support improvement in agricultural productivity and livelihood, and through these objectives to the third objective of food security.

In terms of geographical distribution of aid to the sector during the period 2001-05, aid is concentrated in the Asia and Pacific region, with notable increases in the share for South and Central

Asia. Both Africa and Central/South America have the next largest shares. But contrary to the widespread perception, the share of Africa, where the largest proportion of population suffers from poverty and hunger, has not been increasing. As for aid for this sector, there remains an issue in diversification of aid in terms of geographical distribution among the regions.

### **3. Japan's ODA for Agriculture and Rural Development in Four Case Study Countries**

#### **3.1 Poverty, Agriculture and Rural Development in Case Study Countries**

##### **3.1.1 Situation of Poverty, Agriculture and Rural Communities**

Thailand has achieved the Target 1 (Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day) of the MDG1 (Eradicate extreme poverty and hunger). Bangladesh and Ghana have not achieved the Target 1, but the proportion of the population under poverty has been decreasing in both countries. In Peru, the poverty rate did not change from 1991 to 2002. As a common tendency for the four countries, the rural poverty rate is higher than the urban one. Also, the agriculture sector is continuously important for all four countries in terms of the significant ratio of national land allocated for farming, the large population of farmers, the acquisition of foreign exchange through export of agricultural produce, and food security.

##### **(1) Thailand**

Thailand is considered successful in reducing poverty through efforts for agriculture and rural development and other development activities by the national government and donors for several decades. On the other hand, poverty in Thailand tends to concentrate in rural areas and other specific areas, and among farmers. Farmland in Thailand takes up 39.3% of the national land, and major products include rice, sugar cane, cassava and palm oil. Although the contribution of agriculture to GDP has decreased from 21.4% in 1981 to 10.2% in 2001, the agricultural workforce is still nearly 40% of the labor force.

##### **(2) Bangladesh**

One third of the population is living in poverty in Bangladesh. The population in poverty is decreasing slowly. The poverty ratio is higher in rural areas than in urban ones. Farmland makes up two thirds of the country, and double/triple cropping keeps the farmland utilization ratio at around 180%. The major agricultural products are food grains such as rice and wheat, and jute, which cover over 80% of acreage under cultivation and about 60% of GDP in agriculture.

##### **(3) Ghana**

The poverty situation in Ghana steadily improved in the 1990s, but income gaps among occupational groups and regions have not been resolved. Among occupational groups, farmers producing food

crops have the highest poverty ratio. In terms of regions, a large portion of the poor live in the northern savanna, and the southern forest area also has a high incidence of poverty. In Ghana, agriculture is the primary industry contributing nearly 40% of GDP. The traditional agricultural product of the country is cacao beans that account for one third of the national export value.

#### **(4) Peru**

The poverty ratio in Peru changed very little in the 1990s. Rural areas have a higher poverty ratio than urban ones, and differences in the poverty ratios among regions are also prominent. In the mountainous area of Sierra and the forest area of Selva, the poverty ratio is high even in urban communities, and higher than the national average by 20% in rural communities. Different types of agriculture are practiced in Costa, Sierra and Selva. Costa is a desert along the coastal line lying north and south, where irrigated agriculture is practiced along the river basin. Sierra is the area in the Andean Cordilleras, where upland farming and cattle breeding are the main activities. Selva is the forest area in the Amazon watershed, where subtropical crops such as coffee and cacao are produced.

### **3.1.2 Policies and Issues of Agriculture and Rural Development**

Issues of agriculture and rural development are explained in Poverty Reduction Strategies and agricultural development policies of the four case study countries. Each country has a different set of issues depending on geographic conditions, development stage and other factors.

#### **(1) Thailand**

The Ministry of Agriculture and Agricultural Cooperatives of Thailand produces Agricultural Development Plans as the basic plan and policy guidelines of the agriculture sector. The Sustainable Agricultural Development Strategy formulated by the National Economic and Social Development Board in June 2005 emphasizes on sustainable agriculture based on the concept of “sufficient economy”. These policies show that the Ministry of Agriculture and Agricultural Cooperatives promotes the third strategic objective of livelihood improvement as well as the first objective of agricultural productivity improvement in the conceptual diagram of policy objectives for poverty reduction, agriculture and rural development developed by the evaluation team. The Tenth National Economic and Social Development Plan (draft) reflects the concept of “sufficient economy” as the basic philosophy, and attaches great importance to agriculture and rural development. The Plan raises agricultural productivity, disproportion between crops produced, land degradation, water shortage, regional disparity, and increasing debt of poor farmers as concerns regarding agriculture and rural development.

#### **(2) Bangladesh**

The Poverty Reduction Strategy Paper, as the national development plan after the Fifth Five Year Plan 1997-2002, recognizes agriculture and rural development as the first priority for poverty

reduction. The following eight are raised as priority areas: 1) crop production; 2) fisheries; 3) livestock raising; 4) forestry; 5) crosscutting issues; 6) food security; 7) off-farm activities; and 8) micro credit. The priority areas 1) to 4) mainly address the first strategic objective of agricultural productivity improvement, the area 6) addresses the second objective of food security, and the area 7) and 8) address the third objective of livelihood improvement in the conceptual diagram of policy objectives developed by the evaluation team.

### **(3) Ghana**

The Accelerated Agricultural Growth and Development Strategy 2001-2010 has been formulated with five priority areas. The Strategy aims at achieving 6% annual growth rate in the agriculture sector. In addition, the Food and Agriculture Sector Development Policy was issued in 2002 to provide a comprehensive framework of agriculture development strategy and promote the sector-wide approach to manage activities in the agriculture development sector. The priority areas raised in the Accelerated Agricultural Growth and Development Strategy are meant to contribute to the first strategic objective of agricultural productivity improvement.

### **(4) Peru**

The Poverty Reduction Strategy was developed in September 2004 to decide priority issues for the period from 2004 to 2006. The agriculture sector is not included in the priority issues, but improvement of economic and social infrastructure is chosen as one of the priorities. Improvement of agricultural infrastructure such as irrigation facilities will contribute to the first strategic objective of agricultural productivity improvement, and improvement of rural infrastructure will contribute to the first strategic objective of agricultural productivity improvement and the third strategic objective of livelihood improvement. The Agriculture Sector Plan 2004-2006 adopts several priority issues of agriculture development including technical transfer for improving productivity, provision of information to agricultural producers, and strengthening of producers organizations.

## **3.2 Japan's ODA for Agriculture and Rural Development**

### **3.2.1 Japan's ODA Policy and Process of Policy Formulation and Implementation**

Country Assistance Programs<sup>2</sup> have been created for all the four countries, and assistance to the agriculture and rural development sector is placed in the program. Country-based ODA Task Forces comprising the Japanese Embassy, JICA and JBIC offices and others have important roles and functions in the process of planning and implementation of assistance activities. Coordination with NGOs/civil society is also important. All the four countries have ODA Task Forces. Among them, the ODA Task Force in Bangladesh seems to be more active than others.

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<sup>2</sup> In the case of Thailand, it is called Economic Cooperation Program.

### **(1) Thailand**

The Economic Cooperation Program for Thailand that was revised in May 2006 states that Japanese bilateral cooperation to Thailand will gradually decrease along with the development of Thailand. Unlike the former Country Assistance Program, agriculture and rural development is not treated as an issue in the new Program. On the other hand, Mekong regional development, Asia-Africa cooperation, and assistance to post-conflict rehabilitation are indicated as priority areas of joint assistance to the third countries. The ODA Task Force meets to review and prioritize annual proposals for assistance. As the number of bilateral cooperation projects to Thailand declines, the number of new projects is also decreasing. Accordingly, the ODA Task Force in Thailand seems to play limited roles compared to its equivalent in the other countries.

### **(2) Bangladesh**

Japanese ODA to Bangladesh aims at realizing rural infrastructure development, agricultural productivity improvement and participatory rural development under a priority goal of “economic growth.” The Country Assistance Program to Bangladesh revised in May 2006 focuses on five priority areas: 1) improvement of agriculture and rural infrastructure; 2) improvement of agricultural productivity; 3) diversification of production and creation of products with high added value; 4) creation of rural employment through promotion of agriculture-related industries; and 5) empowerment of local community through participatory rural development. The ODA Task Force in Bangladesh adopts an approach called “Bangladesh Model.” Since its establishment in 2001, the ODA Task Force, with its core members from the Japanese Embassy, JICA, JBIC and JETRO, has managed limited resources effectively through the process of “Selection, Focus and Coordination” to achieve consistent and cohesive development assistance.

### **(3) Ghana**

The Country Assistance Program for Ghana revised in 2006 adopts accelerated rural development as one of the priority agendas to realize poverty reduction through economic growth. Under the agenda, promotion of agricultural development includes improvement of agricultural productivity, infrastructure development, and processing and marketing of agricultural products to increase income of small farmers. The Program also aims at promoting industrial development and coordination between the agriculture sector and the industry one.

### **(4) Peru**

The Country Assistance Program for Peru was formulated in 2000. For the agriculture and rural development sector, emphasis is given to the assistance on infrastructure for agricultural production and on modernization of production methods to address urban/rural income disparities. For specific areas of assistance, the Program states that consideration will be given to areas related to water supply and small-scale irrigation infrastructure development through financial cooperation, and cooperation for financing of small-scale farmers.

### **3.2.2 Results of ODA Undertakings**

This section provides an overview of the major inputs and outputs of Japanese ODA in the four case study countries.

#### **(1) Thailand**

The amount of assistance provided to Thailand for the last ten years is considerably larger than the assistance from other donors to Thailand. It is noteworthy that Japanese ODA accounts for 90% of the total aid volume in the agriculture sector. This significant share shows that the Japanese ODA attaches great importance to agriculture and rural development, and also that other donors are shifting from assistance for Thailand to regional cooperation in Indochina with Thailand as a regional base. This study has reviewed 12 projects related to agriculture and rural development that have been supported by Japanese ODA.

For irrigation development assistance, the aggregate amount of yen loans by JBIC for irrigation has become 57.8 billion yen. Compared to the budget for irrigation projects of the Royal Irrigation Department of Thailand, Japanese ODA is believed to have made some significant contribution to the irrigation sector in Thailand. This assistance to irrigation development is assistance towards the third strategic objective of agricultural productivity improvement of the conceptual diagram of policy objectives for poverty reduction, and agriculture and rural development. Project for Revitalization of the Deteriorated Environment in the Land Reform Areas through Integrated Agricultural Development by Agricultural Land Reform Office has contributed to the third strategic objective of livelihood improvement with assistance for pond irrigation by JBIC, coordination with Village Foundation, a local NGO, and promotion of local market by Japan International Volunteer Center, a Japanese NGO, funded by Grant Aid for Japanese NGO Projects.

As for technical cooperation, assistance has been provided through technical cooperation projects, development studies and training to various areas of the agriculture sector. Irrigation, animal health, and forestry are the areas that Japanese ODA has provided long-term assistance. For the animal health sector, a regional cooperation project has been initiated with the concerned Thai government organizations whose capacity has been strengthened through long-term assistance of Japan. These technical cooperation efforts are also contributions to the first strategic objective of agricultural productivity improvement in the conceptual diagram of policy objectives developed by the evaluation team.

#### **(2) Bangladesh**

Japanese ODA has contributed more to the rural development sector than the agriculture sector in Bangladesh. This study has reviewed 7 projects on microcredit by Grameen Bank, rural infrastructure development, and local governance and empowerment of local communities. The



project on microcredit aimed at income generation and livelihood improvement of the rural landless poor by providing loans without interest for improvement of production goods including buildings, wells and machines. It is fair to say that this assistance is a contribution to the third strategic objective of livelihood improvement in the conceptual diagram of policy objectives developed by the evaluation team. Assistance to rural infrastructure development also contributed to the third strategic objective through improvement of rural infrastructure and capacity building of the concerned government organizations. In the same way, assistance to local governance and empowerment of local community was an effort to prepare the basis for the third strategic objective through development of small-scale rural infrastructure and improvement of access to local government services.

### **(3) Ghana**

Japanese ODA to Ghana is centered on irrigated agriculture development, and the study has reviewed 4 projects related to irrigated agriculture. “The Study on Effectiveness and Issues of JICA Technical Cooperation from the Capacity Development Point of View” (JICA, 2005), a study on Japanese assistance to promotion of irrigated agriculture in Ghana, evaluates these projects for achieving outputs in terms of capacity development of organizations (Irrigation Development Center and farmer organizations) and human resources (counterpart personnel and farmers). These projects have contributed to the first objective of agricultural productivity improvement through development of irrigation facilities, promotion of water user organizations, improvement of production technology, promotion of the spread of agriculture, and improvement of farm management.

### **(4) Peru**

The major projects of Japan ODA to Peru in the agriculture and rural development sector are yen loans to the National Program on Watershed and Soil Conservation (PRONAMACHS) and the National Fund for Social Security Development (FONCODES). This study reviewed one yen loan to PRONAMACHS and two yen loans to FONCODES. The loan to PRONAMACHS was used as rural development funds for soil conservation, development of small-scale irrigation facilities, tree plantation and forest conservation, and other relevant activities. The funds were provided to farming communities in the mountainous Sierra area where the poverty ratio is high. This loan is a contribution to the first strategic objective of agricultural productivity improvement through improvement of production infrastructure including farm soil and irrigation facilities. The other two yen loans to FONCODES, on the other hand, were used for improvement of social infrastructure such as portable toilets and water supply and sewage systems, and economic infrastructure including roads and bridges. One loan targeted the Amazon area, and the other targeted the mountainous Sierra area. These loans have contributed to the third objective of livelihood improvement.

## **4. Assessment of Results**

Based on the findings presented in Chapters 2 and 3, this Chapter assesses the results at the policy level (4.1) and results in the four case study countries (4.2). A synthesis of results assessment is given in section 4.3.

### **4.1 Assessment of Results at Policy Level regarding Aid to the Agriculture and Rural Development Sector**

This section assesses, at the policy level, the objectives and approaches of the Japanese bilateral assistance to the sector. The policy objectives regarding assistance to the sector has been articulated in the Conceptual Diagram of Policy Objectives for Poverty Reduction, Agriculture and Rural Development (Figure 1) in Chapter 1. The relevance of policy objectives is assessed in terms of their congruence with (1) the overall ODA policy objectives set out in the Japanese ODA Charter and Medium-term Policy, (2) development policies of the main recipient countries, and (3) priority issues and thrusts in international development cooperation. Then, this section assesses key ODA instruments such as country assistance programs, country assistance implementation plans by JICA and JBIC (CAIPs), and country-based ODA Task Force (ODA-TF).

#### **4.1.1 Relevance of the Development Assistance Policy**

During the period covered by this evaluation, the new ODA Charter and the Medium-term Policy were established to clarify the Japanese approaches to the priority issues and sectors. While these documents did not provide any systematic approach to this sector at the policy level, the JICA guidelines on agriculture and rural development (in 2003) gave clarifications at the operational level, thereby giving clearer indications on the nature of policy approach to the sector. However, the JICA guidelines address mainly technical issues to serve JICA's own technical needs in its operations, and are not suitable as guidelines on broader aspects such as how to relate sector development approach to ODA policy objectives, and how to design and implement strategic approaches in CAIPs and CAIPs. It is thus necessary to provide policy-level guidelines to fill this gap.

The relevance of Japanese policy objectives and approaches is assessed in terms of the following three criteria.

##### **(1) Congruence with the ODA Priority Objectives**

In order to reduce poverty through agriculture and rural development, it is necessary to develop agriculture, as the main economic industry in rural areas, to stimulate and diversify the rural economy, and assist the poor by providing them with employment and income generation opportunities. From this viewpoint, it is appropriate to pursue the objective of poverty reduction through the three strategic objectives, i.e., agricultural productivity improvement, food security, and livelihood improvement. This also matches the approaches to poverty reduction outlined in the Medium-term Policy on ODA. The analysis of aid distribution against the three strategic objectives

in Chapter 2 showed that the Japanese aid seems to be implemented along the objectives indicated in the conceptual diagram of policy objectives.

## **(2) Congruence with the Policy Objectives and Approaches of the Developing Countries for the Sector**

Agriculture and rural development for poverty reduction is one of the priority development objectives in many developing countries, and the agriculture sector is expected to contribute to achieving the aim. As seen in the case study countries, the Japanese approaches to the sector assistance are designed to contribute to the achievement of the sector objectives.

## **(3) Congruence with International Priority Agenda and Trends in the Sector Assistance**

The priority agenda in international development cooperation in the last ten years has been “reducing poverty and hunger”, as represented by MDGs. The Japanese approaches seek to address poverty and hunger problems as priority issue, and this certainly accords with the international trends. Further, Japan has been trying to coordinate formation and implementation of effective assistance strategies, both at multilateral levels such as the DAC, UN, and other international organizations, as well as with aid recipient countries. In recent years, there has been a trend among DAC, the World Bank and other international development assistance agencies to re-assess the importance of the sector, and the Japanese ODA policy’s priority attention to this sector is being proven valid.

### **4.1.2 Appropriateness of Approaches to the Sector Assistance**

#### **(1) Approaches to Poverty Reduction and Sector Development in Country Assistance Programs (CAPs) / Economic Cooperation Programs (ECPs) and JICA/JBIC Assistance Implementation Plans (CAIPs)**

The CAP (or ECP) is one of the most strategic processes for reflecting the priority ODA policy objectives in concrete ways in planning and implementing aid. It also provides guidance to CAIPs of JICA and JBIC. CAPs are presently prepared for a period of five years in 23 countries which are main recipients of Japanese bilateral assistance, and the country ODA Task Force plays an important role in preparing CAP.

As noted in Chapter 3, in all of the four case study countries, CAP has been prepared and updated to identify the priority assistance areas and related approaches in accordance with the recipient country’s development policies/plans and the Japanese ODA Medium-term Policy. In three of the case study countries other than Thailand, CAP has designated agriculture and rural development sector as priority sector/field and has thus guided planning and selection of assistance to the sector. In Bangladesh, Ghana and Thailand, CAP was updated in 2005-06, and the updated CAPs for Bangladesh and Ghana have been improved in terms of strategic coherence and planning.

However, CAPs seem to differ considerably in quality from country to country and over time. For example, the CAPs for Bangladesh (2000 and 2006 versions) are the best among the four case study countries in its strategic orientation and planning quality. By contrast, the new CAP for Thailand does not reflect clearly those priority fields specified in the ODA Medium-term Policy.

Regarding the relationship between CAP and CAIPs by JICA/JBIC, evidence from the case study countries shows that approaches established in CAPs are reflected in the operation plans of JICA/JBIC so that the selection of priority fields facilitates more coherent selection of individual projects. Thus, CAP and CAIPs have generally been playing an important role in the selection and implementation of assistance to the sector.

One issue in this connection is that it is important to strengthen a systematic planning approach in CAP towards greater strategic programming of assistance, and further efforts should be made to ensure integration between policy priorities and selection and implementation of individual projects. Similarly, regarding the CAIP by JICA/JBIC, their projects are not always selected or implemented to ensure synergy and to reinforce complementarity among them. In order to ensure a greater degree of integration of assistance across fields and aid schemes in the sector, more systematic coordination among the agencies is necessary.

## **(2) Country-based ODA Task Force (ODA-TF)**

The new ODA Medium-term Policy has placed emphasis on the active role of the country level staff, and greater importance is given to the functions of ODA-TF (understanding of the recipient countries' priority needs, policy dialogues, CAP initiation, coordination among the Japanese agencies as well as national agencies and other donors). Since its inception in 2003, ODA-TFs now operate in 72 countries. Given its central status in preparation of CAP and CAIPs, ODA-TF has particular significance in making Japanese ODA more effective.

As for CAP, ODA-TFs vary greatly depending on countries and the timing of their formation, functions and performance. Among the case study countries, ODA-TFs in Bangladesh and Ghana seem to be functioning as coherent teams, and this is reflected in the contents of CAPs. In the case of Bangladesh, ODA-TF is providing outstanding services through its purpose, structure and functions, and has many points that can serve as an example for ODA-TFs in other countries.

ODA-TF has accomplished substantial results in a short time. But, in order for it to function fully as the center of managing Japanese assistance in a country, it is important to strengthen its capacity. In particular, problems and potentials in agriculture and rural development vary greatly among countries and areas within countries, requiring cross-disciplinary approaches. Thus it is important to pay attention to ensuring the presence of adequate expertise in the sector among the ODA-TF members as well as its management.

#### 4.1.3 Effectiveness of Results

Actual aid delivery to this sector represents one indicator of the effectiveness of Japanese assistance, and the following observations are made in this regard:

- Japan has been the largest donor for the sector for the last ten years among the DAC donors, but its aid level is declining in recent years. Given the recent international trend for reassessing the importance of the sector, the corresponding need for increased assistance to the sector, Japan's past status as the leading donor to the sector, and increasing international attention to assistance for African countries, the decline in the amount of assistance for this sector needs to be arrested.
- Japanese aid to the sector is geographically centered on Asia, although the shares of Africa and the Near East are on the rise. In Asia and Africa, those countries receiving the largest amounts of aid in the sector are also those with large populations suffering from poverty and hunger.
- A crude data analysis of distribution of assistance to the sector against the three strategic objectives (as stipulated in the conceptual diagram) shows that more than 90% of assistance was concentrated in "agricultural productivity" (55%) and "livelihood improvement" (40%), with a large share of assistance in support for community-level infrastructure and village-level activities as well as for capacity building in planning and implementation for agricultural development. However, assistance aimed at the poor in food production and diversification of economic activities and employment outside agriculture has been limited. This preliminary finding tends to support the proposition that Japanese assistance to the sector has been implemented largely in line with the strategic objectives.

Regarding assessment of contribution of Japanese aid to reducing poverty and hunger in general, it was not possible to verify precisely the degree of contribution of Japanese assistance due to the limited time and resources for the study and the lack of necessary systematic data. As for the four case study countries, it is fair to say that contribution has been made to poverty reduction through achieving the strategic objectives (in Thailand, however, contribution to poverty reduction may have been more limited, as much of the Japanese assistance was provided outside poverty areas). A simple data analysis shows that, in the 1990s, the top ten recipients of Japanese aid in the sector in Asia and Africa have achieved rates of poverty and hunger reduction higher than the respective regional averages. In Asia, four out of eight countries (2 without information) did so in poverty reduction and seven out of ten in hunger reduction; in Africa, six out of eight countries (2 without information) performed better than the regional average in poverty reduction, and six out of ten did so in hunger reduction.

This evaluation study has shown that necessary information regarding projects' outcome and impact for assessing their contribution to the higher policy objectives is not systematically available. For policy-level evaluations such as this, such information on project results is indispensable, and it is important to devise a systematic approach to monitoring and evaluation of impact concerning policy

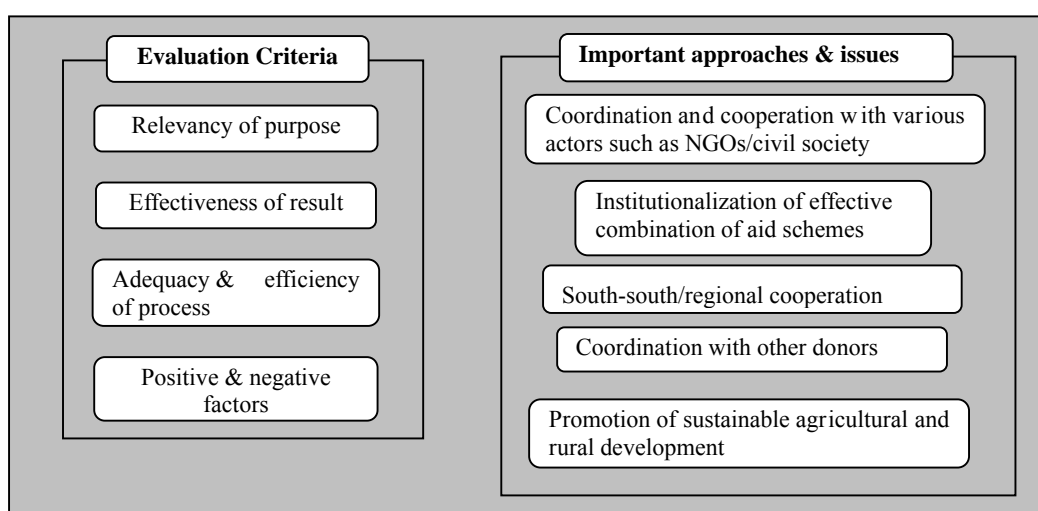
objectives.

## 4.2 Evaluation of Agricultural and Rural Development Aid Program of Case Study Countries

In this section, the agricultural and rural development aid programs of the four case study countries (Thailand, Bangladesh, Ghana, and Peru) are analyzed and evaluated based on the ODA Evaluation Guideline (June 2006), focusing on 1) relevancy of purpose, 2) effectiveness of result, 3) adequacy and efficiency of process, and 4) positive and negative factors that have influenced such aspects.

In addition, though these are included in the above-mentioned evaluation criteria, 1) coordination and cooperation with various actors such as NGOs/civil society, 2) institutionalization of effective combination of aid schemes, 3) south-south/regional cooperation, 4) coordination with other donors, and 5) promotion of sustainable agricultural and rural development are analyzed by referring to the examples of the case study countries.

**Figure 2: Evaluation Framework of Agricultural and Rural Development Aid Programs of Case Study Countries**



### 4.2.1 Relevancy of Purpose

This section analyzes the relevancy of purpose in terms of 1) contribution of agricultural and rural development programs to poverty reduction, 2) agricultural and rural development policies of case study countries' governments, 3) aid policy of the Japanese government, and 4) utilization of experience and technology of Japan, and evaluates whether the aid of Japan to the programs in the sectors of the case study countries were relevant or not.

#### (1) Contribution of Agricultural and Rural Development Aid Programs to Poverty Reduction

Reduction of poverty and hunger is one of the objectives of the Millennium Development Goals (MDGs) to be achieved by 2015. This fact implies that the government- and donor-funded projects



also need to target poverty reduction as the ultimate goal.

As analyzed in Chapter 3, every case study country has a higher percentage of the poor population in the rural areas than in the urban ones. The Japanese government-funded projects have targeted rural areas where the poor population and landless farmers are concentrated. This effort is in line with poverty reduction, which has a worldwide consensus as one of the goals of the MDGs.

## **(2) Agricultural and Rural Development Policies of Case Study Countries' Governments**

The Japanese aid projects need to comply with the policy of the recipient countries and contribute to the achievement of goals indicated by such policies. As in other sectors, the ODA Task Force analyzes the agricultural and rural development sector, identifies the priority issues of the policies in the sectors, and plan aid programs to comply with such directions.

Furthermore, the conventional project evaluation study normally evaluates the relevancy of the project to the agricultural and rural development policies as part of the evaluation on relevancy. As such steps are already taken, it is fair to conclude that the aid projects funded by the Japanese government are redesigned to comply with the directions of the recipient countries' policies of agricultural and rural development and poverty reduction.

## **(3) Aid Policy of the Japanese Government**

Aid policy of the Japanese government for agricultural and rural development in the case study countries is formulated through the process of discussion in the ODA Task Force and dialogue with the recipient governments. Aid projects are also planned under the framework of the aid policy. Therefore, the process of formulating and implementing the aid policy is appropriate.

## **(4) Utilization of Experience and Technology of Japan**

Whether the experience of Japan can be effectively utilized in the Japanese aid projects is one of the perspectives for examining why the aid from Japan, not another country, is necessary. Regarding agricultural and rural development aid projects, there are several examples of the actual utilization of the successful Japanese experiences such as "road station" (*Michinoeki*), "one village one product" movement, and participatory agricultural water management.

Although conditions differ between Japan and the recipient countries, it is fair to say that application of the Japanese experience to the aid projects has been accepted in the recipient countries to a considerable extent. However, a comprehensive analysis of the effectiveness of this undertaking has not been conducted yet. Therefore, the necessary conditions to achieve effectiveness should be analyzed for the utilization in the future and proving the comparative advantage of the Japanese experience.

#### **4.2.2 Effectiveness of Result**

The conceptual diagram of policy objectives, which is produced for this evaluation study, assumes that 1) agricultural productivity improvement, 2) food security, and 3) livelihood improvement are required to achieve poverty reduction. First, the amount of the Japanese aid to these sectors in the case study countries is reviewed before examining the effectiveness of the aid. Second, the effectiveness of the aid projects relevant to these three objectives is analyzed through the examples of the case study countries. Lastly, the contribution to poverty reduction of the Japanese aid projects is analyzed from the economic and social perspectives.

##### **(1) Amount of the Japanese Aid for Agricultural and Rural Development**

The Japanese ODA for agricultural and rural development programs of the case study countries of the past ten years occupies less than 10% of the total amount of its ODA. However, in the case of Thailand, the share of Japanese aid for this sector is significantly higher than for the other three countries, reaching 90% in the total aid to this sector of the major donors.

Though the share of the Japanese ODA for the sector in the case study countries varies, there are good examples of the Japanese ODA's timely contribution to the expansion of the operation of the recipient country's implementing organization such as the loan to the Bank for Agriculture and Agricultural Cooperatives (BAAC).

##### **(2) Agricultural Productivity Improvement**

Agricultural productivity improvement is achieved by the aid to such areas as irrigation development, water management, and rural finance. The improvement contributes to increased harvest and income and the reduction in poverty.

Many technical cooperation projects have been implemented in this area, which contributed to the development of human resources and the strengthening of organizational capacity. In Thailand, for example, the long-term assistance through technical cooperation had been implemented in the areas of irrigation, water management, and animal health for more than 20 years. This long-term assistance directly helped human resource development, organizational strengthening, and institutional development, and indirectly contributed to agricultural productivity improvement.

##### **(3) Food Security**

There is an example of achieving food security by increasing food production, part of which is used for self consumption. According to the beneficiary survey (number of samples: 2,354) of the Project for Revitalization of Deteriorated Environment in Land Reform Areas through Integrated Agriculture Development in Thailand (Yen loan), approximately 60% of the respondents succeeded in reducing the food expenditure. A stable food supply was achieved as the project assisted the beneficiary in farming agricultural products for self consumption.

#### **(4) Livelihood Improvement**

Livelihood improvement is achieved by various processes such as improvement in utility of rural infrastructure, effective utilization of infrastructure, and increase in non-agricultural income. The technical cooperation projects in this area focus mainly on technical transfer to the recipient government organizations and establishment of the development model. Although the pilot testing of the development model tends to be conducted in the limited area, there are cases that the development model is expanded to other areas at the initiative of the recipient government.

#### **(5) Contribution to Poverty Reduction**

There are cases that aid to agricultural and rural development helped increase income and contributed to poverty reduction. Moreover, a project targeting women not only helped increase their income but also strengthened their social status.

#### **4.2.3 Adequacy and Efficiency of Process**

Adequacy and efficiency of process is analyzed in terms of 1) ODA Task Force, 2) project appraisal capacity of the recipient government, 3) the implementing capacity of the implementing organizations, and 4) the project implementation framework.

##### **(1) ODA Task Force**

ODA Task Forces have been achieving the coordination of various aid schemes and efficient utilization of the aid resources. The ODA Task Force of Bangladesh, for example, identified the priority issues of agricultural and rural development, examined the potential combination of the projects, and prepared the project implementation plan in order to realize the consistency of the Japanese ODA. ODA Task Forces function effectively for issue analysis of the sectors, planning and coordination of the aid programs, and dialogue and mutual understanding between stakeholders on the Japanese and recipient-country sides.

##### **(2) Project Appraisal Capacity of the Recipient Government**

There is room for streamlining and accelerating the process of the candidate project appraisal for requesting Japanese ODA. In addition, it is worth providing assistance to emerging donors such as Thailand for strengthening their appraisal capacity of aid projects to other countries.

##### **(3) Commitment and Organizational Capacity of the Implementing Organizations**

Organizational capacity of the implementing organizations significantly influences the efficiency and effectiveness of aid projects and is an essential condition for achieving sustainability after the project completion. However, even if the implementing organization shows a firm commitment, it tends to be weak in the financial and human resource capacity and to have a difficulty in achieving implementation efficiency and sustainability. It is necessary at the stage of the preliminary

evaluation to identify constraints and consider options of cooperating with various actors with the comparative advantage in conducting tasks and/or strengthening the capacity of the implementing organization in order to achieve the objectives of the projects and increase sustainability.

#### **(4) Project Implementation Framework**

As aid projects come to include an increasing variety of activities, it is becoming harder than ever for a single government department to effectively manage all the activities. Therefore, occasionally more than one government organizations serve as implementing agencies, or other actors such as NGOs and consultants take part in project implementation. However, such arrangement may pose a problem to the sustainability of project activities as the project budget is bound to run out after the project completion.

#### **4.2.4 Positive and Negative Factors that Influence Relevancy, Effectiveness, and Adequacy and Efficiency**

The previous sections described cases in the case study countries in relation to agricultural productivity, food security, livelihood improvement, poverty reduction, and adequacy and efficiency of the process. A number of positive and negative factors influence these issues.

##### **(1) Facilitation of Project Implementation by a Continuous Dialogue with the Implementing Organization**

A continuous dialogue with the recipient government organization can facilitate prompt implementation and achievement of an impact. This was true in an irrigation development project in Thailand that achieved the project purpose of increasing agricultural productivity earlier than scheduled through the dialogue with the implementing organization. However, it should be noted that, when the implementing organization faces financial constraints, concrete preemptive measures such as assistance to organizational strengthening and monitoring should be planned in addition to identification of such constraints at the stage of preliminary evaluation.

##### **(2) Careful Needs Identification and Planning**

It is essential to plan a project that adequately identifies the needs of the beneficiaries to achieve impacts. Thus it is important to obtain information from different stakeholders with various perspectives. The project should carefully identify the needs and prepare its operation by hearing from not only direct beneficiaries but also other stakeholders that know the situation in depth, such as NGOs/civil society and other relevant actors.

##### **(3) More Understanding of the Perception and Attitude of Farmers**

Some agricultural development projects may require a change in farmers' behavior. For example, if a project aims to increase and stabilize farmers' income by promoting crop diversification, the perception and attitude of farmers tend to be influenced by not only transfer of farming techniques

but also other factors such as the volatility of the market price and the requirement of labor input. Consideration should be given to such factors at the stage of the preliminary evaluation to avoid the risk of failing to change the farmers' attitude.

#### **(4) Fair Treatment between Beneficiaries and Non Beneficiaries**

A project aiming at poverty reduction tends to target poor people. However, this type of targeting may cause a conflict within the household, among the people and within the community. Preemptive measures to prevent such negative impacts are needed.

#### **(5) Selection of Target Group**

The approach utilizing a market mechanism, which is characterized by marketing and cooperation with the private sector, has the potential of autonomous development without continuous assistance of the aid project. On the other hand, it has a risk of failing to obtain a positive response from the market, depending on the selection of target areas and groups. In selecting target areas, aid projects should carefully consider the selection criteria and collect information on the candidate areas and groups before implementation.

### **4.2.5 Important Aid Approaches and Issues**

Several aid approaches and issues are bound to be more important in effectively achieving the goals of agricultural productivity improvement, food security, and livelihood improvement. This section examines 1) coordination and cooperation with various actors such as NGOs/civil society, 2) institutionalization of effective combination of aid schemes, 3) south-south/regional cooperation, 4) coordination with other donors, and 5) promotion of sustainable agricultural and rural development, based on the examples of the case study countries.

#### **(1) Coordination and Cooperation with Various Actors such as NGOs/Civil Society**

Various actors other than government ministries and organizations have come to be involved and participate in aid projects in agricultural and rural development of the Japanese ODA in the last ten years. The involvement of such actors has achieved the impacts that would not have been realized by government organizations with organizational and financial constraints. On the other hand, the involvement of the actors with different backgrounds, views, and approaches may lead to a difficulty in project implementation.

Major schemes that involve NGOs as implementing agencies are the Grass-Roots Human Security Projects, the Grant Aid for Japanese NGO Projects, and the grassroots technical cooperation. Although the budgets of these aid schemes are small and it is difficult to evaluate their impact quantitatively, they can be used for the pilot testing and have the potential to realize larger impacts, depending on ways to utilize inputs.

In addition, in terms of human security, NGOs have the potential to meet those various needs that may not be met by the conventional ODA schemes and to reach the marginalized vulnerable group by their careful approach.

Cooperation with the private sector is not only an important measure for poverty reduction through livelihood improvement, but also has the possibility of increasing the sustainability of activities after the project completion if such cooperation meets the needs of the market.

The participation of beneficiaries is becoming essential for aid projects in terms of not only achieving the project goals, but also sustaining the infrastructure, activities, and outputs, and playing a complementary role to government organizations with limited capacity.

There are cases of beneficiaries being assisted by the project to learn from the work of other groups with similar characteristics and becoming motivated to initiate their own activities. Such approach has already been introduced to many projects. If beneficiaries learn from similar groups, they become more motivated and become more likely to successfully apply the experience of others to their own initiatives.

## **(2) Institutionalization of Effective Combination of Aid Schemes**

Combination of different Japanese aid schemes is realized by various processes. While ODA Task Forces coordinate such strategic combination in some cases, there are other cases that coordination by Japanese experts or information from the staff of Japanese aid organizations led to such combination. Furthermore, there is a case that NGOs combine their own project with the ODA project effectively, reflecting the need and condition of the project area.

As in the case of Bangladesh, ODA Task Forces should take a primary role in institutionalizing the planning and facilitation of the coordination among schemes in a strategic manner, which will lead to the realization of the project's impacts and sustainability.

## **(3) South-South/Regional Cooperation**

Thailand is an important partner of south-south/regional cooperation. Thailand has been providing the assistance of technical cooperation and loans to other countries as an emerging donor and is active in forming partnerships with other donors. Japan has been providing long-term assistance to Thailand, which makes it possible for Thailand to implement south-south cooperation projects by utilizing the accumulated experience and technology.

The long-term assistance has been provided to Thailand in the agriculture sector. In particular, more than 20-year assistance was provided to the sub sectors of irrigation/water management, domestic animal hygiene, and reforestation and extension. In the domestic animal health area, the regional

project has been implemented as the Thai counterpart organization has gained sufficient capacity and the sense of ownership. Thailand regards the partnership with donors as an effective measure to increase the impacts of the aid. However, consideration should be given and measures should be taken to the implementing capacity of a partner country such as Thailand and the infrastructure and capacity of the recipient countries in order to sustain the activities and impacts after the project completion.

#### **(4) Coordination with Other Donors**

There are several cases of cooperation between Japan and other donors to overcome the limited resources of donors or meet urgent needs. However, such cooperation is done more to avoid duplication of project functions than as aid coordination in the form of syndicated loans.

Donors including Japan are providing limited bilateral assistance to emerging donors such as Thailand. They put more emphasis on partnerships with Thailand, an emerging donor, to other countries. In addition, assistance to the strengthening of appraisal, implementation, and evaluation capacity of the emerging donors can be effective. Indeed, JBIC started assistance to the NEDA of Thailand as a means to strengthen the development partnership with Thailand.

#### **(5) Promotion of Sustainable Agricultural and Rural Development**

In the case study countries, there are various projects with an emphasis on sustainable agricultural and rural development after the project completion. Such projects aim to achieve sustainable development through sustainable agriculture, environmental conservation, livelihood improvement, and organizational strengthening.

### **5. Recommendations**

This chapter presents recommendations aimed at more efficient and effective assistance to the sector from the viewpoint of “selection and concentration” on the basis of the results and issues on the Japanese assistance for agriculture and rural development as emerging from this evaluation research.

#### **5.1 Recommendations on Aid Policies for the Agriculture and Rural Development Sector**

This section contains recommendations drawn on the basis of assessment in Chapter 4, regarding policy aspects of assistance to the sector.

##### **5.1.1 Preparation of Overall Guidelines (or “Initiatives”) on Sustainable Approaches and Sector Policy concerning Assistance for Agriculture and Rural Development based on the Human Development Perspective**

From the viewpoint of human security, the assistance to the agriculture and rural development, with

its close links to poverty reduction and sustainable development, is extremely important. Because the importance of this sector is not well appreciated, assistance to the sector has tended to decline in the recent decades. In terms of the Japanese ODA policy, its approach to assisting agriculture and rural development has not been clearly systematized, and there has not always been consistency in the planning and implementation of aid to the sector among the implementing agencies and at the country level. As the leading donor in the sector, in order to realize the goal of human security as well as reduction of poverty and hunger, Japan needs to have clear ODA approach and guidelines specific to this sector at the national level to ensure effective ODA policy implementation and coordination among aid implementing agencies and aid schemes. The policy guidelines on assisting agriculture and rural development sector may be based on the technical substance of the JICA guidelines for the sector, but they could be designed to serve as programming guidelines from the viewpoint of strategic development planning so that the guidelines would facilitate integration and harmonization of “strategic” and “intermediate” objectives (of the JICA guidelines) with the poverty reduction approaches at the country level. Similarly, it would be important to ensure that the guidelines be applied by the Japanese officers concerned, especially at the country level, and widely disseminated through workshops and other means.

Japan has been providing the largest amount of aid to the sector among the DAC bilateral donors. To demonstrate Japan’s sustained commitment as the leading donor, it is important to issue an initiative (along the line of BEGIN for the education sector) for this sector, e.g., “sustainable agriculture and rural development initiative” (provisional title), and submit it to the G-8 summit and TICAD in 2008.

### **5.1.2 Further Enhancement for Programming in Country Assistance Programs (CAP) and Country Assistance Implementation Plan (CAIP)**

Considerable progress has been made in the application of CAPs and CAIP since their introduction in 2000, and their significance is growing as the decentralization process deepens. While excellent CAPs have been prepared and run in some countries, not only the quality of CAPs varies among countries, there are also weaknesses in the coherence of the linkage between the policy-level approaches and selection of individual projects. As shown by the experience of the case study countries, poverty reduction in agriculture and rural development sector requires holistic and longer-term approaches. Hence it is important that Japanese assistance for the sector be integrated with the recipient country’s development policies and programs for the national economy, regions concerned and for agriculture. Thus, the following is proposed:

#### **(1) Promotion of Further Strengthening of Strategic Programming**

Because of its very nature, development of the agriculture and rural development sector requires holistic and cross-disciplinary approaches, and at the same time, it is also important to enhance



greater integration between the aid schemes. Accordingly, it is necessary to strengthen the nature of programming in CAP, and the following points are important:

- To identify and study the best models of CAPs, such as the one for Bangladesh, and prepare guidelines to discuss and disseminate the good practices among the ODA-TFs, to encourage their application.
- The guidelines for the sector mentioned in Section 5.1.1 are important for improving CAP and should be made available to the ODA-TFs together with the guidelines on CAP.

(2) Flexible use of CAP in the face of important changes in the recipient country's policies for the agriculture and rural development sector

While CAP is prepared for a period of five years, it is possible that events take place in the recipient country during its period with important implications on the Japanese ODA policy. Should such an event take place, it should be possible to amend and adjust the existing CAP. For example, in Thailand, with the change of government in September 2006, it is quite possible that the new government's approaches and priorities for the sector within its development policies differ significantly from those of the last government. In such a case, it is desirable to adjust flexibly the EPP.

(3) Strengthening of the ODA-TF based on the good practices

In order to strengthen the Japanese approaches to assistance for the sector, the ODA-TFs need to play a central role in formulating CAPs and CAIPs. In particular, agriculture and rural development requires expertise across many disciplines. As the development issues and needs vary from one country to another and from one region to another, it is important to secure staff with necessary expertise. The following points are recommended:

- As for recommendations on CAP, the best practice cases of ODA-TF should be identified as a model, based on which suitable guidelines should be prepared to strengthen human resources for ODA-TFs through workshops and other job-training opportunities.
- The trends in international development cooperation give importance to the issue of human security, making it indispensable to ensure collaboration with NGOs/civil society. This trend includes cooperation beyond traditional ODA to cover market mechanisms (as suggested in the Japanese Government proposals for "development initiatives"). Thus, it is desirable for ODA-TF to include expertise related to the private sector and market mechanisms, and it is recommended that, as already practiced in some countries, the JETRO staff members and NGOs/civil society in the countries should participate in, or their opinions reflected in, the work of ODA-TF.
- Similarly, regional development and south-south cooperation among developing countries is expected to grow in importance, and it is important to have arrangements for planning and implementation of Japanese aid for such cooperation. There is a particularly strong interest in the Indochina area for such cooperation, and JICA already has a regional

development strategy. Thus a consideration should be given to establishing also a regional ODA-TF. It is also recommended that policies for agriculture and rural development based on the Thai approach of “sufficiency economy” should be shared with the neighboring countries, and its applicability reviewed with them.

### **5.1.3 Strengthening of Monitoring and Evaluation of Projects’ Impact**

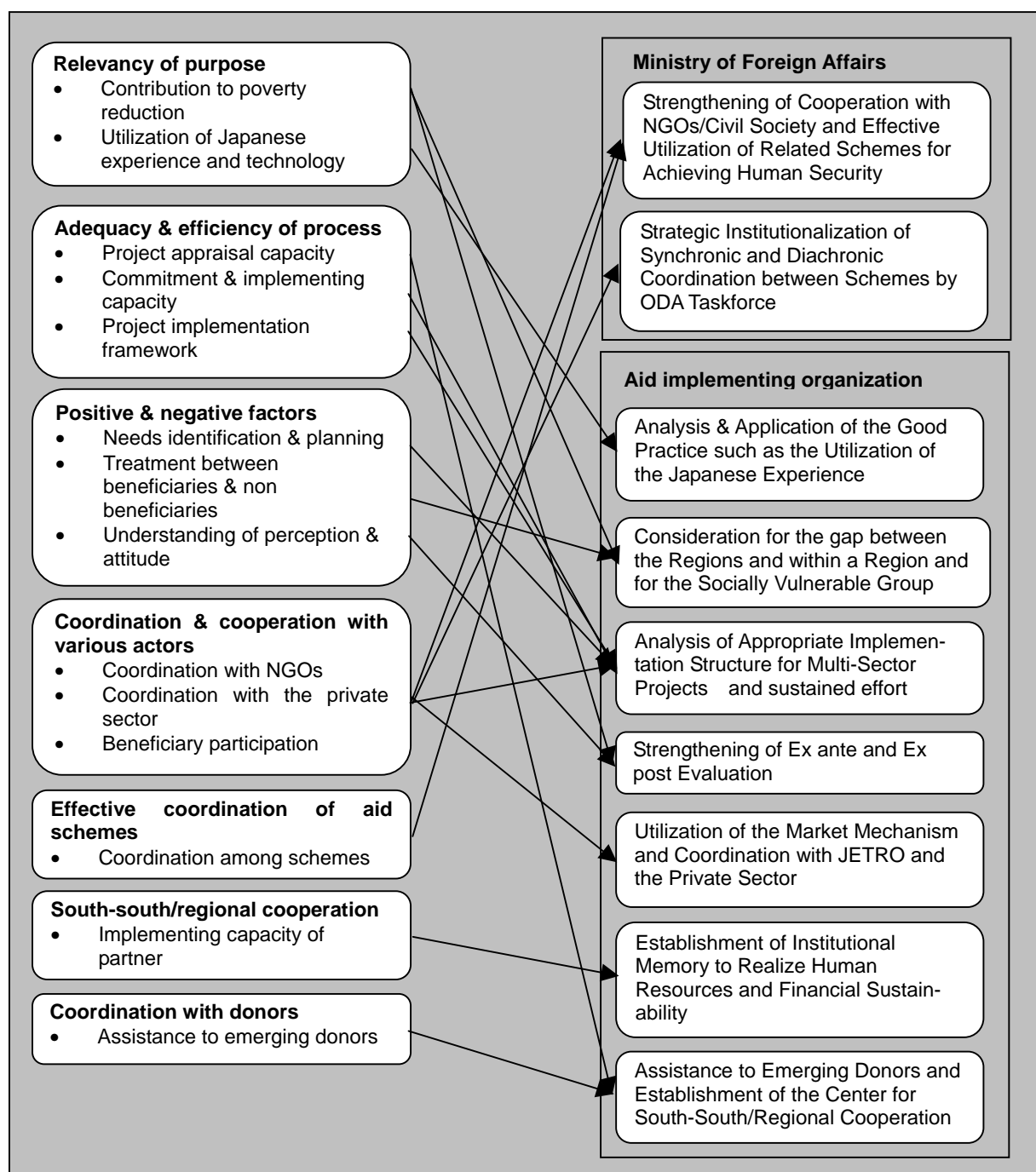
One lesson of this evaluation study is that necessary information and data to assess impacts and contribution of projects to higher policy objectives are very limited. This suggests that, in order to verify the achievement of policy objectives related to the priority ODA areas, it is necessary to monitor and evaluate, beyond the project level, the results and impact in the context of the recipient country’s strategies for agriculture and rural development. Towards this end, the following should be implemented:

- (1) Pilot Testing of Impact Monitoring and Evaluation research with a view to its introduction  
As part of CAP, a system for such impact monitoring and evaluation, together with improving planning, including the establishment of key indicators of achieving policy objectives regarding the priority agenda, should be piloted in countries like Bangladesh as a basis for introducing the system. In the interest of economy and effectiveness, it is advisable to make such a system a joint undertaking involving agencies of the recipient country and international partners present in the country.
- (2) Introduction of Ex-post Monitoring System  
In recent years JBIC has introduced, on pilot basis, an “ex-post monitoring” system to verify the impact and sustainability of projects (normally seven years after the implementation completion). This is a novel practice even at international level, and should be expanded more.
- (3) Integration of institutional memory of Japanese ODA agencies and Setting up of an “ODA Management Information System”  
Information arising from monitoring and evaluation of impact in relation to higher policy objectives should be stored and shared, together with information on projects and related country strategies, as institutional memory of the ODA-TF and aid implementing agencies. Further, an “ODA management information system” should be set up to integrate all the related information held by these ODA agencies. For this purpose, it is indispensable that not only the government agencies but also those institutions with experience, knowledge and expertise, such as university research institutions (e.g. Nagoya University’s Centre for Research on Agricultural International Cooperation) and NGOs, become associated in this effort.

## 5.2 Recommendations on Agricultural and Rural Development Aid Programs

The recommendations on agricultural and rural development aid programs are related to the evaluation perspectives, aid approaches and issues, which were already analyzed in the previous sections. Recommendations are directed to the Ministry of Foreign Affairs and the aid organizations.

**Figure 3: Relationship between Analysis and Recommendations**



### 5.2.1 Strengthening of Cooperation with NGOs/Civil Society and Effective Utilization of

### **Related Schemes for Achieving Human Security**

If an emphasis is placed on the perspective of human security, it is necessary to benefit those groups such as poor farmers and vulnerable group, which may not be reached by the conventional agricultural and rural development aid. In this sense, the cooperation with NGOs and the civil society can make the aid more efficient and effective. The advantage of the cooperation requires the utilization of the related ODA schemes. For example, there are cases in which the Grant Aid for Human Security Project was utilized for pilot-testing, or activities of the Grant Aid for Japanese NGO Projects were incorporated into a loan. Such cases can be utilized not only to the project target areas but can be extended to other areas. It is recommended to collect and analyze the good practices, extract lessons learned, and disseminate the lessons to those concerned through seminars, based on the ODA management information system, which is recommended in 5.1.3, in order to facilitate the cooperation with NGOs and the civil society by utilizing the Grass-Roots Human Security Projects and the Grant Aid for Japanese NGO Projects.

#### **5.2.2 Strategic Institutionalization of Synchronic and Diachronic Coordination between Schemes by ODA Task Force**

ODA Task Forces identify the priority issues in agricultural and rural development, analyze the relationship with the projects, and achieve consistency in the aid. Though coordination was not explicitly intended, there was a case that the advice of the Japanese aid agency staff or the activities of NGOs resulted in the incorporation of the activity of one scheme into another. However, this type of coordination has a limitation as ad hoc basis.

Scheme coordination has several types such as 1) synchronic coordination that different schemes are coordinated simultaneously, 2) diachronic coordination that one scheme is implemented and incorporated into another scheme based on the progress, and 3) the combination of these two types of coordination. ODA Task Forces should play a primary role for the strategic institutionalization of the coordination.

The ODA Task Force should share information and conduct strategic planning in order to achieve efficient utilization of the outcome of the aid, contribute to programming of the aid plan, and realize consistency in the aid.

#### **5.2.3 Analysis and Application of Good Practices such as Utilization of the Japanese Experience in Agricultural and Rural Development**

As the Japanese ODA becomes selective and concentrated in certain policy areas, the successful experience of Japan (e. g. “one village one product,” “road station”) should be applied and transferred to the recipient countries if it is effective and has a comparative advantage.

In addition to the guidelines and initiative recommended in Section 5.1.1, the aid implementing

organizations need to analyze the experience of Japan, the outcome of the application of the experience to developing countries, and the lessons learned in the sectors where such analysis have not been conducted yet. If this is done, this can be useful information when a future aid project is to utilize the Japanese experience effectively.

#### **5.2.4 Consideration for a Gap between Regions, within a Region, and for the Socially Vulnerable**

The projects for poverty reduction tend to target a group based on certain criteria in order to reach and benefit more of the poor and the socially vulnerable as landless farmers in the agricultural land reform areas of Thailand. It is important to pay attention to views and needs of the socially and economically vulnerable, and to ensure that they benefit from the projects.

However, it is also important to mitigate possible negative impacts within the household, between different genders, in the community, or between the regions by careful social consideration, which may be caused by such targeting. If the target group and the non-target group live in the same area, the project may discriminatorily benefit the target group alone and cause negative impacts such as a conflict between the two groups. The preliminary evaluation should analyze the possibility of negative impacts and plan and implement the measures to benefit the non-target group as well. It is necessary to actively cooperate with NGOs/civil society, community organizations, and local consultants, who know the situation in depth.

#### **5.2.5 Analysis of Appropriate Implementation Structure for Multi-Sector Projects and Sustained Effort**

As the agricultural and rural development requires the comprehensive sector-wide approach and takes a long time to realize the expected impacts of the development of these sectors, sustainable commitment of the recipient countries is especially important. However their government organization often face constraints in human resources and financial capacity. Moreover, as a project covers a wider range of activities, one counterpart department alone may not be able to manage the project as such activities may be beyond the scope of its responsibility. If such human resource and financial constraints are significant, the project should facilitate active participation of community organizations, NGOs, and the private sector to sustain the activities and impacts of the project after its completion.

The project should plan complementary measures including cooperation with other actors like NGOs by analyzing the constraints of the implementing organizations and facilitate understanding of the stakeholders to make smooth coordination possible.

#### **5.2.6 Strengthening of Ex ante and Ex post Evaluation**

More projects for agricultural and rural development go beyond productivity improvement such as

irrigation development and target an increase in income, livelihood improvement, and poverty reduction. A comprehensive analysis should be made on how project activities can realize such objectives and how the external conditions that may influence the project are met. For that purpose, strengthening the ex ante evaluation is required.

The evaluation of relevancy pointed out that there were projects targeting rural areas, landless farmers, or low-income farmers for the ultimate goal of poverty reduction. However, as recommended in 5.1.3, the ex post evaluation should be strengthened to grasp the actual outcome and impact.

#### **5.2.7 Utilization of the Market Mechanism and Coordination with JETRO and the Private Sector**

It is often found that a project to improve livelihood in rural areas faces constraints in inhabitants' direct access to the market. As indicated in "Development Initiative," depending on the type of project activities, utilization of the market mechanism and coordination with JETRO and the private sector in addition to the ODA schemes could enhance industry and trade, which could have more positive impacts. If this approach is to be taken, a stakeholder analysis should be made before project implementation to identify and compare the comparative advantages of candidate supporting organizations. If involvement of the private sector is evaluated as beneficial in strengthening the effectiveness and sustainability of the project, details of such involvement should be worked out as part of the project implementation framework.

#### **5.2.8 Establishment of Institutional Memory to Realize Human Resource and Financial Sustainability of Partner Countries for Sustainable Regional Cooperation**

Agricultural and rural development aid by the Japanese government in the past provided the assistance to meet the need and achieved positive impacts. It is essential to increase the sustainability of the impacts of the aid. To do so, the recipient government should strategically accumulate the know-how and the information in organizationally and financially sustainable manner from the planning stage of the aid projects, establish the institutional memory to sustain and expand the impacts, and take follow-up actions.

#### **5.2.9 Assistance to Emerging Donors and Establishment of the Center for South-South/Regional Cooperation**

The knowledge and experience of the successful agricultural and rural development assisted by Japan should be actively utilized for the neighboring countries with the similar development stage and the higher possibility of applicability of experience. To do so, it is necessary to mobilize the resource of the country with successful experience, to assist such successful countries in becoming an emerging donor, and to make those countries the center of south-south and regional cooperation.

There are the cases of the regional cooperation project based on the outcome of the past long-term

bilateral cooperation such as the domestic animal health project in Thailand and other countries, which are meeting the need of the region and achieving the impacts. However, there seem to be the constraints of human resources and financial capacity regarding the prospect after the project completion. The measures should be taken to strengthen the capacity of human resources and finance to meet the need of human resource development after the project completion and sustain the positive impacts of the regional cooperation project. As the Thai government has been increasing the aid to neighboring countries, it is necessary not only to implement regional cooperation projects but also to continue the assistance to the capacity building of aid implementing organizations as JBIC assisted NEDA of Thailand.