

The Ministry of Foreign Affairs of Japan

Third Party Evaluation

**Evaluation on Japan's Support for Regional Cooperation
-A Case Study of Central America-
— Summary Report —**

March 2007

Preface

This report is the summary of the Evaluation on Japan's Support for Regional Cooperation 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) and 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, has been conducting ODA evaluation 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 was conducted to evaluate Japan's support for regional cooperation in terms of its purpose, process of planning and implementation and results, to obtain lessons and make suggestions for conducting more effective and efficient assistance in the future, and fulfill the government's accountability by disclosing the evaluation results.

The External Advisory Meeting on ODA is an informal advisory body of the Director-General of the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan to improve the objectivity in evaluation. The Meeting is commissioned to conduct an evaluation of ODA and to report its results and recommendations to the International Cooperation Bureau. Mr. Yoshikazu Imazato, a member of the Meeting, and editorial writer of the Tokyo Shimbun (newspaper), was in charge of this evaluation.

Dr. Yasushi Maruoka, associate professor of school of business administration, Ishinomaki Senshu University, also participated in this evaluation study and made enormous contributions. Likewise the Ministry of Foreign Affairs (MOFA), the Japan International Cooperation Agency (JICA), the Japan Bank for International Cooperation (JBIC) and members of the Country-based ODA Task Forces also gave their cooperation. We would like take this opportunity to express our sincere gratitude to all of those who were involved in this study. The ODA Evaluation Division of the International Cooperation Bureau of the Ministry of Foreign Affairs was in charge of coordination. All other supportive works including information collection and analysis was provided by the IC Net Limited, under the commission of the Ministry of Foreign Affairs.

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.

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Acronyms

	English/Spanish
BCIE	(Esp) Banco Centroamericano de Integración Económica
CCAD	(Esp) Comisión Centroamericana de Ambiente y Desarrollo
CEPREDENAC	(Esp) Centro de Coordinación para la Prevención de los Desastres Naturales en América Central
CIDA	(Eng) Canadian International Development Agency
CRRH	(Esp) Centro Regional de Recursos Hidráulicos
DR-CAFTA	(Eng) Dominican Republic-Central America Free Trade Agreement
EU	(Eng) European Union
GDP	(Eng) Gross Domestic Product
HIPC	(Eng) Heavily Indebted Poor Countries
IDB	(Eng) Inter-American Development Bank
INICE	(Esp) Instituto Nacional de Investigación y Capacidad Educativa
JBIC	(Eng) Japan Bank for International Cooperation
JICA	(Eng) Japan International Cooperation Agency
JOCV	(Eng) Japan Overseas Cooperation Volunteers
ODA	(Eng) Official Development Assistance
ODECA	(Esp) La Organización de Estados Centroamericanos
OFDA	(Eng) Office of US Foreign Disaster Assistance
PAHO	(Eng) Pan American Health Organization
PROMETAM	(Esp) Proyecto Mejoramiento en la Enseñanza Técnica en el area de Matemática
PPP	(Esp) Plan Puebla Panamá
SG-SICA	(Esp) Secretaría General del Sistema de Integración Centroamérica
SICA	(Esp) Sistema de Integración Centroamérica
SIDA	(Eng) Swedish International Development Cooperation Agency
SIECA	(Esp) Secretaría de Integración Económica Centroamericana
SIEPAC	(Esp) Sistema de Interconexión Eléctrica para América Central
UNDP	(Eng) United Nations Development Programme
USAID	(Eng) United States Agency for International Development

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Evaluation on Japan's Support for Regional Cooperation
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Summary

Chapter 1 Evaluation Policies

1.1 Background and Objectives of Evaluation

The international community in the post-Cold War era has seen a number of regional cooperation frameworks develop as globalization proceeds. Such frameworks continue to evolve in many parts of the world, in the fields not only of market integration, but also of the economy, politics and security.

Given such trend in the international community, Japan's ODA Charter, revised in 2003, establishes "partnership and collaboration with the international community" as one of its Basic Policies and states that "Japan will also strengthen collaboration with regional cooperation frameworks, and will support region-wide cooperation that encompasses several countries."

This evaluation focuses on Japan's support for regional cooperation in the member countries of the Sistema de la Integración Centroamericana (SICA: Central American Integration System), i.e., Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama, and its associate member, the Dominican Republic. The evaluation team conducted field surveys in El Salvador and Honduras.

1.2 Evaluation Subject

1.2.1 Definition of Evaluation Subject

Although the subject of this evaluation study is "support for regional cooperation", there is no standard definition of this term at this point. One may find various terms similar to "support for regional cooperation", such as "collaboration with regional cooperation frameworks" (ODA Charter), "regional cooperation" (Japan's Mid-term Policy on ODA), and "cooperating with the activities of sub-regional organizations" (Japan's ODA White Paper 2003). As terms vary, so do their nuances. Thus it was necessary to clearly define the subject for evaluation it in the beginning.

The evaluation team tentatively bundled such similar terms together as "support for regional cooperation", and defined the term "regional cooperation" as "mutual cooperation and collaboration among the countries within a region." We further defined "support for regional cooperation" as support through ODA, i.e., "support that is implemented to help promote the objectives of the regional cooperation frameworks and dealing with common challenges of the region given to the frameworks." It should also be noted that the organizations subject to the "regional cooperation framework" is referred to as "Regional Organizations" in this study.

Meanwhile, "region-wide cooperation" is another term associated with "support for regional cooperation". This report defines it as "cooperation targeting more than one country". Region-wide cooperation includes schemes such as group training projects to which trainees from mutually distant countries are invited. Thus, region-wide cooperation is one of the important means of support for regional cooperation.

Japan's support for regional cooperation can be categorized primarily into the following three types when focusing on the implementation process: (A) direct assistance to regional organizations; (B) packaged

assistance for more than one country, given through a regional organization acting as liaison; and (C) assistance given to more than one country separately, but for common challenges that conform with the priorities of the region. For the sake of convenience, we refer to these three types as Type A, Type B and Type C, respectively.

The definition of “support for regional cooperation” is tentatively defined by focusing on this “support implementation process”. It should be also noted that another categorization focusing on “purpose of assistance” rather than process is possible. Although we adopted the definition based on the process for convenience, the discussion on whether the process or “purpose of assistance” would be more appropriate criteria for defining and categorizing ODA is closely related even to the question of what aspect of ODA should be focused on.

1.2.2 Evaluation Subject

The subject of this evaluation study is Japan’s support for regional cooperation implemented as ODA. The target region is Central America.¹ Japan’s support for regional cooperation in the Central American region which is the subject of this survey may be characterized as follows.

(A) Background of regional cooperation: If the predecessors of SICA are included, the region has more than 50 years of regional cooperation and integration.

(B) Undertakings for multi-tiered integration: The Central American region has regional undertakings that are not limited to political, economic and social integration promoted by SICA. Complex projects including Plan Puebla Panama (PPP)² and market integration with the United States are also in progress.

(C) Number of cases: There are relatively abundant examples of Japan’s technical assistance, loan assistance, and grant assistance. Cases of support for regional cooperation by other donors are also found.

1.2.3 Limitations of Evaluation

The evaluation study faced the following limitations.

(A) Limitations in definition and concept: As already discussed, the term “support for regional cooperation” itself is not self-evident. Nor were its concepts necessarily shared by all stakeholders and organizations in the course of the study.

(B) Limitations in the number of examples: Although a relatively large number of support projects for regional cooperation are conducted in the Central American region, there are fewer than 10 ongoing cases of such projects in the course of this study. When focused on the assistance process, most of the projects are of Type C described above, and there is only one example of a Type B project³.

(C) Limitations on field survey: Although the subject of this study is the Central American region, the field survey was conducted only in 2 countries, i.e., El Salvador and Honduras.

(D) Limitations on measuring achievement: As support for regional cooperation is a new focus in the new

¹ In this report, Central America refers to the members and the associate members of SICA

² The Plan Puebla Panama (PPP) was proposed as a joint regional development project to be implemented by nine countries including the six Central American countries, Mexico, Panama, and Colombia that recently became a PPP member. PPP is to cover a region from Puebla, a state in southern Mexico, in the north, to Colombia in the south. Eight teams were formulated and one country each is allocated for each theme.

³ This refers to disaster prevention’s field. Strictly speaking, this project is in preparation phase for implementation from April 2007.

ODA Charter, all efforts are in interim phases, making it difficult to measure the extent of achievement.

1.3 Evaluation Methods

The study may be divided into two phases: preliminary survey and field survey. The field survey was conducted in El Salvador and Honduras.

The perspectives for this evaluation study are based on the “ODA Evaluation Guideline” published by the Ministry of Foreign Affairs (MOFA) of Japan, creating the evaluation framework from three perspectives: purpose, result, and process.

First, from the “purpose” perspective, the relevance of Japan’s support for regional cooperation was evaluated. Second, from the “result” perspective, Japan’s support for regional cooperation was evaluated for its effectiveness in light of the progress of regional cooperation. From the “process” perspective, appropriateness of Japan’s support for regional cooperation implementation process was evaluated.

Chapter 2: Overall Conditions of Support for Regional Cooperation (Background of Undertakings and Their Significance)

2.1 Summary of Support for Regional Cooperation by Other Donors

Undertakings for support for regional cooperation are implemented by many donor countries all over the world as a major framework that matches bilateral assistance and their contents greatly varies.

In the Central American region, the support for regional cooperation by major donors may be characterized as follows.

European Union (EU)

Among the large variety of undertakings in this region, the largest portion of assistance comes from the European Union⁴, which implements assistance with the cumulative total amount of US\$68 million⁵. The EU has an advantage in its own experience of integration, which may be utilized for promoting Central American regional integration. The EU’s current priority issue is social development, according to the EU’s own “Regional Cooperation Strategy Paper”. The EU holds a regional office in Nicaragua, as a base for operation and management of its support for regional cooperation in Central America. The support that the EU implements are mostly of Types A⁶ or B⁷.

United States Agency for International Development (USAID)

The United States Agency for International Development (USAID) is the largest donor to Central America

⁴ Assistance implemented through EU Secretariat, and separated from EU’s own assistance.

⁵ By Internal Documents of the SICA (Informe Ejecutivo de Proyectos Regionales por Fuente de Cooperación) . Accumulated records up to March 2006. This document does not include the assistance not done through SICA Secretariat and its sub-agencies, and exclude most of “C type” assistance. Thus, Japan’s assistance, most of which is in C type, is listed as 6 million of dollars (1 item only).

⁶ Food security program for SICA and the Central American Regional Integration support program for SICA secretariat.

⁷ Commission Centroamericana de Ambiente y Desarrollo (CCAD) , Centro de Coordinación para la Prevención de los Desastres Naturales en América Central (CEPRENAC) , Centro Regional de Recursos Hidráulicos (CCAD) , and the disaster preventive cooperation programs involving Guatemala, El Salvador, Honduras, Nicaragua Costa Rica and Panama.

in terms of bilateral assistance. In terms of support for regional cooperation, it is the second largest donor, with the cumulative total aid amount of US\$37 million⁸. The USAID projects include regional trade programs related to the “Dominican Republic-Central America Free Trade Agreement (DR-CAFTA)”. Many of the USAID projects for support for regional cooperation are of Types B⁹ and C¹⁰. It holds a regional office in El Salvador to oversee its support for regional cooperation.

Swedish International Development Cooperation Agency (SIDA)

Although the amount of its assistance is small¹¹, the Swedish International Development Cooperation Agency (SIDA) is characterized by the variety of issues it tackles in Central America, including human rights and governance, healthcare/education, agriculture/natural resources/environment, and housing and urban problems and cultural programs. Such projects are implemented mainly as Type B¹².

United Nations Development Programme (UNDP)

Although bilateral assistance is the main means in the implementation phase of support for regional cooperation, UNDP operates a regional office (Panama, in case of Latin America) for the purpose of providing technical support. UNDP’s priority issue in the Central American region is to complete the Central America Human Development Report, carry out sustainable regional development, and strengthen governance and immigration control. UNDP’s undertakings are seldom of Type B. Most of them are of Type C but a few are of Type A¹³.

2.2 Overview of Japan’s Support for Regional Cooperation

Although Japan’s support for regional cooperation is a relatively new policy based on the revised ODA Charter, Japan has implemented more than 50 assistance projects that can be classified as support for regional cooperation¹⁴.

Japan’s support for regional cooperation so far has the following features.

- Japan’s support for regional cooperation includes Types A, B and C. In terms of region, many projects have been done in Asia. But in recent years, there are an increasing number of projects for Central and South America and Oceania. Many of such projects have been implemented as region-wide cooperation or support for regional integration.
- With regard to types of assistance, the highest number is technical cooperation projects, which account for almost 50% in number. This is because Japan has rich experiences in technical cooperation projects of

⁸ See footnote 5.

⁹ An example is the program for free trade competitiveness enhancement for 4 countries (Guatemala, El Salvador, Honduras, Nicaragua) and Secretaría de Integración Económica Centroamericana serves as the liaison.

¹⁰ An example is the disaster rescue training seminars that the Office of US Foreign Disaster Assistance (OFDA) provides to Costa Rica and Panama.

¹¹ US\$940,000 in total. From an internal document of SICA (Informe Ejecutivo de Proyectos Regionales por Fuente de Cooperación)

¹² An example is the “Mapa de Fallas Geológicas de Managua” (Geological Survey of Managua) implemented by Centro de Coordinación para la Prevención de los Desastres Naturales en América Central in cooperation with the government of Nicaragua in 2003.

¹³ An example is the “Programa para Gestión local de Riesgos” implemented for Centro de Coordinación para la Prevención de los Desastres Naturales en América Central in 2003.

¹⁴ Surveyed in libraries including the JICA library. Based on the number of implemented projects. Most of the projects are technical cooperation by JICA. These include the Southeast Asian Fisheries Development Center (SEAFDEC) that was implemented in the late 1960s shortly after Japan’s ODA had begun.

the so-called “center-type”. There have been some projects in development research, grant assistance, dispatch of experts and training in a third country, but few loan assistance projects have been implemented¹⁵.

2.3 Results of Research in Japan

How do Japanese stakeholders in development assistance view Japan’s support for regional cooperation? We conducted interviews with the major organizations (MOFA¹⁶, JICA¹⁷ and JBIC¹⁸). The interviews drew a general perception on the strengths and limitations of the support for regional cooperation.

Strengths of support for regional cooperation:

- Efficient dissemination of know-how from one country to its neighboring countries is expected.
- Exchange of people across borders is promoted.
- Assistance projects become better known in more than one country (e.g., bridge building across an international border).
- Aid cooperation among donors is promoted.
- The ODA budget can be used efficiently.
- It may be possible to deal with challenging issues that are hard for bilateral assistance to address.
- It can contribute to promoting sustainable and stable regional development.
- It may prove a useful tool for efficient regional diplomacy.

Limitations of support for regional cooperation:

- It takes much time and work for coordination.
- Consensus building with the recipient countries is difficult.
- Differentiation from bilateral aid may get vague in the implementation phase.
- Effect and efficiency are difficult to foresee.
- It is difficult to predict whether the technical know-how transferred from one country to its neighboring countries can actually take root in those countries.

Chapter 3: Regional Cooperation Projects for the Central American Region

3.1 Overall Conditions in Central America

Geographically, the Central American region is located in the narrow isthmus between North and South Americas. Although the sizes of the countries there are small, the five nations in the region together with

¹⁵ Although assistance for the “Revitalizing the port of La Union” may be assistance for El Salvador, it is expected to contribute to revitalizing in material flow in neighboring Honduras and Nicaragua. Similar to other forms of assistance, there are no clear requirements for loan assistance to be considered “support for regional cooperation” and judgment is difficult. In this study, the “Port La Union” project is considered an undertaking in support for regional cooperation.

¹⁶ Second Country Assistance Planning Division and Grant Aid and Technical Cooperation Division of the International Cooperation Bureau

¹⁷ Caribbean team, Latin America and the Caribbean Department, Southeast Asia 4th Group of Asia First department; Global Third disaster prevention group of the Global Environment Department; 4th group Infectious Disease Control, Human Development Department; first Group Transportation / Electricity team in the Grant Aid Management Department

¹⁸ Development Assistance Department IV, JBIC

Panama, Belize, and the Dominican Republic add up to a population of 54 million and an area of 621,000 square kilometers¹⁹, which makes this region the “third power” of Latin America, next to Mexico and Brazil²⁰. The region’s characteristics include the following: easy access to both the Pacific and the Atlantic with geographical proximity to the US market; rich biodiversity; vulnerability to and repeated experiences of severe destruction by natural disasters; and its inclusion of the poorest of the Latin American nations. In addition, it is the first region in the world to begin regional cooperation.

3.1.1 History of Five Central American Countries²¹

From the regional cooperation perspective, the history of the Central American region can be divided into the following four eras: 1) Spanish colonial era; 2) Independent Central American Federation era; 3) Era of a number of independent countries when disparities and internal conflicts became apparent; and d) A new integration era after peace agreements.

Spanish Colonial Era

For nearly three centuries from the early 16th century to 1821, the so-called Mesoamerican area (current Chiapas State of Mexico, Guatemala, Belize, El Salvador, Honduras, Nicaragua, and Costa Rica), along with a part of the present day United States, Caribbean islands and the Philippines, was part of the territory of the Viceroy of New Spain and was governed under the Captaincy General of Guatemala. This region was thus under Spanish rule in this era.

República Federal de Centroamérica (Central American Federal Republic) Era

On September 15, 1821, the five Central American countries declared independence from Spain. After two years of oppression by opposition forces, the Central American Parliament (Parlacen) declared full independence from Spain in 1823, the year of Mexico’s independence, and formed the República Federal de Centroamérica (Central American Federal Republic), whose capital was established in Guatemala.

Independence and Civil War

The República Federal de Centroamérica was to dissolve as the member states started secession from 1838. Since then, many attempts to reintegrate the nation including the Confederation of Central America, the Federation of Central America, and the Greater Republic of Central America continued until the early 20th century. All were short-lived.

In the 20th century, only a handful of rich and powerful families controlled wealth and power in the region, and gaps between the rich and the poor increased all over the region. An intra-regional economic disparity became apparent between the group including Guatemala, El Salvador and Costa Rica, and the group of Honduras and Nicaragua. In the background of the so-called Football War (Guerra del Fútbol) in 1969, the discontent with the economic disparity was a factor, in addition to the migration problem from El Salvador

¹⁹ World Bank *GenderStats* (Data of 2005) <http://devdata.worldbank.org/>

²⁰ ODA *Shimbun* (May 24, 2005) <http://www.apic.or.jp/plaza/oda/special/20050524-01.html>

²¹ The five countries refer to Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. As Panama, Belize and the Dominican Republic had a different historical background, we limited our discussion to the history of the five countries.

to Honduras. In the 1970s and the 1980s, moreover, a longtime rule like the authoritarian regime of Nicaragua and some left-wing revolutionary regimes were in power. Such social and political discontent resulted in civil wars between anti-government forces and the government in three Central American countries during the 1970s and the 1980s.

Peace Accords and Re-Integration Promotion

With Costa Rica's diplomatic effort, among other things, in the 1990s peace agreements were signed in Nicaragua (1990), El Salvador (1992) and Guatemala (1996), ending the "Lost Decade" of civil wars.

Meanwhile, Sistema de Integración Centroamericana (SICA) was founded as the presidents of the five Central American countries and Panama signed the Tegucigalpa Protocol, thus a renewed effort for integration proceeded to another phase.

3.1.2 Social and Economic Conditions

The economies of the five Central American states and Panama have the total population of 39.7 million and the total GDP of US\$96.5 billion. (Adding Belize and the Dominican Republic will make the total population 54 million and the total GDP US\$125 billion.)²², which makes the region the third largest economic sphere in Latin America.

The overall GDP growth rate is steady, with the regional average of approximately 4.1%. The lowest is 2.8% of El Salvador; and the highest, 6.4% of Panama. The inflation rates are generally high, with the average of 7.5%. Although the export value is increasing, the import value is increasing at a higher rate, resulting in continuing growth in the trade deficit²³.

The Central American countries may be divided into 3 groups by the value of GNI (Gross National Income) per person: (a) more than US\$4,500 of Costa Rica and Panama; (b) around US\$2,500 of Guatemala and El Salvador; and (c) around US\$1,000 of Nicaragua and Honduras. The last two are counted among the Heavily Indebted Poor Countries (HIPC).

The discrepancy between the rich and the poor within their borders is one of the common problems in the Central American countries. The Gini coefficients vary from 45.9 of Costa Rica and 60.3 of Nicaragua, showing they all have large internal disparity in wealth. This is partly caused by the fact that a small number of wealthy people, e.g. the Somozas in Nicaragua and the so-called "14 families" in El Salvador, traditionally control most of the wealth and political power in the countries.²⁴

3.1.3 History of Establishment of SICA

Central American integration has a long history since the 19th Century. Behind the undertakings for regional integration are various factors including the following: the region has an experience of a union as a federal republic; small countries are crowded in a small piece of land, and have common cultural background of

²² GenderStats, World Bank (Data of 2005) <http://devdata.worldbank.org/>

²³ GenderStats, World Bank (Data of 2005) <http://devdata.worldbank.org/>

²⁴ The Gini Coefficient is a scale to measure disparity for overall distribution in income or consumption. A 0 represents perfect equality, a 100 represents perfect inequality. (JICA Data file *Sekaino Hinkon (Poverty in the World)*)

language and religion; and integration is needed as a way for strengthening economic competitiveness against other countries outside the region.

The integration process began in 1951 with La Organización de Estados Centroamericanos (ODECA). The purpose of establishing ODECA was to strengthen solidarity among the five founding countries (Guatemala, El Salvador, Nicaragua, Honduras and Costa Rica)²⁵. Since then, the integration process converged with economic integration, leading to the establishment of Mercado Común Centroamericano (MCCA, Central American Common Market) and the Banco Centroamericano de Integración Económica (BCIE, the Central American Bank for Economic Integration), with the secretariat, Secretaría de Integración Económica Centroamericana (SIECA, the Secretariat for Central American Economic Integration) in 1960. Although the MCCA effort seemed successful until the 1970s, it began declining in the late 1970s, and was at a standstill in the 1980s due to the “Lost Decade”.

In the 1990s, peace agreements started to be implemented. In December 1991, SICA was established according to the Tegucigalpa Protocol signed by the presidents of the five Central American countries and Panama.

One of the characteristics of SICA is that it does not limit potential member states. It was founded by 6 countries, and Belize joined in 2000. In 2003, the Dominican Republic was raised from observer status to an associate member. Also, Mexico joined as an intraregional observer in 2004, and Taiwan and Spain as external observers in 2000 and 2004, respectively.

3.1.4 Progress of Regional Integration and Achievement of SICA

Since the establishment of SICA after its stagnation in the 1980s, the integration process from the 1990s has been increasingly taking on more political and social implications. Even with such trend, the major achievements of the Central American regional integration are in promotion of free trade and open economy. Their specific examples are the Customs Union and the intraregional free trade agreements.

Customs Union: Ninety-four percent of products produced in the region are exempted from customs duty. The remaining 6%, including sugar, alcohol and coffee, are also targeted to be exempted from duty by 2007²⁶.

Intraregional Free Trade Agreements: The five Central American countries, the Dominican Republic and the United States have signed the DR-CAFTA. Belize and Panama have not joined. The Central American region and the EU are planning to start negotiations for a Free Trade Agreement between these two regions in 2007.

More than 100 projects of regional cooperation by the SICA secretariat and its agencies are in progress as of March 2006²⁷. The total value of such initiatives amounts to US\$221 million, and assistance from donor countries, in the form of support for regional cooperation, accounts for 94% of that value.²⁸

²⁵ JBIC *Chubei Shokoku no Kaihatsu Senryaku* (Development Strategy in Central America)

²⁶ Based on an interview with the Chief of SICA International Department.

²⁷ Informe Ejecutivo de Proyectos Regionales por Fuente de Cooperación

²⁸ Informe Ejecutivo de Proyectos Regionales por Fuente de Cooperación

3.2 Relations between Central America and Japan

3.2.1 Diplomatic Relations

Japan has had friendly bilateral relations with the Central American countries. The official diplomatic ties were established relatively early. Japan opened diplomatic relations with Panama in 1904, with the Dominican Republic in 1934, and with the five Central American countries in 1935. Although such ties experienced a temporal disruption during the Second World War, all the diplomatic relations resumed between 1952 and 1954. Japan opened official diplomatic relations with Belize in 1981, the year after it gained independence.

Commemorating the 70th anniversary of establishment of diplomatic relations between Central America and Japan, the year 2005 was designated the “Japan-Central America Friendship Year”, and many undertakings of exchanges were done in political, economic and cultural fields. One of the Year’s achievements was the “Central American Pavilion”, which was co-presented at the World Exposition 2005 in Aichi, Japan, in the same year. In August 2005, a Japan-Central America Summit Meeting was held in Japan. The heads of state of the 5 Central American countries, Panama, and the Dominican Republic, and then Prime Minister Koizumi attended the meeting, which resulted in the adoption of the “Tokyo Declaration”. The Tokyo Declaration expressed Japan’s support for the Central American regional integration and the 7 Central American countries’ support for Japan’s intention of obtaining a permanent seat on the UN Security Council.

3.2.2 Japan’s Aid for Central American Region

Major recipients of Japan’s ODA had long been Asian countries since it started in the 1950s. Assistance for Central American countries began to take off in the mid-1970s, when the value of Japan’s ODA began to increase significantly. In the 1980s, however, Japan’s ODA for Central American countries stagnated as civil war broke out in Guatemala, El Salvador, and Nicaragua. Although the amount of aid for Central America rose in the 1990s, it abated as the total budget for ODA was reduced after 2000.

The form of assistance also changed. In the 1990s, the focus was on grant aid, but has shifted to technical cooperation projects since then.

3.2.3 Undertakings for Regional Cooperation

In 1995, based on recognition of the necessity for promoting mutual understanding and strengthening relationship, establishment of the “Japan-Central America Forum for Dialogue and Cooperation” as an annual conference was agreed upon at the Foreign Ministerial conference between the two parties, which was held in time for the 50th session of the UN General Assembly.

Japan’s support for regional cooperation started as it was requested by the Central American side through this Forum. In the 3rd session of the Forum in 1998, the Central American side requested the “implementation of economic and technical cooperation (e.g., anti-earthquake measures) that involves the region as a whole, through the SICA secretariat.”

In August 2005, a Japan-Central America Summit Meeting was held in Tokyo, in which the “Tokyo

Declaration” and the “Action Plan” were adopted. The Tokyo Declaration emphasized Japan’s active stance toward the support for regional cooperation by stating “the SICA countries reaffirm their commitment to strengthen regional integration. Japan reaffirms that it is prepared to support the process of Central American integration and to continue to support region-wide projects.”

3.2.4 Implementation Status of the Support for Regional Cooperation in Central America

Japan’s support for Central American regional cooperation began in 2001 when JICA individual experts were dispatched to the SICA secretariat. The main assistance projects which Japan has been implementing or planned to implement are summarized as below. (Note that the categorization of Types A, B and C in the parenthesis are based on the definition in the section “1.2.1 Definition of Evaluation Subject”)

Support for the SICA Secretariat (Type A, 2001-2004, 2006-)

For 3 years from February 2001, JICA individual experts were dispatched to the International Cooperation Department of the SICA secretariat. The objectives of the dispatch included (1) establishment of planning/coordination mechanism in the Support for Regional Cooperation, (2) identification of regional issues, and (3) strengthening the SICA Secretariat (the Department of International Cooperation). Despite a temporary disruption, the dispatch resumed in April 2006.

Measures against Chagas' disease (Type C, 2002-)

Projects in support for regional cooperation aiming at reducing "Assassin bugs" (sub-family Triatominae), which transmit the disease, have been under way. In 2002, a technical cooperation project was initiated in Guatemala, which has the largest number of infected persons, leading to similar technical cooperation projects in El Salvador and Honduras since 2003. In 2006, another project in Panama focusing on dispatching Japan Overseas Cooperation Volunteers (JOCV) has begun. Currently a request for cooperation has been submitted by Nicaragua as well.

Project for Improvement of the Quality of Mathematics Teaching (Type C, 2005-)

Starting with the establishment in 1989 of Instituto Nacional de Investigación y Capacidad Educativa (INICE) in Honduras, a “Mathematical Project” by JOCV focusing on teachers’ re-education was implemented from 1989-2002, followed by a technical cooperation project, the “Project for Improvement of the Quality of Mathematics Teaching (PROMETAM)”, which was initiated in 2003. The cooperation resulted in development of math textbooks.

Aiming at expanding use of the textbooks throughout the region, technical cooperation projects have been in progress in Guatemala, El Salvador, Honduras, Nicaragua and the Dominican Republic since 2005.

Development of Port of La Unión (Type C, 2005-)

In 1997-98, F/S (Project Feasibility Study) by a JICA Development Study was conducted. Then, responding to the El Salvador government’s request for loan assistance in September 1998, the E/N (Exchange of Notes between the Japanese government and the recipient government) was concluded in May 2001. The

construction work has been in progress since 2005. The Port of La Unión is expected to serve as a hub of transportation network for not only El Salvador but also neighboring countries, as part of so-called “dry canal proposal”, which proposes to link it with the Port of Cortés (Puerto Cortés in Honduras). Completion is expected in 2009.

Dispatch of Loan Assistance Advisors for PPP (Type A, 2005-)

The Loan Assistance Advisors (JICA Experts) have been dispatched to the PPP Secretariat (located in El Salvador) since 2005.

Countermeasures for Natural Disaster Prevention (Type B, 2007-)

Since 2003, JICA experts for “Strengthening region wide implementation system of disaster prevention in Central America” have been dispatched to the Centro de Coordinación para la Prevención de los Desastres Naturales en América Central (CEPREDEMAC) to identify projects needs, and a region-wide technical cooperation assistance project “Natural Disaster Prevention based on Community Experience” (hereafter “natural disaster prevention”) is to start as support for regional cooperation in 2007. The regional agency (CEPREDNAC) served as the liaison in project planning and coordination with other countries for the first time, which makes this project the first B-type project.

Integrated Waste Management (Type C, 2006-)

In El Salvador, a technical cooperation project was initiated in November 2005, which aims to spread the integrated management of waste for municipal governments. Workshops and seminars are planned as a means of experience sharing among the countries involved.

Chapter 4 Evaluation Result

4.1 Evaluation of “Purposes”

4.1.1 Relevance Measured against International Trends

Japan’s undertakings for support for regional cooperation aim to respond to the process of development and progress of regional cooperation frameworks after the end of the Cold War. They also support the framework of regional cooperation, which actually faces a problem developing and progressing successfully.

Thus it is fair to say that Japan’s support for regional cooperation is relevant. For sustaining the target recipients’ frameworks of regional cooperation in the direction of Japan and the international community who shares common values with Japan, such support for regional cooperation is relevant.

4.1.2 Consistency with Higher-level Policies

Given the phrases “Japan will also strengthen collaboration with regional cooperation frameworks, and will support region-wide cooperation that encompasses several countries” in the ODA Charter and “in addition to providing support for the development of infrastructure that spans countries and regions, the capacity

development of institutions and human resources in the areas of trade and investment will be assisted” in ODA’s mid-term policy, Japan’s undertakings in support for regional cooperation are clearly relevant.

4.1.3 Consistency with Regional Cooperation Needs in Central America

From the interviews of related SICA agencies²⁹, it was reconfirmed that the concept of the Central American integration focuses on sustainable development, peace and democracy building based on “not only economic integration, but also political and social integration.” The SICA eyes integration in a wider field that is not limited to the economy, which makes it a unique effort not found in other regions with the exception of Europe.

Japan and the SICA, which has such unique characteristics, maintain a forum for policy discussion: the “Japan-Central American Forum for Dialogue and Cooperation” that was established in 1995.

In Japan’s support for regional cooperation mechanism, needs and request of the Central American countries are put forward through this Forum.³⁰ The projects that resulted from such mechanism include dispatch of JICA individual experts, “Strengthening region-wide implementation system of disaster prevention in Central America”. and “PPP Advisors”.

Japan’s support for regional cooperation in Central America has a mechanism that addresses the issues that require assistance according to the concepts of Central American integration, and its stages of progress, by making the Forum the window for a larger framework of aid. In this way, consistency between needs of the Central American nations and Japan is sustained.

4.1.4 Consistency with Japan’s Higher-level Policies towards the Region

Japan’s higher-level policies towards the Central American region include "A Vision for a New Japan - Latin America and Caribbean Partnership" (which involves the entire Latin America, often referred to as “Koizumi Vision”), the Tokyo Declaration, and the Action Plan³¹. From the field survey conducted for this study, it was confirmed that all the parties, consisting of SICA agencies, government agencies and Japan’s aid agencies, clearly grasp and recognize the Tokyo Declaration and the Action Plan.

The Tokyo Declaration stated that Japan “reaffirms that it is prepared to support the process of Central American integration and to continue to support region-wide projects”. Similarly in the “Action Plan”, "Initiative for Central American Cooperation Network"³² (Iniciativa de la Red de Cooperación Regional de Centroamérica: hereafter the “Network Initiative”) is put forward as a specific means to materialize Japan’s region-wide cooperation³³.

²⁹ Agencies associated with SICA include the SICA secretariat as well as specialized sub-agencies in charge of specialized fields (CCAD and Centro de Coordinación para la Prevención de los Desastres Naturales en América Central (CEPRENAC) and so on. In this study, we refer to such agencies as SICA agencies.

³⁰ For instance, the cooperation with Central American states in the field of disaster prevention started with the requirement by C. American side in 1998, that they “would request project as support for regional cooperation, in the field such as natural disaster prevention.”

³¹ Refers to the documents titled “Tokyo Declaration - Japan and Central America: Friends United Towards the Future” signed on 18 August 2005 in Tokyo by the heads of governments of Japan and the Central American countries, and the accompanying document titled “the Action Plan”.

³²“To provide with support for the country designated as the regional center for specific development issue, while enhancing the bilateral assistance, then attempt to disseminate the accomplishment through the other SICA countries. (Translated from the Japanese version of the “Action Plan”)

³³The region-wide Cooperation mentioned in the “Action Plan” is identical to what we call support for regional cooperation in this study. Refer to the section “1.2 Evaluation Subject” for the definition of this term.

“Koizumi Vision”, “Tokyo Declaration”, and the “Action Plan” may be positioned as higher-level policies that should be the basis for Japan’s support for regional cooperation in Central America. Thus, the support for regional cooperation is based on Japan’s higher-level policies towards the Central American Region.

4.1.5 Consistency with Priority Issues from the International Community’s Perspectives

Through the field survey, “promotion of free trade and open economy” was named the priority issue for the region as seen from various perspectives of the international community, including donor agencies, SICA agencies, government agencies, and newspapers. The DR-CAFTA with the United States and the regional customs union are specific outcomes from this priority.

Considering this priority issue, Japan’s support for regional cooperation is relevant in the following two points.

The first is aid for infrastructure building and improvement. The ongoing project of the port of La Unión and the planned Japan-Central America Friendship Bridge is aimed at development and improvement of regional infrastructure, as part of the reconstruction of Pan-American Highway and the dry canal proposal that links the Pacific and the Atlantic. Such support was recognized in the recipient countries as infrastructure building that directly contributes to “promotion of free trade and open economy”.

The second is the support for regional cooperation as support measures for the vulnerable. The projects in combating Chagas’ disease and Improvement of the Quality of Mathematics Teaching targeting rural communities provide support to benefit the poor. Such assistance was recognized in the recipient countries as support that indirectly contributes to “promotion of free trade and open economy”.

Thus, Japan’s support for regional cooperation in Central America holds relevancy as a measure to address the priority issue in the region: “promotion of free trade and open economy”.

4.1.6 Japan’s Comparative Advantage to Other Donors

How is Japanese ODA perceived by the third party (Newspaper media) and other donors?

We conducted a survey of 3 major newspapers (2 in El Salvador, 1 in Honduras), and asked their impressions of the extent of presence of Japan’s ODA (The place Japan’s ODA ranks among all the donors). All three papers answered that it ranked at the second place (next of either the U.S. or the EU).

When we asked the donor agencies on Japan’s advantages, they replied that the “methodology of aid shown by such examples as JOCV that tries to work closely with the local community” and “high quality of technical and implementation abilities”³⁴.

To be sure, these impressions certainly include those of bilateral assistance. However, it would not be incorrect to take them to include the support for regional cooperation as well.

Additionally, some noted Japan’s implementation system as the nature of Japan’s comparative advantage. Japan’s assistance focuses on bilateral cooperation, and any support for regional cooperation is implemented on an additional basis. Moreover, Japan’s assistance is implemented for two regional organizations separately (the Secretariats of the SICA and the PPP). Japan maintains various ways of aid,

³⁴ This also pointed out that other assistance organizations work on project formulation and implementation assessment, but project implementation is completely up to consultants.

which presents a unique feature to Japan's aid implementation which is not seen in other donor agencies operating in this region. All of this amounts to comparative advantages, and it is fair to say that Japan is an appropriate donor country that deals with the support for regional cooperation.

4.1.7 Relevance in Terms of Regional Characteristics

After the "Lost Decade" of the 1980s, the peace agreements were signed in Nicaragua (1990), El Salvador (1992), and Guatemala (1996). Now the Central American countries are addressing such issues as democracy promotion and "promotion of free trade and open economy" already mentioned in addition to founding the SICA. Considering such paradigm shift in the characteristics of the Central American region, we can conclude that Japan's support for regional cooperation in this region is relevant for the following reasons.

The first is timeliness. Japan began its support for regional cooperation after the peace agreements and the foundation of SICA. It was noted at the local level by many stakeholders that Japan's assistance would not have generated similar results if it had been implemented before the conflicts ended. Japan's support for regional cooperation that materialized after the peace agreements and the establishment of SICA has been thus political timely. There is also timeliness in terms of economic values.

The second is details of assistance. Japan's support for regional cooperation consists of technical cooperation that promotes exchange of technical knowledge and grant and loan assistance that promotes economic integration and material flow. Promoting the flow of people and goods is an appropriate way for assisting the confidence building in the region, which is what the region is working on after the paradigm change following the Lost Decade.

Therefore, it is fair to say that Japan's cooperation for regional cooperation is appropriate in terms of the characteristics of the region.

4.2 Evaluation of "Results"

4.2.1 How Japan's Aid Is Contributing to Development and Progress of Regional Cooperation

From interviews with aid stakeholders in Japan, it was noted that Japan's support for regional cooperation is making contribution such as "it can enable efficient dissemination of technical know-how from one country to neighboring countries," "it enables exchange of people across the borders," "it makes it possible to address the issues that are not easy to deal with in a bilateral framework," and "it can contribute to promoting sustainable and stable growth." Though it can be safely concluded that Japan's support for regional cooperation is effective in promoting development and progress of regional cooperation, this study could not draw sufficiently clear answers to the question "whether or not Japan's support for regional cooperation shows effectiveness in the development and progress of regional cooperation worldwide".

4.2.2 How Japan's Aid Is Contributing to Goals of Central American Regional Cooperation

The goals of the Central American integration are "not limited to economic integration but also involve political and social integration" which will lead to sustainable development, peace and democracy building. How is Japan's support for regional cooperation effectively contributing to achievement of these wider

goals?

First, it is helping to evoke self-confidence of underdeveloped nations within the region. Honduras, for example, is considered a regional underdeveloped nation; the project for Improvement of the Quality of Mathematics Teaching is headquartered in the country. Regarding this project, some personnel from Education University of Honduras told us that “the project enabled Honduras, which had been discouraged by its own stagnant development, to regain self-confidence by becoming the center of the project”. If the support for regional cooperation evokes the self-confidence of underdeveloped nations, then it may result in encouraging self-reliance of those nations and addressing disparity, which in turn leads to those countries keeping up with the others to deepen regional integration. This may be counted as an outcome of Japan’s support for regional cooperation.

Second, it is promoting the exchange of people within the region. Japan’s support for the regional cooperation often includes exchange of personnel, engineers and municipal government officials as part of the program. One of the municipal government personnel said that “exchange of personnel through workshops leads to recognizing our counterparts in the neighboring countries as healthy rivals, stimulating motivations in one another, which in turn results in sustaining the efforts”, thus confirming that exchange of personnel was one of the factors that maintain the undertakings.

From other perspectives, the benefit of support for regional cooperation is returning to Japan itself as positive results in the national interest. Japan received considerable support from the seven Central American nations when it sought a permanent seat on the UN Security Council. Its support for regional cooperation was not necessarily the only decisive factor, but there is no doubt that it served as an important factor, which is backed with what was perceived during our field survey.

From all the analysis above, we conclude that Japan’s support for regional cooperation is promoting integration in the Central American Region.

4.2.3 Extent of Achievement of Goals in Priority Issues

As stated in the “Action Plan”, the priority issues that are subject to the support for regional cooperation include the following: Chagas disease; assistance for the police; integrated waste management; mathematics education; reproductive health; improvement of productivity; support for legal system reform; disaster prevention; and medical education. We add “building and improvement of infrastructure”, which is the focus of the PPP effort, and evaluate achievements of each of these 10 items in two groups.

The first group is the field where the intended results are almost achieved. Countermeasures for Chagas diseases will fall in this category, which will mark the sixth year of this undertaking. Owing to a long-term effort, the eradication of Chagas disease is definitely being done³⁵ in Central America.

The second group includes the support projects that have just started or are about to start, and whose effectiveness is much expected in recipient countries. These fields are development and improvement of infrastructure as well as mathematics education, disaster prevention, integrated management of waste and support for the police.

We could not confirm the results or accomplishment in the recipient countries in the other fields

³⁵ Extermination of so-called “assassin bugs” that transmit disease, and public education programs targeting the people and communities.

(reproductive health, improvement of productivity, support for legal reform and medical education) in the scope of this study.

Clear accomplishment of support for regional cooperation for each issue except for that of some fields could not be proven because such support is a relatively new effort since 2001. Hence, it would be premature to conclude that “no accomplishment is expected”.

It is noted that some of these priority issues have been recognized as “support for regional cooperation” while others are not. In the recipient countries, there is no consensus on criteria of what “support for regional cooperation” means.

4.2.4 Whether There Was Any Effectiveness of Results Which Was Not Present in Bilateral Cooperation

From overall findings of the field survey, we were able to confirm the advantages of Japan’s support for regional cooperation. Particularly, the advantages not present in bilateral cooperation may be summarized in the following four points.

First, it promotes sharing of knowledge and technical experiences in the region. In the process of working on regional cooperation, healthy rivalry among the regional countries is promoted, and the levels of underdeveloped nations are raised. These may benefit sustainable development in the long run.

Second, such support makes it possible to deal with transnational issues. For instance, bugs that cause epidemics such as Chagas disease inhabit across international borders. Natural disasters are often not preventable by just one country either. Taking effective measures against such issues would be extremely difficult, if not impossible, within a bilateral framework.

The third point lies in efficiency by way of cost reduction in implementing assistance. If aid accomplishment in one country may be utilized by sharing and spreading to other countries, then it is simply more efficient than starting from scratch in other countries. The projects on Improvement of the Quality of Mathematics Teaching and countermeasures against Chagas disease are examples that represent this efficiency. Additionally, the experience of implementing aid projects in one country is valuable for donors, and is more likely to produce better results when utilized in other countries.

Finally, it can bring about economies of scale. Improvement and development of infrastructure will achieve improved convenience when connectivity across the borders is taken into consideration, as represented by the construction of the Japan-Central America Friendship Bridge. To take advantage of economies of scale, region-wide support is likely to produce better results than bilateral cooperation.

Based on the analysis above, we conclude that Japan’s support for regional cooperation brings about results that have advantages to those of bilateral cooperation.

4.3 Evaluating the “Process”

4.3.1 Evaluating “Process” on the Project Formulation Phase of Japan’s Support for Regional Cooperation

The process of the project formulation phase highlighted the present difficult situation for stakeholders who are working in the continuing process of trial and error. Such situation is particularly apparent in projects

for support for regional cooperation categorized as Type C. Hardship encountered during project formulation was identified as the “disadvantages of the support for regional cooperation”, during not only the field survey but also the preliminary survey in Japan. We conclude that the reasons for such hardship are as follows.

The first reason is lack of solidarity in the process of consensus building on Japan’s part. Because more than one recipient nation is involved, project formation for support for regional cooperation requires agreements by various stakeholders. However, because of the following three obstacles, consensus building lacks solidarity.

(1) Japan’s ODA focuses on bilateral cooperation. Some of those involved voiced a negative view that, during consensus building for support for regional cooperation, less initiative is taken than for bilateral cooperation. This may be partly because no budget is allocated for the support for regional cooperation.

(2) No standard usage of the terms has been established. Some use “region-wide cooperation” and “regional integration” synonymously as “support for regional cooperation”. Since no uniform usage of the terms is in place, their definitions are also inconsistent, which is one of the reasons that make communication, mutual understanding and consensus formation difficult among the stakeholders.

(3) The third factor is the perception of Japan’s higher level policies of support for regional cooperation, especially the Action Plan. To be specific, the Action Plan is not well recognized, and the “Network Initiative” in the Action Plan needs to be revised. For instance, the Action Plan states that the disaster prevention headquarters should be located in Panama, but some questioned the relevancy of the Action Plan as the situation had changed since the time of the formulation of the Plan³⁶.

Some concrete adverse impact was seen due to the lack of solidarity. The integrated management of waste was initially undertaken in 7 countries as a Type C project. But in practice, it was implemented only in El Salvador after negotiation and coordination, and that does not meet the need of the recipients.

To be sure, awareness of lack of solidarity is shared in the recipient countries and a region-wide (regional) ODA task force exists based on this awareness. However, the task force’s activities are confined to exchanging views through a mailing list. A meeting had been scheduled in El Salvador, but it has not materialized by the time of this evaluation.

The second reason for hardship in the project formulation stage has to do with cooperation with regional organizations. Few current projects in support for regional cooperation are those undertaken in cooperation with recipient regional organizations from the project formulation stage, i.e., Type B projects. Most projects are formulated as Type C, i.e., without any cooperation from regional organizations.

The regional organizations are supposed to have functions to facilitate the coordination among the countries in the region. Then why would not there be more partnership with such organizations? Throughout the survey for this evaluation study, aid stakeholders on the Japanese side pointed out that many of the regional organizations are incapable of acting as aid recipients.

On the other hand, some donors stated that, even if the regional organizations lacked operational competence, the very process of working with the organizations was meaningful. There was a Type B

³⁶ The Centro de Coordinación para la Prevención de los Desastres Naturales en América Central (CEPRENAC), which was located in Panama, has been relocated to Guatemala.

project in which cooperation with the respective regional organization from the project formulation phase was realized and coordination among multiple local authorities was efficiently resolved: it was a technical cooperation project for natural disaster prevention.

Meanwhile, the Secretariat of SICA was of the view that regional organizations need to take more interest in Japan's support for regional cooperation and actively seek cooperation with Japan.

4.3.2 Evaluating “Process” in the Implementation Phase of Japan’s Support for Regional Cooperation

Japan's support for regional cooperation, particularly the Type C projects, is implemented in a process similar to that of bilateral aid³⁷. This results in the following three problems in the implementation process of support for regional cooperation.

The first lies in the cooperation with the regional organization at the implementation phase. Japan's technical cooperation is generally done in the form of technology transfer through the government of the recipient country. This is essentially the same in support for regional cooperation. Moreover, cooperation with a regional organization that coordinates multiple countries in the region is even more important in the case of support for regional cooperation. However, most projects in this category are implemented without cooperation with a regional organization. The reasons for lack of involvement by regional organizations include the following: lack of information sharing; limited cooperation in the project formulation phase; such implementation agencies are overworked; and the headquarters are located in another country.

The second problem is the amount of input in a project to disseminate the result of cooperation in one country to the neighboring countries, e.g., the undertakings on Chagas disease measures and mathematics education.

Many stakeholders recognize the effectiveness of transferring and spreading accomplishment in one country to other countries. But they also see that the level of expectation on such methodology is too high. For example, they initially assumed that it would take just one expert to disseminate to neighboring El Salvador the mathematics textbook; an output of the project in Honduras. However, an interview with the expert involved in the project revealed that this work proved much more complex than it was initially estimated, due to many reasons including differences in the two countries' mathematics curricula such as the order in which fractions and decimal numbers are taught.

At this point, not enough experience has been accumulated to judge correctly the necessary amount of aid input. In other words, when transferring the accomplishment in country A to country B, there is not enough experience to decide whether 50% or 20% of the input to country A would be required.

The third problem is lack of solidarity among the recipient countries on when to start or finish the project. As seen in the measures against Chagas disease, through implementation in the region as whole, certain types of projects can maximize an added value that cannot be accomplished through bilateral assistance. However, to consolidate the project start date in all the member countries, the countries need to

³⁷ The preventive measures for Chagas disease and the mathematics education improvement project may be considered support for regional cooperation. But from the implementation process, it is fair to say that they are separate technical cooperation projects in Honduras and El Salvador, respectively.

communicate very closely from the project formulation phase. Moreover, such consolidation does not necessarily work as it depends on various circumstances of the recipient governments.

4.3.3 Evaluating “Process” of Japan’s Support for Regional Cooperation in Terms of Cooperation with Other Donors

This study found no partnership among donors through a Type A project. In a few Type B projects, partnership among donors was seen, and it was confirmed that regional organizations were playing a significant role in the coordination process among the donors. As a regional organization often acts as an aid focal point, we found that Japan’s partnership with other donors may be promoted by cooperating with the regional organization.

In Type C projects, differences between El Salvador and Honduras were seen. In El Salvador, there was no significant cooperation among donors except indirect one with MCA³⁸. The causes for this include limitations in donors’ implementation systems.

Meanwhile, many cases of active cooperation among donors were found in Honduras. As in the measures against Chagas disease, Japan worked with PAHO from the project formulation phase to complement each other. On the other hand, the cooperation with CIDA was meant to spread outputs of Japan’s aid. Thus Japan seems to use different means of donor cooperation depending on the aim.

As seen in a few Type B projects, Japan’s support for regional cooperation may promote cooperation among donors by working with a regional organization. Work with other donors depends on trends in donors’ inclination toward cooperation and their perceptions.

Chapter 5 Overall Evaluation

5.1 Overall Evaluation

Support for regional cooperation is a relatively new policy of ODA. Although similar undertakings have been done since the 1960s, it was the revised ODA Charter in 2003 that clearly cited support for regional cooperation as a policy for the first time.

This background may explain why the concept of support for regional cooperation has not been clarified. The term has neither standard definition nor related terms with unified usage. Furthermore, there are no clear criteria to determine what constitutes a project in support for regional cooperation.

Nevertheless, this study demonstrated the relevance of support for regional cooperation. The Japanese-implemented projects in support for regional cooperation demonstrated relevance when evaluated against the world trend of development and progress in regional cooperation. The relevancy was confirmed in terms of the policies for ODA, i.e., the ODA Charter and Mid-Term Policy. The Tokyo Declaration and the Action Plan, which are Japan’s higher-level policies toward the Central American region, express the determination for promoting support for regional cooperation, and the projects undertaken are relevant in this aspect. Comparative advantages over other donors were recognized, and the implementation system

³⁸ Millennium Challenge Account (MCA): One of the ODA programs of the United States. Under MCA, infrastructure development in eastern El Salvador to contribute to the “Dry Canal” proposal is planned.

faces no problem.

Japan's support for regional cooperation has brought about some effective results. Transnational exchange of technicians and other personnel and development of infrastructure linking the countries in the region is contributing to "regional stability". The ability to deal with the issues which are difficult to solve in bilateral cooperation, as well as effects to add value to bilateral cooperation were also demonstrated. Some examples of "regional stability" contributing in turn to Japan's national interest were also found.

Meanwhile, Japan's support for regional cooperation has problems in project formulation and implementation "processes". Some problems in the Type C projects' "process" have room for improvement in consensus building among stakeholders and collaboration with regional organizations.

Given that the relevance of Japan's support for regional cooperation, its effective outcomes, such support's capacity to address issues that bilateral assistance cannot solve, problems in the process of implementation, and the apparent conceptual confusion, we submit the following recommendations.

5.2 Recommendations

(1) Further Promotion of Undertakings in Support for Regional Cooperation

As the international community in the post-Cold War era seeks to build a new order, the framework of regional cooperation is important in creating a wider basis for peace and stability. The significance of support for regional cooperation lies in its ability to promote this important regional cooperation to achieve peace and stability in the region. Moreover, the support for regional cooperation may contribute to Japan's national interest.

Japan should be actively and constructively involved in supporting this invaluable regional cooperation. Stakeholders in such aid should share the perception that, by providing the benefit of ODA to not only developing "countries" but also developing "regions", ODA will contribute to Japan's security and prosperity as well as peace and development of the international community.

An issue in proceeding with support for regional cooperation is how such support may be integrated with bilateral aid and formulate complementary "assistance" as a whole. In other words, the issue is how the support for regional cooperation and bilateral aid can be integrated or "programmed" as an integral whole. If this is achieved, then support for regional cooperation can be effective in not only promoting "regional stability" but also in the field of "human security", which is represented in the expression "aid with a Japanese flag" at the grassroots level.

Meanwhile, support for regional cooperation does have a few problems. As this is a relatively new concept in ODA, there is some conceptual confusion. In addition, there are several problems in the processes of project formulation and implementation.

For the new policy of support for regional cooperation to achieve the aim of "strengthening collaboration with regional cooperation frameworks, and supporting region-wide cooperation that encompasses several countries" as expressed in the ODA Charter, Japan needs to proceed with support for regional cooperation, clarify the concept, and enhance the implementation system for the new policy.

(2) Conceptual Streamlining

(2-1) Using Standardized Terms and Establishing Concepts and Definitions

Japan's support for regional cooperation lacks common terminology and concrete definitions.

To reorganize the concept of support for regional cooperation, one needs to start with standardizing the terms. Then, concepts and definitions, as well as the "requirements" on "what project may be admitted as a target of support for regional cooperation" must be established. Such "requirements" need to be shared with the recipients as well.

In this study, for the sake of convenience, we categorized the projects according to criteria focusing on support implementation process (Types A - C), then tentatively defined support for regional cooperation as "such support that is implemented to help promote the objectives of the regional cooperation frameworks and dealing with the common challenges of the region given to such frameworks." This way of categorization was proposed by MOFA. However, there may be other criteria that use other aspects in order to establish concrete concepts and definitions.

One option is to categorize the support according to criteria in efficiency such as "measure to provide efficient aid". Efforts and a mindset to make ODA more efficient are certainly necessary, and such categorization does make sense from that perspective. However, support for regional cooperation has various aspects of significance and "efficiency" is just one of them.

Thus it may be worthwhile to find the significance of support for regional cooperation as a "means to achieve goals of ODA" to promote development and progress of regional cooperation frameworks, categorize projects under such support with a focus on "purpose of assistance", and then define the term.

In the course of defining and categorizing the support for regional cooperation, the arguments on whether to focus on the "assistance implementation process" or the "purpose of assistance", and which would be a more relevant standard, are connected to the question of what aspect of ODA is to be emphasized. All of this requires careful thought to reach a conclusion.

It would be premature to settle on definitions, terms, and the way to categorize them. More discussion would be required in the future. References to regions other than Central America must also be made in the course of discussion, and it will be desirable to involve many regional organizations around the world.

(2-2) Flexible Implementation of Support for Regional Cooperation

Collaborating with regional organizations is fundamentally important in implementing support for regional cooperation. The policy to "strengthen collaboration with regional cooperation frameworks" as stated in the ODA Charter is based on an emphasis on regional organizations. There are some positive effects in cooperating with regional organizations. Some believe that "the collaboration process with regional organizations" in itself has its own significance.

In reality, however, the operation capacities of regional organizations are less than satisfactory. The secretariats of the SICA and the PPP which serve as liaison on the Central American side hold nominal authorities to represent the Central American countries, but they are not fully budgeted or staffed in comparison to the cost of coordination and the amount of office work. Therefore, although Type A projects to directly support regional organizations and contributing to enhancement of the organization may seem

like a straightforward method, it would not necessarily generate short-term and concrete results in practice. Meanwhile, Japan's Type C assistance projects that do not include collaboration with regional organizations are accomplishing positive results. Type C projects can address issues that are difficult to solve with bilateral aid and carry out exchange of technical personnel across the borders. Flexible utilization of existing forms of assistance may serve as extended methods of support for regional cooperation: for instance, in a case in which several "grass-roots grant aid schemes" that share a common purpose are implemented in multiple countries in any given region, the schemes could be coordinated through a region-wide taskforce, deployed in consolidation in order to improve efficiency. The support for regional cooperation which contributes to "regional stability" may well be achieved without the operational process of collaborating with regional organizations.

Although it is certainly ideal to collaborate with a regional organization in the course of Japan's support for regional cooperation, it is not necessarily the best way to collaborate with such agencies that have insufficient operational capability. The Type C assistance, which is starting to get good track records, should not be dismissed just because "no collaboration with a regional organization" is perceived.

Japan should implement projects in support for regional cooperation with flexibility, focusing on achievement of the set goals of ODA and regardless of whether they are Type A, B, or C. It will need to watch the operational capabilities of a regional organization in the recipient region, and collaborate only when it is possible, and if not, attempt collaboration as much as possible. For that purpose, Japan needs to be ready to partly undertake the role which is supposed to be played by a regional organization when necessary.

(3) Specific Measures to Enhance Support for Regional Cooperation

(3-1) Providing a Good Forum for Consensus Building and Discussion: Effective Utilization of Region-wide (Regional) ODA Task Force

Japanese stakeholders in international development assistance should always keep in mind that they have to be able to turn into a concrete operation a request from recipients for support for regional cooperation as quickly as possible. This would require a forum for those involved to discuss the need for the requested assistance and form a consensus as soon as possible.

The region-wide (regional) ODA taskforce would be useful for that purpose. To start with, stakeholders should discuss common regional issues, and share recognition on the need for assistance. The region-wide (regional) ODA taskforce nominally exists already, but its function needs to be strengthened as a forum for coordination and consensus building.

In order to enhance the function of the region-wide (regional) ODA taskforce, it is necessary to secure a minimal budget or flexible use of already allocated funds. Also, when the region-wide (regional) ODA taskforce meeting is to be held, it must be organized by the Japanese embassy in one of the countries in the region. However, there are no specific funds allocated for such activities. This means that a budget from other items should be reallocated for this meeting, bringing about a negative impact on other activities. Thus in general, the more active a Japanese embassy is in promoting support for regional cooperation, the more financially negative impact on bilateral cooperation would be caused.

In addition, this region-wide (regional) ODA taskforce will need some form of coordinator, as it is necessary to coordinate among the priority issues of countries in the region and support for regional cooperation, and this must be done by someone in a neutral position. This role should be undertaken by Country Assistance Planning Divisions of MOFA or at a higher level.

(3-2) Priority Funding for Undertakings in Support for Regional Cooperation

Support for regional cooperation plays a significance role in promoting “regional stability”. The impact of the effort would not only be disseminated in the region as a whole, but also benefit Japan’s own national interest as seen in the case of Japan’s aspirations for a permanent seat on the UN Security Council. In this sense, if a good issue that contributes to “regional stability” is identified, it would be worthwhile to tackle it with high priority.

Although the ODA budget is increasingly becoming tight, support for regional cooperation, with its strategic importance, is worthy of consideration as a new ODA policy. To systematically establish its ways and methodology, we need to reexamine what is possible and is not possible with the existing systems. A place to start may be to designate a pilot region for the support for regional cooperation and implement intensive regional cooperation. Once systematic methodology or operational means are established in a way that benefits strategic purposes, funding priorities must be reassessed.

The amount of bilateral cooperation with each state has been based on a five-year plan for that country or past records that virtually constitute “a sense of usual rates”. Moreover, some countries worry that the support for regional cooperation may lead to reduction in the ODA budget allocation, causing part of the benefit they were originally supposed to receive could be lost. In promoting support for regional cooperation efforts, the budget must be allocated with flexibility, without restrictions of the framework of bilateral cooperation. It is also essential to inform the recipient countries that support for regional cooperation leads to “regional stability”, which in turn benefits the countries themselves.

(3-3) Long-term Perspective and Strengthening Regional Organizations

We have already recommended flexible operation of support for regional cooperation, regardless of Type A, B, or C. However, it is also necessary to consider support for enhancing regional organizations based on a long-term perspective.

Efforts for strengthening regional organizations are already in place, and JICA experts are dispatched for such support. In addition to these efforts, other ways of assistance may be worthwhile, which include linkages with funds that Japan has contributed to international organizations and aid coordination with other donors for further enhancement of regional organizations.

The IDB, for instance, maintains the “Japan Fund” based on money that Japan has contributed. A operational link with such funds may enable Japan to help strengthen regional organizations.

There are other possibilities including an undertaking to strengthen regional organizations through collaboration with other donors. In El Salvador in particular, there are few undertakings that are implemented through inter-donor collaborations. It would be a meaningful effort in terms of promoting aid coordination if an undertaking to strengthen regional organizations in cooperation with multiple donors is

realized. If such collaboration is possible between Japan and the U.S., then it could lead to linkage among DR-CAFTA-centered relations between the U.S. and Central America, security-centered U.S.-Japan relations, and relations between Japan and Central America. The local office of USAID in El Salvador has expressed support for such aid coordination with Japan.

(4) Further Ideas for Implementation Phase and Maximization of Efficiency

(4-1) Need for Transition Plans and Interim Review for the Action Plan

The Action Plan, which is essentially a higher-level policy for Japan's support for regional cooperation, does not include any common perception on for how many years this Plan would be valid, how it would be assessed at that time, and how such assessment would be reflected in the next Action Plan.

The Action Plan states that it will be followed up by the "Japan-Central America Forum for Dialogue and Cooperation". However, it will be better if Japan specifically states the expiration date, assesses the current action plan, learns lessons and reflects them in the next Action Plan, in order for Japan to continue to respond to the needs of recipient countries. For that purpose, at a forum such as "Japan-Central America Forum for Dialogue and Cooperation", Japan needs to discuss with the recipient countries in detail the way such assessment is to be carried out and how the new plan is to be prepared.

We would like to note that some stakeholders stated that the "Network Initiative" should be revised. A mechanism to revise the Action Plan intermediately involving all the actors, including justification of this initiative, would be helpful. The said forum and the region-wide (regional) ODA taskforce may be utilized. It would be worthwhile to consider having a forum to discuss broader issues by holding region-wide cooperation policy meetings that involve the taskforce and regional organizations such as SICA in the future.

(4-2) Accumulating Know-how -- Determining Appropriate Amount of Support for Regional Cooperation

As support for regional cooperation is based on relatively new ODA policies, accumulated experience of project formulation and operation is not yet enough. This is resulting in some people having overblown "expectations for efficiency" of disseminating achievement accomplished in one country to other countries, which in turn may cause an excessive burden to the experts involved.

When undertakings to spread and utilize accomplishment in one country to the neighboring countries are made, it is essential to judge the amount of activities required, and an appropriate number of experts dispatched should be calculated as well.

Japan's support for regional cooperation will, for the time being, experience accumulation of experience, or trial and error, in balancing "expectations for efficiency" and the required amount of activities. After continuous accumulation, such experience should be organized in a systematic way.

(4-3) Consolidation of Recipient Countries in Starting Support for Regional Cooperation

Support for regional cooperation in certain fields may generate a maximum impact --- which is not possible with bilateral assistance --- only when the effort is implemented concurrently in multiple countries. For

instance, if extermination of disease-transmitting bugs is attempted only in one village, bugs may return from the neighboring countries. To solve issues from the root cause and achieve a long-term result, it would be necessary to work in neighboring provinces and countries at the same time. Ideally, in these fields, the start and progress of efforts should be coordinated multilaterally as much as possible. For this purpose, the already mentioned regional ODA taskforce could be utilized.

Conclusion

As support for regional cooperation includes comprehensive aims to coordinate policies and project ideas multilaterally to ensure a larger effect, it might be more difficult to include such things as minute and technical issues into awareness.

Meanwhile, Japan's ODA is increasingly focusing on "Human Security" that aims to protect people from various severe threats and foster self-reliance. Also in the field of support for regional cooperation, we should not lose sight of the needs and lives of the people at the grassroots level by just focusing on adjusting the recipient countries' benefits. In that sense, the Type C effort may be effective as such effort easily picks up the real needs of the people. But at the same time, to support the dissemination of such "aid with a Japanese flag" at the grassroots level may be extremely difficult when pursuing comprehensive benefit by the support for regional cooperation.

Thus, it will be necessary to keep seeking the way to include "aid with a Japanese flag" at the grassroots level into the support for regional cooperation smoothly.

The methodology on how the support for regional cooperation and bilateral assistance may be programmed, systematized, and combined to create "cooperation" as a whole, is a major issue that touches upon Japan's fundamental ODA policy. We recommend that MOFA collect a wider range of opinions and conduct more in-depth studies on this matter.