

Third Party Evaluation 2007
The Ministry of Foreign Affairs

Country Assistance Evaluation of China

- Summary -

March 2008

Preface

This report is a summary of the results of Country Assistance Evaluation of China undertaken by the External Advisory Meeting on ODA Evaluation requested by the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan.

Japan's Official Development Assistance (ODA), since its commencement in 1954, has contributed to addressing the international and domestic issues which varies with the times. Recently, there have been increased domestic and international calls for more effective and efficient implementation of assistance. The Ministry of Foreign Affairs, as the coordinating ministry for 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.

The target of this evaluation study was China, mainly 'Economic Cooperation Program for China' issued in October 2001, with a special focus on the relevance of the policy, the effectiveness of the result, the appropriateness of the process. This evaluation study was conducted to obtain lessons and make suggestions for enhancing policy formulation and implementation of development interventions in the basic education sub-sector in the future.

The External Advisory Meeting on ODA Evaluation, which was formed, as 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 results and recommendations to the International Cooperation Bureau of Ministry of Foreign Affairs. Executive Vice President of Tokyo Institute of Technology, and Chairperson of the Meeting, Professor Hiromitsu Muta, and Associate Professor Yayoi Tanaka of the National Institute for Academic Degrees and University Evaluation, were in charge of this evaluation.

Professor Akio Takahara of Tokyo University and Professor Tomoo Marukawa of Tokyo University, being advisors to the study, made enormous contribution to this report. Likewise, the Ministry of Foreign Affairs, JICA, JBIC and the ODA Taskforces¹ also gave their cooperation. We would like to take this opportunity to express our sincere gratitude to the Government of China and all 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 for this study. All other supportive works, including information collection, analysis and report preparation, was provided by International Development Center of Japan under 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.

¹ ODA Taskforces are the coordination bodies of all the Japanese concerned agencies, which are set up in the field in order to achieve efficient and effective development assistance. As of 2007, ODA Taskforces have been established in more than seventy countries including Morocco.

March 2008

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Outline

1. Result of Evaluation

(1) Relevance of Policies

We believe that the Economic Cooperation Program for China was a highly valid Program that a proper response to Sino-Japanese relations. The emphasis in the Program is clearly focused on the following six areas: "Coping with global scale problems, such as environmental problems, etc."; "support for Open and Reform policy"; "Promotion of mutual understanding"; "support to poverty alleviation"; "support for private sector activities"; and "promoting multinational cooperation." Basically, these six areas match the basic policy of China's 5-year Plan and the Japan's old and new ODA guidelines.

(2) Effectiveness of Results

"Japan's economic cooperation has contributed to the development of China for many years. It was especially helpful because it covered a wide range of fields according to the changing times." From this quotation and these evaluations, it can be said that the Economic Cooperation Program for China has been effective. With respect to the results, we have observed the following trends in many of the projects, especially from the following view points; (1) Continuous and widely propagating effects, (2) Composite effects, (3) Effects of model projects, (4) Mutual understanding promotion effect through various schemes.

(3) Appropriateness of Processes

These results have come about because the process of creating and implementing the Economic Cooperation Program for China was appropriate. We would especially like to emphasize the following points: (1) The structured request for projects by the Chinese side that emphasized policy needs and the ability of local areas to accept the projects. Strong ownership and implementation were also keys to success because they helped to let all within the government know about Japan's cooperation policy, (2) Efforts to provide aid despite strong domestic Japanese criticism of China and reduced ODA budgets. Especially important were thorough selection and concentration when adopting projects, (3) Established implementation organizations in both countries; especially the existence of acceptance organizations for cooperation by schemes and ODA task forces, (4) Stable and continuous management and follow-up of projects by the Japanese side, (5) Creation and implementation of projects based on the utilization of cumulative cooperation from before the Economic Cooperation Program for China.

2. Major Recommendations

(1) Cooperation that focuses on emphasized fields

(2) A flexible project creation and implementation system that can cope with the fast change in China

(3) Reviewing the monitoring system

(4) Effective utilization of existing assets

(5) Effective utilization of Grassroots level cooperation for mutual understanding

(6) Coping with diversified cooperation bodies

(7) Cooperation between aid modalities and cooperation that utilizes the features of aid modalities

Summary

1. Goals of the Evaluation

Mainly to make an overall evaluation of aid policy for China after the formulation of the China Economic Cooperation Policy in October 2001 to determine the points that need to be improved for more effective and efficient aid and to make specific proposals. (1) In order to assure accountability to the citizens of Japan by publishing the evaluation results. (2) To provide information that can be used for reference purposes in development of China by feeding back the evaluation results to the Chinese government and donors. (3) To contribute to publicizing Japan's aid to China.

2. Subjects and Timing

In ordinary country assistance evaluation, the subjects of the evaluations are "Aid Programs by country" or "aid policies by country." But in aid for China, the "Economic Cooperation Program for China" was created as the equivalent to those. The Economic Cooperation Program for China was created in October 2001 and aid continues to be implemented according to the Program. Therefore, the subjects of this evaluation are all the aid projects - including technical cooperation projects, grant aid, loan aid, etc. - that have been implemented since the creation of the "Economic Cooperation Program for China" and until 2006. However, because some of the projects require years before their effects can be seen, we have decided to date back when necessary.

3. Evaluation Methods

Based on the "ODA Evaluation Guidelines (Third Edition)," we have created a target system diagram that organizes the Japanese aid to China from the points of view of "goals" and "methods." Next, according to the target system diagram, we comprehensively verified Japanese aid to China in the past six years from the points of view of "relevance of policies," "effectiveness of results," and "appropriateness of processes."

This evaluation was conducted from June 2007 to March 2008 using the procedures listed below, and with evaluators and relevant personnel from the Ministry of Foreign Affairs, Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) taking part in review meetings.

- Creation of an Evaluation Implementation Program

Under the leadership and guidance of the chief evaluator, the evaluation team held meetings with the relevant departments and agencies within the Ministry of Foreign Affairs and other implementing agencies clarified the goals and subjects of the evaluation, and confirmed the evaluation standards. Then, they considered appropriate evaluation methods, created an implementation schedule including work schedules, and then received approval from the External Advisory Meeting on ODA Evaluation.

- Desk Review and Interviews

According to the evaluation implementation Program above, we collected information concerning the subjects of the evaluation and items for comparison, such as Japan's aid policy and results, aid trends in China, etc. This information was collected by searching through the literature and holding interviews with relevant parties.

- On-site Studies

Based on the results of our domestic studies, we conducted on-site studies from October 28 to November 10, 2007. In this study in China, we conducted interviews with Japanese personnel, Chinese government personnel and persons from other aid organizations about Japan's aid to China and also visited relevant projects.

4. Background to the Economic Cooperation Program for China

China is in a unique position for Japan's economic cooperation. It has a large land mass, the world's largest population and the fourth largest GDP in the world. Compared with other developing countries, it also has a strong political and military influence. In addition, it has a strong effect on Japan with respect to economy, environment, resources, etc. because it is a neighboring country. Furthermore, the anti-Japanese sentiment caused by the war has not yet disappeared. Therefore, economic cooperation for China must not be considered simply from the viewpoint of development, but it must be planned, implemented and assessed from the viewpoint of mutual benefits for both countries.

Japan's economic cooperation for China started in 1979. As of the end of FY 2006, the accumulated amount of loan aid was approximately 3, 270 billion yen, the amount of grant aid was about 149.6 billion yen and the total technical cooperation was about 160.1 billion yen (only the portion implemented by JICA). The accumulated amount of aid for this period was second to that for Indonesia. The amount of aid since 1979 has almost continuously increased and reached its peak in 2000 (about 230 billion yen). After that year, aid has been continuously decreasing because of the long-term decrease in the economic cooperation budget. Despite that decrease, China still received about 57 billion yen in aid in FY 2006 and still ranked third in the amount of economic cooperation provided by Japan. There were some stressful relations between Japan and China during this time. However, economic cooperation was continued at a certain level even during those periods as the foundation for the relations between the two countries.

Japan's economic cooperation has been in step with China's process of economic development as it moved from a planned economy to a market economy and as it changed from an international pariah to a member of the international community. Until the mid-1990s, Japanese aid mainly supplemented China's insufficient foreign exchange reserves and invested in economic infrastructure, such as transportation and energy. From 1979 to 2006, the per capita GDP in China increased from \$300 to \$2,000.

As the Chinese economy continued to grow, issues such as environmental problems and income disparity also became more serious. In the Ninth 5-year Plan (1996 - 2000), the Chinese government made an effort to "Convert from unimpeded economic growth to consolidated economic growth." This policy was continued in the Tenth 5-year Plan (2001 - 2005) and the new main goals of "correcting the differences in regional incomes" and

"maintaining the balance of reform, development and stability" were added.

The Economic Cooperation Program for China (2001) which is the subject of this evaluation was formulated during this period when the Chinese development goals were changed from "economic development" to a "combination of environmental preservation, correcting income differences and economic growth." The domestic Japanese view of China during this period was so severe that economic aid to China was reviewed from the Japanese viewpoint both within the government and the ruling party. This Program was created after considering those reviews.

5. Relevance of Policies

We believe that the Economic Cooperation Program for China was so valid that it has a proper response to Sino-Japanese relations. The emphasis in the Program is clearly focused on the following six areas: "Coping with global scale problems, such as environmental problems, etc."; "support for Open and Reform policy"; "promotion of increasing mutual understanding"; "support to poverty alleviation"; "support for private activities"; and "promoting multinational cooperation." Basically, these six areas match the sector basic policy of China's 5-year Plan and the Japan's old and new ODA charter. Of the six areas, "promotion of mutual understanding, "support for private sector activities" and "promoting multinational cooperation" are usually not included as points of emphasis in aid Programs for other countries, but because of the strong domestic call to emphasize "aid that will benefit Japan" with regard to economic aid for China, it can be said that including these three areas was appropriate considering Sino-Japanese relations.

After this, with respect to grant aid, the emphasized areas were focused on areas such as; (1) resolving environmental pollution and infectious diseases in China which are issues that could directly affect Japan, and (2) bolstering mutual understanding through the promotion of people-to-people exchanges. With respect to technical cooperation, in addition to (1) and (2) above, it aims at assistance for support for market-oriented economy reform and meeting international rules. Because of China's high economic growth, because of the severe domestic Japanese opinions concerning economic cooperation for China, and because there are opinions that the problem of redistributing wealth in China is a Chinese domestic problem, aid for fighting poverty in China has been given lower priority than other emphasized areas. The World Bank and UK have already removed reduction of poverty from their goals for aid to China. With regard to this point, the aid policies and emphasized fields of the major donor nations, including Japan, differs from China's Eleventh 5-year Plan that directly confronts the problem of correcting the income disparity. However, it is said that there are still 200 million Chinese living in poverty, the number that is equivalent to 60 percent of the impoverished that live in sub-Saharan Africa.

6. Effectiveness of Results

"Japan's economic cooperation has contributed to the development of China for many years. It was especially helpful because it covered a wide range of fields according to the changing times." This quote shows the strong feeling of gratitude that many in the Chinese government feel. Other donors have also assessed Japanese cooperation highly, and they especially noted the following points: (1) An effective combination of monetary cooperation and technical cooperation; (2) loan aid with advantageous conditions that matched the financial needs of underdeveloped areas and emphasized sectors (environment, human resources, etc.); (3) and technical cooperation that was based on Asian social conditions and was easier to accept.

From this quotation and these evaluations, it can be said that the Economic Cooperation Program for China has been effective. With respect to the results, we have observed the following trends in many of the projects:

(1) Continuous and widely propagating effects. This is significant in projects that include continuous technical cooperation. (The opposite is true of some typical independent projects involving grant aid. The effects are limited to supplying materials and equipment, and only have a low level of recognition. (The "face" of Japan is not apparent.))

(2) Composite effects; e.g., forestation projects with the participation of residents that have the effect of preserving the environment and improving livelihoods. The six areas of emphasis have mutually overlapping areas. Composite effects are the result of considering the mutually overlapping areas when planning the contents of projects.

(3) Effects of model projects. Projects that have only a certain scale and quality in the target region may only have a small quantitative contribution by themselves, but they have the potential to spread across the entire country when groups from other regions visit and see their results.

(4) Mutual understanding promotion effect through various schemes. It goes without saying that aid modalities and efforts that focus on human resources, such as training projects (including youth exchange projects), Japan Overseas Cooperation Volunteers, acceptance of foreign exchange students, etc., promote mutual understanding. In addition, grassroots grant aid also promotes understanding at the private level, and forming relations through technology transfer and consulting also has a strategic effect in promoting mutual understanding.

7. Appropriateness of Processes

These results have come about because the process of creating and implementing the Economic Cooperation Program for China was appropriate. We would especially like to emphasize the following points:

(1) The well-organized request for projects by the Chinese side that emphasized policy needs and the ability of local areas to accept the projects. Strong ownership and implementation were also keys to success because they helped to let all within the

government know about Japan's cooperation policy.

(2) Efforts to provide aid despite strong domestic Japanese criticism to ODA provided to China and reduced ODA budgets. Especially, thorough selection and concentration when adopting projects.

(3) Well-established implementation system in both countries; especially in terms of the acceptance system for cooperation responding to respective schemes and the existence of the ODA task forces.

(4) Stable and continuous management and follow-up of projects by the Japanese side.

(5) Creation and implementation of projects based on the utilization of past economic cooperation for China; e.g., human resource development projects based on previous technical projects).

8. Items for Consideration

From the above, it can be deduced that the relevance, effectiveness and appropriateness of processes for the Economic Cooperation Program for China are all within satisfactory ranges. However, it is because of this that we must ask the question whether the cumulative efforts and results of conventional cooperation can be utilized for the future development of China and continued amicable Sino-Japanese relations. We believe that the following points need special consideration:

(1) The accelerated decrease in the scale of cooperation caused by the ending of new loan assistance.

(2) Independence of completed projects, and coping with projects that have insufficient maintenance system for the supplied materials and equipment.

(3) An integrated project adoption method that can keep up with the speed of the changes in the Chinese economy and society.

(4) Policy dialogue, especially dialogue concerning changes in cooperation Programs and sharing of information with China as a donor.

(5) A monitoring system that can keep up with small scale and distributed projects spread across the wide expanse of China.

9. Lessons and Recommendations

In this evaluation study we evaluated Economic Cooperation Program for China from the three viewpoints of "relevance of policies," "effectiveness of results" and "appropriateness of processes."

Because the Economic Cooperation Program for China largely matches Japan's higher level policies, China's development policies including the 5-year plans, and international challenges such as the Millennium Development Goals (MDGs), it can be said that the "relevance of policies" has been sufficiently achieved. It can also be said that Japan has been supporting the necessary fields according to Chinese needs and in comparison with other donors. Furthermore, the six emphasized fields in the Economic Cooperation Program for China make it easier to acquire the understanding of the Japanese people for the Economic Cooperation Program for China, so that the contents are beneficial for both Japan and China.

It can be said that the "effectiveness of results" was high as is demonstrated by the strong feelings of gratitude expressed by many Chinese officials interviewed. The projects that were implemented conformed to the emphasized fields in the Economic Cooperation Program for China. In addition, they were the results of the efforts made in thorough "selection and concentration" in a situation in which the overall economic cooperation budget is shrinking. Some examples of special note are the utilization of past cumulative cooperation, the increase in propagating effects through the creation of successful models, cooperation between aid modalities, creation of projects aimed at combined development effects, cooperation between diverse participants, etc.

These development results have been supported by the "appropriate processes" in the planning and implementation of cooperation with China. The pillars of this have been implementation system in both Japan and China that have been based on the many years of cooperation, the strong ownership and implementation ability of the Chinese government, and Japan's steady and continuous project management and follow-up.

Based on the above considerations, Japan has been planning and implementing cooperation that meets the needs of China, and the cooperation can be assessed as having been effective. This long-term economic cooperation has led to more vital private activities between the two countries and have contributed to the mutual understanding of the two peoples. They have been beneficial for both Japan and China.

Conversely, there are a number of tasks that must be tackled. First, a flexible organization for the creation, adoption and implementation of projects that can cope with the fast changes in China's society and economy is necessary. Second, the six-year-old Economic Cooperation Program for China must be reviewed. Efforts to utilize the results of cooperation to date in the future are necessary. Third, the monitoring system must be reinforced to cope with the trend towards many small scale projects being spread over a wide expanse. Fourth, publicity and awareness raising activities must be improved to share the results of cooperation between Japan and China. Fifth, with the end of the provision of new loan and the integration of JICA and JBIC, thorough exchange of opinions with China is necessary.

JICA and JBIC are scheduled for integration in October 2008. It is hoped that integration will lead to the use of the features and experience of both organizations in the creation of projects, their implementation, monitoring, promotion and other related work, so that a greater total effectiveness is achieved. New projects based on loan assistance in China have ended. However, existing projects will continue for the next ten years or so. Mutual cooperation between aid modalities has been attempted in China, and after the integration it is hoped that new developments (e.g., supplementary or derivative technical cooperation through monitoring) and more effective results will be manifested and made more efficient through the continued loan assistance projects.

<Recommendations>

1. Cooperation that focuses on emphasized fields

The current Economic Cooperation Program for China initially had six emphasized fields. However, as a result of considering the new ODA charter, creation of mid-term policies and China's steady development situation, grant aid has been focused on (1) fields that contribute to the solving of common problems that directly confront both the Japanese and Chinese, such as those involving the environment and infectious diseases, and (2) fields that contribute to the increased mutual understanding and exchange between Japan and China. In addition to these, technical cooperation has been centered on projects involving compliance with market economy and international rules, promotion of good governance, and projects that contribute to overcoming poverty. Within the focused fields of emphasis, many innovations have been made to improve the cooperation results, and by implementing multiple projects that are related to various fields we have been able to achieve synergy effects. It is important to continue to select projects based on "selection and concentration" in the future and expand the results of cooperation.

2. Effective utilization of existing assets

The Official Development Assistance to China that was the subject of this evaluation was supported by the assets acquired from the past cooperation. Assets mean the results of projects, and the human relations and trust that was developed through cooperation. These assets will allow us to accurately understand and predict the needs when forming future cooperation projects. In addition, the various research centers, training centers, hospitals and other facilities that were made with loan aid and grant aid in the past can become important bases for future cooperation. Furthermore, the human relations that were formed through technical cooperation projects, development studies and training can be the cooperation bases in intangible areas. The effective use of precious assets will become even more important after the next fiscal year when the provision of new loan is ended.

The following are necessary in order to effectively use the existing assets.

1) Maintaining the utility of assets

Some of the infrastructure, equipment and machinery that have been constructed and provided through loan aid and grant aid have grown old since they were completed and/or provided. If these are no longer used and left unused, then the effectiveness of the cooperation will be halved. In order to avoid such a situation, follow-up is necessary. For example, the current condition must be understood in follow-up work, the roles of the Japanese and Chinese sides should be discussed, and Japan should clarify the areas in which it should provide further aid. We hope that the integration of JICA and JBIC will lead to the effective use of their know-how for more effective, more efficient, and flexible methods of coping with these matters.

2) Creating projects that utilize assets

Projects should be created that sufficiently use the existing tangible and intangible assets. There are many examples of cooperation between schemes in China. In considering the integration of JICA and JBIC, the future calls for more aggressive creation of projects. Although the provision of new loan is ended, there are many good projects that are under way. These projects are scheduled to continue for about ten years, and there is a high possibility that such projects will bear new possibilities.

3. Long-term mutual understanding utilizing assets and the maintenance and development of friendly relations

The feature and superior point of Japanese cooperation is that within the cumulative assets acquired through our cooperation to date, we have been able to create intangible assets such as human relations and trust. This has been possible because, compared with other countries, we have always built in "soft" components such as the development of human resources, training, etc., so that there has been mutual exchange between the people of the two countries in every project. It goes without saying that this is true of technical cooperation centered on development of human resources and training for the purpose of transferring and spreading skills. In addition, from the point of creating new projects, aspects such as cooperation between grant aid projects and technical cooperation, and building in "soft" components in loan aid and grant aid projects are included. These relations between our two peoples that have been built through such efforts and innovations are difficult to develop through short-term missions, and they will contribute to the maintenance and development of the long-term mutual understanding and friendship between the two countries. In order to maintain good relations between Japan and China, we must maintain and utilize the human relations that have been cultivated and the exchange of human resources that made them possible. Furthermore, they should be used to lead to further mutual understanding and maintenance of friendly relations.

4. Maintaining a scale of cooperation that meet the needs

In order for the mutual development of Japan and China and to maintain our mutually beneficial relationship, economic cooperation for China should be continued as much as possible as a channel between the two governments. Although the provision of new loan is ended, the results of cooperation should be considered for the cooperation that continues,

and a certain scale should be maintained to meet the needs in China. A certain level of cooperation is necessary in order to maintain the value of our past cooperation and to utilize them in the future.

5. Cooperation between aid modalities and cooperation that utilizes the features of schemes

As was the case in the past, it is important to utilize the features of each aid modalities and maintain cooperation between aid modalities, in order to aim to improve the cooperative effects of programs. With the integration of JICA and JBIC, smooth cooperation from the start of creating projects will be possible.

With respect to grant aid, this evaluation has also confirmed that greater effect can be further expected when "soft" components such as training are introduced, and when grant aid is combined with technical cooperation.

Concerning technical cooperation, the transfer and spreading of specialized skills was the core of cooperation up until now. In recent years, the focus has been moving towards creating and improving systems to fix the transferred and spread skills into the various organizations and regions, and the new efforts in these areas are beginning to produce results. It is said that China is able to absorb policy knowledge, but is still weak in its systems to spread that knowledge to the lower levels.

Grassroots and Human Security grant aid is the best aid for the direct beneficiaries in China and is a fast and visible form of aid. JICA Partnership Program is a type of aid in which Japanese citizens can become involved in and that will promote mutual understanding between the two countries. Both of these are achieving results by utilizing their features.

6. A flexible project creation and implementation system that can cope with the fast change in China

The weakness of Japanese cooperation that the Chinese pointed out at many occasions in this evaluation study was that the process of creation of projects of Japan took longer duration than other donors, and that the implementation organizations lacked flexibility. Because these were directly indicated, we must quickly consider changes for 1) year-around studies for needs and 2) simplification of procedures for making changes after projects are initiated. With respect to small scale projects, such as grassroots grant aid, it is also worthwhile to consider the adoption of projects by overseas organizations.

7. Reviewing the monitoring system

Because it is certain that projects will become smaller and more spread out in a country with as much land area as China, it is necessary to review our monitoring system, including the assignment of personnel. In this survey, we found that local JBIC offices were doing advanced work, and that there was an effort at the embassy to use grassroots grant aid projects as the bases to monitor other projects. Under an integrated JICA and JBIC organization, it will be necessary to construct a more efficient monitoring system.

8. Coping with diversified cooperation bodies

As we have seen in the handling of global problems, non-governmental organizations, local governments, universities and private companies have cooperated with international organizations in order to cope with the problems. At the same time, CSR activities in Japan's private companies are also expanding. After the provision of new loan is ended, there is room to consider cooperation with OOF and private funds. For example, there is a possibility that a cooperation style that did not exist could be created, such as in which the funding is not through economic aid, but when an activity uses the fund, technological cooperation based on economic aid is combined. With a wide range of players, economic support should play a flexible role.

The first thing to handle is the concentration and providing of information. Basic information concerning what kinds of groups are conducting what kind of cooperation in which place must be collected and analyzed, and then such information must be provided. This will be the key to cooperation. Cooperation between aid bodies will lead to an even larger aid effect. The integration of JICA and JBIC is a good chance to organize the information concerning economic cooperation for China.

9. Reinforcing publicity activities

We found in this study that press coverage about Japanese economic cooperation has been increasing in recent years in China. This was especially true in regions where Grassroots and Human Security grant aid was provided, and the local media were expressing their gratitude for Japanese cooperation. The fact that such press coverage is being made in China is hardly reported at all in Japan. With respect to publicity activities in Japan, the Ministry of Foreign Affairs is playing the central role and receives cooperation from the Japanese Embassy and implementing organizations. However, it cannot be said that publicity targeting the Japanese national is sufficient. It is important to let the Japanese people know the effects and importance of Japan's economic aid to China.

At the same time, with respect to publicity in China, the Japanese Embassy and implementing organizations are making many innovations. These efforts must be continued, and we hope that publicity with a clear target audience and clear goals will be developed by focusing the targets and making reference material that will explain Japan's overall cooperation (instead of explaining one particular aid modality) in a simple manner. The integration of JICA and JBIC is also a good opportunity from the viewpoint of reinforcing the publicity activities for economic aid to China.

10. Consider cooperation with China as a donor country

Since the 1960s China has been providing aid to developing countries, mainly those in Africa. In the latter half of the 1990s it doubled its aid amount and it is becoming more active. Although China is not yet a member of the OECD (as of March 2008), because of its rapid economic growth and technological development, Japan should discuss and consider the possibility of cooperation with China as a donor country. The Chinese government is also conducting training for Asian and African countries, and some of that

cooperation is using the Sino-Japanese Friendship Environmental Preservation Center and Sino-Japanese Friendship Hospitals which were built with Japanese cooperation. Because of this, we believe there is room to consider Sino-Japanese cooperation for third world aid that uses bases that were built with Japanese cooperation.

11. Implementation of an overall evaluation

The year 2008 is the 30th anniversary of the Japan-China Peace and Friendship Treaty. Loan aid that was the core of economic aid to China is coming to an end. In addition, the meaning of economic aid to China is changing. We believe that the timing is right for a general evaluation of Japanese economic aid for China since it was started. It would be even better if it were a Japanese-Chinese joint evaluation.

12. Creating a new Economic Cooperation Program for China

Six years have passed since the Economic Cooperation Program for China was created. Chinese society and economy have changed rapidly during that time. With the end of the provision of new loan, we believe that it is an opportune time to create a cooperation policy for the development of both Japan and China. It is required that such a policy be aimed at contributing to the mutual benefit of the two countries. For example, when we consider the past and present trends in international society and Sino-Japanese relations, cooperation that contributes to the following items should be considered:

- Coping with global scale problems, such as environmental problems that are not limited by national boundaries, climate change, infectious diseases, etc.
- China's compliance with the rules of international society, such as assuring food safety, protecting intellectual property rights, etc.
- Reforming systems aimed at maintaining stability and modernizing Chinese society.
- Promotion of multinational cooperation centered on the Asia-Pacific region.