

Third Party Evaluation 2007
The Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of Nicaragua -Summary-

March 2008

Preface

This report is a summary of the Evaluation of Country Assistance Evaluation of Nicaragua 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.

This evaluation study was conducted to evaluate relevance, effectiveness and appropriateness of Japan's ODA implemented since Country Assistance Plan for Nicaragua was made in 2002, and to obtain lessons and make suggestions for enhancing policy formulation and implementation of development interventions in the future as well as achieving accountability.

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. Prof. Tatsufumi Yamagata, Director, Development Strategies Studies Group Development Studies Center/ Professor, Institute of Developing Economies (IDE), was in charge of this evaluation.

Prof. Takashi Tanaka, Professor, Deputy Dean of College of International Studies at Chubu University, being an advisor to the study, made enormous contribution to this report. Likewise, the Ministry of Foreign Affairs, the Japan International Cooperation Agency (JICA), the Japan Bank for International Cooperation (JBIC) and the ODA Taskforces¹ also gave their cooperation. We would like to take this opportunity to express our sincere gratitude to 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

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 Nicaragua.

coordination. 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.

March 2008

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Outline

1. Result of Evaluation

(1) Relevance of Policies

The compatibility between the Country Assistant Program for Nicaragua and the ODA policies, the national development plans of Nicaragua and international development priorities is fairly high in general. Also, the division of work among different donors is effectively implemented through the opportunities of donor coordination.

(2) Effectiveness of Results

The activities in the priority area of Japan's ODA to Nicaragua (i.e. 1) Agriculture and Rural Development, 2) Health and Medical Care, 3) Education, 4) Roads and Transport Infrastructure, 5) Support for Democratization, 6) Disaster Prevention) has been effectively implemented as a whole. Especially, the Japan's cooperation in "Agriculture and Rural Development," "Health and Medical Care," "Education," "Roads and Transport Infrastructure," can be concluded highly effective from the viewpoint of its performance, amount of financial contribution, improvement of macro and regional development indices. Moreover, effective assistance has been made for "Support for Democratization" and "Disaster Prevention" through such projects as clearance anti-personnel mines and emergency assistance in the aftermath of disasters caused by Hurricanes.

(3) Appropriateness of Processes

No significant problems are identified in the process of formulating the Country Assistant Plan. Also, the implementation process of the Plan can be concluded appropriate in terms of Japan's implementation structure, project finding and adoption, and monitoring and evaluation. On the other hand, the lack of sufficient number of ODA staff members as well as their experience remains a challenge and should be complemented through the improvement of implementation structure.

2. Recommendations

(1) Response to New Needs

In Nicaragua, new development needs such as energy shortage, environmental issues and public security have emerged in recent years. These needs are not addressed in the Country Assistance Program, and Japan should be well prepared for the possibility of meeting them in the future.

(2) Strengthening of the Assistance Implementation System

It is necessary to develop an efficient assistance system with relatively small number of staff members through collection of information at home and abroad and accumulation of experience with every available means.

(3) Utilization of Ingenuity of the ODA Task Force: Experience in Nicaragua

It is learned from the experience of Nicaragua that the activities of ODA Task Force can be reinforced through utilizing the ingenuities which are observed in the practice of grassroots/human security grant aid projects.

(4) Donor Coordination to Maintain the Japan's Presence

Considering the likelihood of the decrease in Japan's total ODA budget in coming years, the necessity of data collection and provision in donor coordination should be actively promoted to maintain the presence of Japan, especially in non-African low to middle income countries such as Nicaragua.

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Country Assistance Evaluation of Nicaragua

Country Assistance Evaluation of Nicaragua	
2. Country: Nicaragua	
3. Evaluators: (1) Chief: Prof. Tatsufumi Yamagata, Director, Development Strategies Studies Group Development Studies Center/ Professor, Institute of Developing Economies (IDE) (2) Advisor: Prof. Takashi Tanaka, Deputy Dean of College of International Studies, Chubu University (3) Consultant: International Development Center of Japan	
4. Period of Evaluation Survey: July 2007 – March 2008	
5. Descriptions of Evaluation: <u>(1) Evaluation Objective:</u> <ol style="list-style-type: none"> 1. Comprehensive evaluation of Japan's assistance policies, primarily the country assistance program, for Nicaragua to obtain lessons and recommendations which will contribute to the planning of policies for future Japanese assistance for Nicaragua as well as for Japan's assistance in general and also to the efficient and effective implementation of assistance 2. Fulfilment of the government's accountability to Japanese taxpayers by publishing the evaluation results 3. Provision of useful information for the future development of Nicaragua through the feeding back of the evaluation results to the Government of Nicaragua and other donors 4. Contribution to public relations concerning Japan's assistance for Nicaragua <u>(2) Evaluation Scope:</u> Japan's assistance policies for Nicaragua since the formulation of the Country Assistance Program for Nicaragua (2002) <u>(3) Evaluation Framework:</u> Japan's assistance policies have been comprehensively reviewed from the three criteria of the "relevance of the policies", "effectiveness of the results" and "appropriateness of the process" based on the ODA Evaluation Guidelines Version 3 published by the Ministry of Foreign Affairs of Japan (May, 2006) and subsequent debates at the External Advisory Meeting on ODA Evaluation.	

6. Evaluation Results:

(1) Relevance of policies:

The Country Assistance Program for Nicaragua maintains a high level of compatibility with the ODA policies of Japan. However, assistance for projects covering a wide area was not clearly defined as a desirable course of action at the time of the program's formulation and the description of this type of assistance is quite limited in the program. This type of assistance should be clearly incorporated when the current program is revised in the future.

The program is also highly compatible with the national development plan of Nicaragua as well as international priority development themes typified by the Millennium Development Goals.

In regard to other donors, there is a natural division of work or specialization as the relative advantages of each donor have been recognized through opportunities for official donor coordination. Those donors promoting sector wide approaches (SWAPs) hope to see stronger collaboration and information sharing with Japan.

(2) Effectiveness of results:

In the agriculture and rural development sector, Japan has been providing both hard and soft assistance, such as the provision of equipment and strengthening of the system for economic development in rural areas and improvement of the livelihood of small farmers. The Second Kennedy Round (2KR) aid which has been provided every year except in 2004 and 2006 since its commencement in 1989 involves a fairly large amount of aid money among the various aid schemes of Japan. Meanwhile, the Study to Develop Markets for Agricultural and Livestock Products and the PROGANIC (Project for Productivity Improvement of Small Livestock Farmers) conform to the objectives of assisting the economic growth of Nicaragua.

In the health and medical care sector, Japan's grant aid to Nicaragua accounts for 27.5% of the entire grant aid provided to Nicaragua from 2003 to 2007 and is placed first in its volume. At an interview at the Ministry of Health, special praise was expressed for Japan's contribution to health and medical care services in Nicaragua and also to the improved access to such services through the Granada Hospital Construction Project and the Boaco Hospital Construction Project. The good reputation of Japan's assistance for the health and medical care sector has been confirmed. In regard to the Study for the Project for the Medium to Long-Term Improvement of Water Supply Facilities in Managua, this study may become the foundation for coordination with other donors as the World Bank is now examining the feasibility of formulating and implementing a project which takes the contents and recommendations of this study into consideration.

In the education sector, Japan's grant aid to Nicaragua accounts for 32.9% of the entire grant aid provided to Nicaragua from 2003 to 2007 and is placed first in its volume. The Japanese scheme of constructing and rehabilitating a wide range of basic educational facilities in a concentrated manner has been highly praised by the Ministry of Education as a model for foreign aid for this sector. The PROMECM (Project for Improved Arithmetic Teaching Ability in Primary Education) is highly evaluated by the Government of Nicaragua as symbolized by the decision of the Minister of Education to (i) apply the teaching method developed by the PROMECM at all teacher training colleges and (ii) make the Ministry of Education finance the nationwide use of the textbooks developed

under the PROMECEM.

Japan's assistance for the roads and transport infrastructure sector in Nicaragua is highly evaluated because of the facts that Japan has consistently provided assistance for the reconstruction of many bridges and the construction/rehabilitation of roads since 1995 and that the quality of the roads and bridges constructed by Japan is very high. In addition, the amount of Japan's grant aid from 2003 to 2007 is placed third among those of bilateral donors.

In terms of support for democratization, assistance to clear anti-personnel mines has been provided using the counter fund. This assistance is supporting the Government of Nicaragua in its efforts to achieve its promise to the world that all anti-personnel mines will be cleared by May 2009.

Assistance for the disaster prevention sector has been provided on a case by case basis in recent years, principally featuring emergency assistance in the post-disaster period. For example, the swift assistance following the destruction caused by Hurricane Felix in 2007 was highly appreciated by the Government of Nicaragua. In addition to emergency assistance, assistance involving the transfer of preventive technologies has been provided to foster disaster prevention awareness and/or to mitigate disaster damage. The Project to Assist the Mitigation of Natural Vulnerability and the Development of Rural Communities in Villanueva is one example.

In July 2004, Japan relieved the entire yen loans for the Government of Nicaragua (¥12,918 million) based on the debt reduction scheme under the HIPC Initiative. Given the fact that the macroeconomic indices of Nicaragua have turned to the better, this debt reduction must have made a positive contribution to Nicaragua's economy.

In short, it can be concluded that Japan's assistance has generally produced fairly effective results.

(3) Appropriateness:

The actual process of formulating the country assistance program is highly appraised because the program was formulated with consideration of the development plans of Nicaragua, trends of other donors, ODA Charter and Medium-Term ODA Policy at the time as well as the performance of Japan's previous assistance efforts. Government officials in Nicaragua fully understand the priority sectors and issues for Japan's ODA. One shortcoming is that the details of Japan's ODA policies have not been sufficiently conveyed to the Government of Nicaragua and other donors because of the absence of either an English or Spanish translation of the country assistance program for Nicaragua. The process adopted by Japanese stakeholders to implement the country assistance program for Nicaragua is considered to be appropriate. Coordination as well as communication is sufficiently maintained within the ODA Task Force for Nicaragua and the coordination between the Ministry of Foreign Affairs proper and the ODA Task Force for Nicaragua is good as information is exchanged when required.

Meanwhile, it is necessary to enhance the strength and experience of staff members engaged in ODA. Should the staff strength remain comparatively low, it will be essential to enhance the functions of the various ODA schemes so that more effective assistance can be achieved with a small number of staff. The staff strength of the JICA overseas office in Nicaragua has been kept low. Given the fact that the number of ODA projects in Nicaragua is showing an increasing trend, the effective and efficient implementation of assistance may become difficult in the future.

The project formulation and approval processes are generally highly appraised by government officials in Nicaragua. Special praise is given to the uniqueness and effectiveness of the project formulation and approval processes for the grassroots and human security grant aid schemes, as monthly explanatory meetings of the schemes are properly held to which various groups and organizations in Nicaragua are invited and a detailed table of selection check points is effectively used.

The monitoring and evaluation of Japan's aid projects have been adequately conducted. The Embassy of Japan in Nicaragua must be praised for its systematic efforts to monitor Japan's grassroots and human security grant aid projects in Nicaragua as a leading practitioner of such monitoring among Japanese embassies worldwide. In regard to the issue of effective liaison and coordination with the Government of Nicaragua, interviews at Nicaraguan government offices found that most have good understanding of Japan's aid policies and procedures because of the fact that these have been fully explained. Checking of the contents of requests made by the Government of Nicaragua verified that projects which are considerably not in line with Japan's aid policies are not requested, indicating good communication between the two countries. The Nicaraguan system to receive Japanese assistance can be described as being in place as policy advisors have been assigned to the External Economic Cooperation Agency of the Ministry of Foreign Affairs and the Ministry of Livestock and Agriculture to assist the understanding of staff members of how to apply for the various aid schemes of Japan and how to follow the implementation procedure.

Information exchange with other donors is conducted at donor meetings which are jointly organized by the ODA Task Force and the Government of Nicaragua. At these meetings, information is exchanged with other donors through official reporting of the implementation situation of Japanese ODA projects by members of the ODA Task Force for Nicaragua. It is hoped that more active exchange of information will take place officially and unofficially between those officials of Japan and other donors who are assigned to specific fields.

Coordination between the different aid schemes of Japan is principally conducted through skull sessions (meetings for the exchange of opinions) attended by the Secretary (in charge of economic cooperation) of the Embassy of Japan, members of the JICA Office, experts and JOCV members. There is a higher level of coordination in Nicaragua between those involved in technical cooperation projects and JOCV members than in other countries and their strategic efforts must be highly evaluated.

7. Recommendations

(1) Recommendations for ODA for Nicaragua

(1-1) Response to New Needs

New needs for external assistance which are not listed as priority issues by the existing country assistance program have emerged in Nicaragua in recent years (in relation to energy, the environment and public order, etc.) It is necessary for Japan not to exclude these issues from the scope of future assistance.

(1-2) Strengthening of the Assistance Implementation System

In Nicaragua where donor coordination is progressing, it is essential for Japan to gather vital information at home and abroad and to improve the expertise of staff members by

all possible means with a view to providing effective assistance with limited staff strength.

(2) Recommendations for Japan's ODA in General: Assistance for Non-African Low Income Countries

(2-1) Utilization of Ingenuity of the ODA Task Force: Experience in Nicaragua

It is important to vitalize the ODA Task Force in general by encouraging original ideas as in the case of the implementation method for grassroots and human security grant aid in Nicaragua.

(2-2) Donor Coordination to Maintain the Japan's Presence

In view of the potential reduction of the aid amount by Japan in the coming years, it is essential for Japan to actively join the circle of donor coordination to proceed with the gathering and provision of information to maintain the sense of Japan's presence.

(Note: The opinions expressed in this summary do not necessarily reflect the views and positions of the Government of Japan or any other institutions.)

1. Evaluation Implementation Policy

1.1 Background and Objectives

Japan first established diplomatic relations with Nicaragua in 1935. While relations were suspended during the Second World War, they recommenced in 1952. The relations between Japan and Nicaragua has been amicable and all trade has gradually expanded since the shift to civilian rule in 1990. Human exchanges (in the form of cultural and other activities) in the public and private sectors have been developing to maintain the good relationship fostered by Japan's financial and technical cooperation. Japan formulated the Country Assistance Program for Nicaragua in 2002 and has been providing ODA (Official Development Assistance) primarily for six identified priority sectors: (1) agriculture and rural development, (2) health and medical care, (3) education, (4) roads and transport infrastructure development, (5) support for democratization and (6) disaster prevention. The time to review this assistance program is now approaching as five years have passed since its formulation. Taking this opportunity, it has been decided to conduct a general evaluation of Japan's ODA for Nicaragua. This evaluation has the following four principal objectives.

- (1) Comprehensive evaluation of Japan's assistance policies, primarily the Country Assistance Program for Nicaragua, to obtain lessons and recommendations which will contribute to the planning of policies for future Japanese assistance for Nicaragua as well as for Japan's assistance in general and also to the efficient and effective implementation of assistance
- (2) Fulfilment of the government's accountability to Japanese taxpayers by publishing the evaluation results
- (3) Provision of useful information for the future development of Nicaragua through the feeding back of the evaluation results to the Government of Nicaragua and other donors
- (4) Contribution to public relations concerning of Japan's assistance for Nicaragua

1.2 Scope of Evaluation

The evaluation covers Japan's ODA for Nicaragua since the formulation of the Country Assistance Program for Nicaragua in 2002. To be more precise, the evaluation exercise examines all technical cooperation projects, grant aid projects, development studies and all other ODA projects which have been implemented or scheduled to be implemented from FY 2002 to FY 2007 (Table 1).

Table 1 List of ODA Projects by Priority Sector

Priority Sector	Project Title	Year	Aid Modality
Agriculture and Rural Development	Assistance for Poor Farmers	2005	Grant Aid
	Provision of Farm Road Construction Equipment	2004	Grant Aid
	Aid for Increased Food Production	2003	Grant Aid
	Aid for Increased Food Production	2003	Grant Aid
	Aid for Increased Food Production	2002	Grant Aid
	Contribution to WFP (CSB and Pulses)	2006	Financial Contribution to WFP
	Food Aid (Contribution to WFP)	2005	Financial Contribution to WFP
	Project to Improve the Productivity of Small Livestock Farmers (PROGANIC)	2005-2010	Technical Cooperation
	Project to Assist the Introduction of New Agricultural Crops	2003-2004	Technical Cooperation
	Project to Assist Biological Pest Control Techniques	2002-2005	Technical Cooperation
	Study to Develop Markets for Agricultural and Livestock Products	2003-2004	Development Study
	Grassroots Projects in the Agriculture and Rural Development Sector (38 Projects)	2002-2006	Grassroots/Human Security Grant Aid
	Health and Medical Care	Boaco Hospital Construction Project	2006
Boaco Hospital Construction Project (Detailed Design)		2005	Grant Aid
Project for Construction of Health Centre in Two Western Departments		2004	Grant Aid
Provision of Equipment for Nursing Education		2004	Grant Aid
Grant Aid for the Immunization Expansion Program of the UNICEF		2003	Grant Aid
Child Health Enhancement Project: Phase III		2002	Grant Aid
Health Centre Construction Project for Areas Along the Pacific (Phase II)		2002	Grant Aid
Adolescent Reproductive Health Enhancement Project		2005-2009	Technical Cooperation
Project to Strengthen the Health Service in Granada		2000-2004	Project-Type Technical Cooperation
Study for the Long-Term Water Supply Project in Managua		2003-2005	Development Study
Grassroots Projects in the Health and Medical Care Sector (38 Projects)		2002-2006	Grassroots/Human Security Grant Aid
Education	Basic Educational Facilities Construction Project in Rivas, Boaco and Chontales Departments (Phase II)	2006	Grant Aid

	Basic Educational Facilities Construction Project in Rivas, Boaco and Chontales Departments (Phase I)	2005	Grant Aid
	Basic Educational Facilities Construction Project in Managua Department (Phase III)	2005	Grant Aid
	Basic Educational Facilities Construction Project in Managua Department (Phase II)	2004	Grant Aid
	Basic Educational Facilities Construction Project in Managua Department (Phase I)	2003	Grant Aid
	Second Primary Schools Construction Project (Phase III)	2002	Grant Aid
	Project to Improve the Arithmetic Teaching Capacity in Primary Education (PROMECEM)	2006-2010	Technical Cooperation
	Grassroots Projects in the Education Sector (98 Projects)	2002-2006	Grassroots/Human Security Grant Aid
Roads and Transport Infrastructure	Project to Reconstruct Main Bridges on National Route 7 (Detailed Design)	2006	Grant Aid
	Guasale Bridge Reconstruction Project (Phase III)	2002	Grant Aid
	Grassroots Projects in the Roads and Transport infrastructure Sector (17 Projects)	2002-2007	Grassroots/Human Security Grant Aid
Support for Democratization	Emergency Grant Aid for the Election of the President and Members of Parliament in Nicaragua (via Organization of American States)	2006	Emergency Grant Aid
	Grassroots Projects in the Support for Democratization Sector (3 Projects)	2002-2006	Grassroots/Human Security Grant Aid
Disaster Prevention	Emergency Aid for Disaster Caused by Localized Torrential Rain	2004	Emergency Disaster Relief
	Participatory Forest Management Project	2005-2010	Technical Cooperation
	Project to Assist the Mitigation of Natural Vulnerability and the Development of Rural Communities in Villanueva	2003-2008	Technical Cooperation
	Study for the Project to Develop Disaster Prevention Map and Information Basis	2003-2006	Development Study
	Study for the Project to Diagnose the Vulnerability of the Major Road Network to Natural Disasters and to Prevent Road Disasters	2001-2002	Development Study
	Study for the Project for the Management of Disaster Prevention Forests in the North Pacific Coast Area	2000-2004	Development Study
	Grassroots Projects in the Disaster Prevention Sector (3 Projects)	2002-2006	Grassroots/Human Security Grant Aid

Others	Fisheries Facilities Construction Project for San Juan del Sur	2005	Grant Aid
	Non-Project Grant Aid	2005	Grant Aid
	Non-Project Grant Aid	2004	Grant Aid
	Provision of Musical Instruments for the Nicaragua National Orchestra (Cultural Grant Aid)	2004	Grant Aid
	Non-Project Grant Aid	2003	Grant Aid
	Provision of Sports Equipment for the Nicaragua Youth Sports Agency (Cultural Grant Aid)	2003	Grant Aid
	Provision of Acoustic Equipment for the Leon Municipal Theatre (Cultural Grant Aid)	2002	Grant Aid
	Debt Relief	2004	Loan
	Other Grassroots Projects (32 Projects)	2002-2006	Grassroots/Human Security Grant Aid

1.3 Evaluation Framework

The evaluation has been conducted from three evaluation criteria: “relevance of policies”, “effectiveness of results” and “appropriateness of processes”. The first step consisted of the arrangement of all Japan’s ODA projects for Nicaragua which were implemented or scheduled to be implemented in the period from FY 2002 to FY 2007 in terms of the relationship between the “objectives” and “means” and an objectives chart of the ODA was prepared (Fig. 1). The evaluation is entirely based on this chart. The more concrete study contents of these three criteria are explained as follows.

(1) Relevance of Policies

Evaluation of (i) the compatibility of the contents of Japan’s Country Assistance Program for Nicaragua with the higher-level policies of Japan and the development plan(s) of Nicaragua and (ii) adequate division of work or specialization between the Japanese aid policies and those of major donors and international aid organizations

(2) Effectiveness of Results

Evaluation of whether or not the aid policies and aid activities of Japan have produced effective results for the achievement of the objectives. To be more precise, Japan’s ODA activities were classified in the six priority sectors of “agriculture and rural development”, “health and medical care”, “education”, “roads and transport infrastructure development”, “support for democratization”, “disaster prevention” and “others” to check the effectiveness and impacts of Japan’s ODA in each sector.

(3) Appropriateness of Processes

Evaluation of the appropriateness of the “formulation process” and “implementation process” of Japan’s Country Assistance Program for Nicaragua. This evaluation exercise

established who formulated and implemented the country assistance program through what procedure and under what kind of system and examined the smooth communication of stakeholders in the formulation process, appropriateness of the decision-making process, ownership of the Nicaraguan side, coordination with other donors and coordination between different ODA schemes.

Table. 2 Objective Tree of Japan's ODA to Nicaragua

Significance of Japan's ODA for Nicaragua	Goals of ODA Policies	Priority Sector	Contents of Assistance
<ul style="list-style-type: none"> • Sustainment of friendship and a cooperative relationship • Support for democratization • Assistance for LLDC 	Further progress of democracy and sustainable socioeconomic	Agriculture and rural development	<ul style="list-style-type: none"> • Poverty reduction in rural areas • Development of rural infrastructure • Fostering of agricultural organizations • Transfer of maintenance techniques and studies on related technologies • Better distribution and commercialization of agricultural products; expansion of their markets • Forest conservation; reforestation; water resources and soil management
		Health and medical care	<ul style="list-style-type: none"> • Improvement of infrastructure and equipment; strengthening of the maintenance capacity • Improvement of maternal and child health/reproductive health • Control of infectious diseases • Strengthening of the local health service • Development of human resources
		Education	<ul style="list-style-type: none"> • Improvement of the enrolment ratio for primary education • Vocational training
		Roads and transport infrastructure development	<ul style="list-style-type: none"> • Improvement of major trunk roads • Provision of equipment and transfer of technology for road maintenance • Advice on road disaster prevention
		Support for democratization	<ul style="list-style-type: none"> • Advice on institutional arrangements • Removal of anti-personnel mines
		Disaster prevention	<ul style="list-style-type: none"> • Development of an early warning system • Human resources development; transfer of technology • Strengthening of the local disaster prevention capacity
		Other	

2. Evaluation of Japan's ODA for Nicaragua

2.1 Relevance of Policies

2.1.1 Compatibility with Japan's ODA Policies

It can be concluded that the Country Assistance Program for Nicaragua (hereinafter referred to as "the Program") is generally compatible with the previous ODA Charter (1992 – 2003) and the previous Medium-Term Policy on ODA (1999 – 2005). The significance of the assistance for Nicaragua as indicated in the program (sustainment of a friendly relationship, support for democratization and assistance for a LLDC) is compatible with the philosophy and principles of the previous ODA Charter. The priority sectors for assistance for Nicaragua (agriculture and rural development, health and medical care, education, roads and transport infrastructure development, support for democratization and disaster prevention) are in line with the priority sectors especially detailed in the old Medium-Term Policy. It can also be concluded that the program in question is generally compatible with the new ODA Charter (2003 – present) and the new Medium-Term Policy on ODA (2005 – present). In connection with assistance for LLDCs, the new ODA Charter points out that while there are relatively developed countries in South and Central America, fragile countries still exist in these regions. Consequently, the new ODA Charter calls for cooperation which carefully considers intra-regional as well as domestic disparities. Such perception coincides with the purport of the program which calls for cooperation for Nicaragua based on the understanding that Nicaragua is one of the poorest countries in South and Central America.

The Japan-Central America Summit held in August 2005 adopted an Action Plan to realize the contents of the Tokyo Declaration which specified the medium to long-term guidelines for the relation between Japan and Central America. The evaluation has verified that this Action Plan is highly compatible with the Program. However, while the Tokyo Declaration and the Action Plan emphasize Japanese assistance for wide area cooperation, the description of wide area cooperation in the Program is limited, mainly because such a viewpoint was not established as a clear direction for Japan's ODA at the time of formulating the Program. Given the facts that the viewpoint of wide area cooperation has been well established at the implementation level and that projects adopting such a viewpoint are being formulated, this viewpoint should be incorporated at the time of the renewal of the Program.

2.1.2 Compatibility with the Development Plans of Nicaragua

(1) Compatibility with the SGPRS (Strengthened Growth and Poverty Reduction Strategy: 2002 – 2005)

The SGPRS states four priority themes and three cross-cutting themes and lists concrete development goals for each theme. Such priority themes of the SGPRS as "economic growth" and "investment in human capital" are highly compatible with the contents of the Program. In connection with "economic growth", increase of the agricultural productivity

and improvement of the living environment in rural areas are highly compatible with the SGPRS. At the implementation level, there are many projects which are highly compatible with the SGPRS, including assistance for poor farmers, assistance for increased food production, construction of farm roads under the grassroots/human security grant aid scheme and drinking water supply projects in rural areas.

In regard to “investment in human capital”, Japan’s assistance is highly compatible with the SGPRS because of its strong emphasis on education and health care.

(2) Compatibility with the NDP (National Development Plan 2006 – 2010)

The priority themes of the NDP which are highly compatible with the Program are “the development of human capital and social protection” and “the development of productive and social infrastructure”. The latter is especially compatible with the three priority sectors identified by the Program for development, namely “roads and transport infrastructure”, “education” and “health and medical care”. However, it must be noted that the Program only lists roads and transport infrastructure as physical infrastructure and does not address such other productive and social infrastructure listed in the NDP as water supply and power supply (electrification).

2.1.3 Compatibility with International Priority Themes

The Millennium Development Goals (MDGs) which represent the international approach to the progress of developing countries consist of eight goals to be achieved by 2015. The Program is particularly compatible with “Goal 1: eradication of extreme poverty and hunger”, “Goal 2: achievement of universal primary education”, “Goal 4: reduction of child mortality”, “Goal 5: improvement of maternal health” and “Goal 6: combating of HIV/AIDS, malaria and other diseases”.

2.1.4 Compatibility with ODA of Other Donors

The priority sectors identified by the ODA policies of other major donors supplement all of the priority sectors/issues indicated in the Program.

Although the IDB (Inter-American Development Bank) and the World Bank are the only organizations which list “the stable growth of the macroeconomy” as a priority sector, positive contributions are being made in this sector by Japan and other donors through debt relief under the HIPC Initiative. Japan is playing a major role in the development of socioeconomic infrastructure, particularly the construction and repair of roads and bridges.

In the agriculture and rural development sector, while the number of donors targeting this sector as a priority sector is smaller than those for other sectors/issues (education, health and governance), there is a distinctive trend towards program-based common fund type assistance centering on the PRORURAL (Sector Program for the Development of Rural Productivity).

In the education and health sectors, all donors clearly mention these sectors in their ODA policies because these are the sectors with the highest priority in Nicaragua. However, not many donors are concentrating on infrastructure development in the form of the construction of school and hospitals like Japan and the importance of the Japanese assistance in these sectors is undisputable.

The issue of governance is included in the ODA policies of all major donors. Special emphasis is placed on this issue by a group of donors promoting financial assistance. Not many donors list the environment, including natural disaster prevention measures, as a priority sector. As such, the ODA policy of Japan for this sector, primarily featuring disaster prevention, is extremely important.

A gradual shift of the mode of assistance by several major donors towards financial support and sector wide approaches (SWAPs) in the agriculture, health and education sectors has been seen in recent years. Donors participating in these efforts tend to show a certain level of understanding of Japan's ODA policy centering on project type assistance and are seeking to strengthen their coordination and to share information with Japan.

2.2 Effectiveness of Results

2.2.1 Agriculture and Rural Development

The financial scale of the assistance for the agriculture and rural development sector is ranked third after the education sector and health sector in Japan's ODA for Nicaragua. The policy of the Program for agriculture and rural development in Nicaragua aims at fundamentally solving the problem of poverty, and Japan has been assisting the production activities of small farmers in rural areas along with the provision of food aid. In more recent years, gradual emphasis has been placed on assistance to capitalize on the export potential of local agricultural products in line with the DR-CAFTA (Dominican Republic – Central America Free Trade Agreement) and the FTAA (Free Trade Area of the Americas).

The past performance of Japan's ODA for the agriculture and rural development sector shows that Japan has been providing both hard assistance in the form of the provision of equipment and soft assistance in the form of the strengthening of skills and institutional arrangements for the purpose of promoting the rural economy and improving the standard of living of small farmers. In the field of hard assistance, fertiliser is provided under the Second Kennedy Round (2KR) scheme. Gravel paving for farm roads is improved along with the provision of equipment for farm road improvement under the general grant aid scheme as well as the grassroots/human security grant aid scheme. In the field of soft assistance, four technical cooperation projects were implemented between FY 2002 and FY 2006.

The 2KR assistance which has been provided every year except for FY 2004 and 2006 since 1989 involves large financial input among Japan's various aid for the agriculture sector. In the last few years, only fertiliser has been procured with this 2KR assistance and

the quantity of fertiliser procured is around 10,000 to 12,000 tons a year, accounting for some 10% of the total quantity of the fertiliser distributed in Nicaragua. The fertiliser procured with the 2KR assistance is mainly used by small farmers in an effective manner, leading to increased agricultural production and improvement of the living standard of these farmers.

Both the “Study to Develop Markets for Agricultural and Livestock Products” and the “Project to Improve the Productivity of Small Livestock Farmers (PROGANIC)” are highly compatible with the development targets as they assist the economic growth of Nicaragua. Beef exports have sharply increased since 2002 with beef becoming the top export product in terms of value. Moreover, exports of cheese and other dairy products have been increasing in recent years. As the stabilization and expansion of livestock production are crucial for the future of Nicaragua’s economy, the active assistance of Japan and other donors is expected.

2.2.2 Health and Medical Care

The scale of the financial input to the health and medical care sector from 2003 to 2007 is ranked second in Japan’s ODA for Nicaragua by sector. As for grant aid, Japan’s contribution to the sector accounts for 27.5% of the total amount and is placed first during the period. The continual assistance for the construction/improvement of health care facilities under the grant aid scheme is particularly worthy of mention. Japan has long been assisting the development of health infrastructure in Nicaragua through a series of projects, from the “Medical Equipment Procurement Project” in 1991 to the “Granada Hospital Construction Project” and “Child Health Enhancement Project”, etc. After the formulation of the Program, Japan’s ODA for this sector has continued, including the “Boaco Hospital Construction Project”, “Health Centre Construction Project for Areas Along the Pacific” and “Project for Construction of Health Centre in Two Western Departments”.

Both the “Granada Hospital Construction Project” and “Boaco Hospital Construction Project” were in coordination with technical cooperation projects (“Project to Strengthen the Health Service in Granada” and “Adolescent Reproductive Health Enhancement Project,” respectively) to assist the improvement of the local medical care system, achieving the integration of hard and soft assistance.

The Program identifies assistance for “the improvement of infrastructure and equipment” and “the strengthening of the maintenance capacity” in the health and medical care sector as a priority. Japan has so far been concentrating on the construction and improvement of health and medical care facilities, primarily in areas along the Pacific. According to data published by the Statistics Office, while the accessibility of the sick or injured persons to health facilities has been falling nationwide, it has been increasing in Managua and Pacific areas to which Japanese assistance has been primarily directed. Even though such improvement cannot be solely attributed to the increase of the number of health and medical care facilities with the Japanese assistance, it cannot be denied that the Japanese assistance has been a major contributory factor.

2.2.3 Education

The scale of financial input to the education sector is ranked first in Japan's ODA for Nicaragua by sector (32.9% of all the grant aid provided to Nicaragua from 2003 to 2007). Japan has been implementing the phased construction, improvement and rehabilitation of basic education facilities throughout Nicaragua with grant aid. Phase I of the Primary School Construction Project which commenced in FY 1995 featuring the Carazo, Masaya and Granada Departments was followed by Phase II (Leon and Chinandega Departments) in FY 1999, Phase III (Basic Educational Facilities Construction Project in Managua Department: Phase I) in FY 2003 and the ongoing Phase IV (Basic Educational Facilities Construction Project in the Rivas, Boaco and Chontales Departments). Throughout these years, Japan has been providing concentrated as well as efficient inputs from one department to another, consolidating the basic educational facilities with grant aid in all departments along the Pacific. Moreover, the grassroots/human security grant aid scheme has been utilized for the construction of primary and secondary schools, improvement of vocational training and nursing schools and provision of educational equipment throughout Nicaragua to meet the needs at the grassroots level which are not necessarily covered by the phased educational facilities construction project using the standard grant aid scheme.

The number of pupils enrolled in primary education in Nicaragua has been steadily increasing each year. Even though this increase of the number of enrolled pupils cannot be attributed solely to the Japanese assistance for the construction/improvement of educational facilities under the grant aid scheme as well as the grassroots/human security grant aid scheme, the Japanese assistance has been a major contributory factor since it has improved the physical capacity of absorbing the increased number of school age children.

In regard to the Project to Improve the Arithmetic Teaching Capacity in Primary Education (PROMECEM), the participation of Nicaragua in this wide area project was decided in 2005 prior to the commencement of the project and four technical staff members of the central government have been working as a core group to lead the project in Nicaragua. Two of the direct outcomes of this project have been (i) the decision by the Minister of Education to apply the teaching method adopted under the project to all other teacher training colleges in addition to the pilot college and (ii) the decision to distribute the textbooks prepared for the PROMECEM nationwide using the budget of the Ministry of Education. The sustainability and impacts of this project are judged to be extremely high as the commitment of the central government was secured at an early stage of project implementation.

2.2.4 Roads and Transport Infrastructure

In the roads and transport infrastructure sector, Japan has provided assistance for the reconstruction of Guasaule Bridge and the planned replacement of four bridges over National Route 7 which links El Rama Port on the Pacific coast with the capital of Managua. A number of small projects to improve the road paving and to repair farm roads have also been implemented using the grassroots/human security grant aid scheme and

the counter fund for the 2KR. Moreover, the Bailey Bridge Construction Project (FY 2002) has been implemented using the counter fund for non-project grant aid. In terms of its amount, Japan's grant aid from 2003 to 2007 is ranked third among multilateral and bilateral donors.

The Japanese assistance for this sector has been based on the infrastructure development policy of Nicaragua. The ongoing work to replace the four bridges on National Route 7 is quite important as the route links less developed areas along the Atlantic coast with more developed areas to the west. Moreover, Japan has been contributing to the improvement of the road network in Nicaragua using the grassroots/human security grant aid scheme and the counter fund for the 2KR and has also provided equipment for farm road improvement. The historical trend of the aggregate length of the national road network by type of road is a steady rise on the percentage of asphalt roads, stone-paved roads, gravel roads and unpaved roads (passable throughout the year) of the total road length, reducing the percentage of unpaved roads (only passable during the dry season). It is believed that the Japanese assistance has been an important contributory factor for the improvement of the overall road conditions in Nicaragua.

The Japanese assistance for the roads and transport infrastructure sector is highly valued by the Government of Nicaragua and other donors. The continual assistance since 1995 for the replacement of many bridges and road improvement appears to have instilled a strong sense of trust in Japanese assistance among the people of Nicaragua. The fact that the bridges constructed by Japan remained intact after Hurricane Mitch in 1998 is still referred to today as evidence of the high technical standard of Japan.

2.2.5 Support for Democratization

As support for democratization, Japan provided emergency grant aid via the OAS (Organization of American States) for the presidential and parliamentary elections in 2006 to ensure fair and transparent elections. This grant aid was accompanied by the dispatch of Japanese personnel to work for the OAS Election Monitoring Team. Moreover, assistance was provided for the Project to Urge the Participation of Youth in the Election and Voting Promotion Campaign Project under the grassroots/human security grant aid scheme.

Japan is also providing assistance for the clearance of anti-personnel mines using the counter fund. To be more precise, two mine clearing machines were provided in FY 2001 along with funds to support the clearance work. In FY 2002, funds were provided to pay for replacement parts for the mine clearing machines, followed by the provision of one land clearing machine, funding for training and funding for the construction of access roads (69 km long farm roads) to minefields in FY 2004. Further funding was provided in FY 2006 to cover the maintenance cost of the three mine clearing machines and the clearance cost. The Japanese assistance has, therefore, been greatly contributing to the clearance of anti-personnel mines which is one of the most important goals in the field of democratization.

2.2.6 Disaster Prevention

Japanese assistance for disaster prevention primarily focused on emergency disaster relief and the reconstruction of areas damaged by disaster until the late 1990's. In recent years, however, emphasis has been placed on the type of assistance involving the transfer of preventive technologies/techniques to foster damage prevention awareness among residents and to mitigate disaster damage in addition to the more conventional post-disaster assistance. Under the scheme to provide emergency relief goods, blankets, tents and generators, etc. were dispatched to Nicaragua in the aftermath of a disaster caused by localized torrential rain (2004) and the disaster caused by Hurricane Felix (2007). Development studies in this sector include the "Study for the Project to Develop a Disaster Prevention Map and Information Basis" and the "Study for the Project to Diagnose the Vulnerability of the Major Road Network to Natural Disasters and to Prevent Road Disasters", providing the Government of Nicaragua with technologies/techniques to formulate a disaster prevention program. In the "Study for the Project for the Management of Disaster Prevention Forests in the North Pacific Coast Area", recommendations were made to the central government and several municipal authorities on how to develop sustainable participatory forest management practices. The "Project to Assist the Mitigation of Natural Vulnerability and the Development of Rural Communities in Villanueva" and the "Participatory Forest Management Project" are two examples of technical cooperation projects in this sector. The Japanese assistance for the disaster prevention sector should be highly commended as it has been assisting the disaster prevention efforts of both the central government and residents in an integral manner.

2.2.7 Others

Debt Relief

In July 2004, Japan relieved Nicaragua's entire yen loan debt in accordance with the debt relief framework for HIPC's. This debt relief is said to have resulted in a reduction of the fiscal deficit and an increase of the foreign reserves, in turn contributing to the generation of funds for poverty reduction measures. As already mentioned in Chapter 2, the macroeconomic indicators have improved in recent years, suggesting that the debt relief has had a positive impact on the economy of Nicaragua.

2.3 Appropriateness of the Process

2.3.1 Formulation Process of the Country Assistance Program for Nicaragua

Through interviews with government officials in Japan, it was learned that the Program was formulated in 2002 based on the development plans of Nicaragua, aid trends of other donors, ODA Charter, medium-term ODA policy at the time and the results of Japanese assistance for Nicaragua up to that point. Meanwhile, interviews with government officials in Nicaragua found that they have a very good understanding of the six priority sectors for Japanese assistance and that they highly value Japan's ODA policy favouring these priority sectors. Such a favourable situation in Nicaragua is inferred to be the result of the

efforts of those Japanese people who have accurately identified the needs of Nicaragua to make ODA projects reflect such needs through constant dialogue with government officials in Nicaragua.

Meanwhile, the absence of an English or Spanish version of the Program has meant that the concrete ODA policies of Japan regarding how to assist Nicaragua on the basis of Japan's awareness of what the problems are in the country have not been sufficiently conveyed to the Government of Nicaragua and other donors. When the existing program is reviewed in the future, it should prove helpful if the ODA Task Force plays a central role in the formulation of the revised program through in-depth dialogue with the Government of Nicaragua and Nicaraguan offices of other donors and if the Program is publicized in both English and Spanish.

2.3.2 ODA Implementation Process

(1) Present ODA Implementation System of Japanese Organizations

At present, the Second Country Assistance Planning Division of the International Cooperation Bureau of the Ministry of Foreign Affairs is responsible for the formulation of assistance policies for individual regions and countries and also for the implementation of development studies. The Grant Aid and Technical Cooperation Division of the same Bureau is responsible for individual grant aid and technical cooperation projects. Although the Mexico and Central America Division of the Latin American and Caribbean Affairs Bureau is not directly involved in the ODA implementation process, it conveys its opinions to the divisions concerned through consultations when decision-making on diplomatic policies is required or in regard to issues or projects of which the importance is affirmed by a summit or similar meetings. In Nicaragua, the Embassy of Japan controls grant aid projects while the JICA Office controls technical cooperation projects. These two organizations exchange opinions at regular monthly meetings of the ODA Task Force in Nicaragua. These meetings are attended not only by staff members of the Embassy of Japan and the JICA Office but also by a JICA expert(s) depending on the agenda. Staff members of the Embassy of Japan and the JICA Office consult with each other as required in addition to the monthly meetings. Accordingly, there appears to be good communication between them.

The Ministry of Foreign Affairs and the ODA Task Force maintain a good collaborative relationship as they exchange information as required. When Hurricane Felix hit Nicaragua in September 2007, the Ministry of Foreign Affairs decided to provide emergency assistance before any other country or organization based on reporting by the Embassy of Japan in Nicaragua and dispatched emergency relief goods to Nicaragua. This quick response by Japan was highly appreciated by the Government of Nicaragua. This is a good example of a positive outcome of the close relationship which is constantly maintained by the Ministry and the Embassy of Japan.

There are common needs for small embassies of Japan and JICA overseas offices to increase their staff strength and to enrich the experience of the staff engaged in ODA.

Facing the trend of shrinking ODA budget, it is essential for a limited number of staff members to implement more effective ODA activities by means of gathering information at home and abroad using all available means and to strengthen their experience.

(2) Project Formulation and Approval Procedure

The formulation of a project is conducted based on the requests made by the Government of Nicaragua to the Government of Japan. However, to ensure the compatibility between formulated projects and the Program, the Ministry of Foreign Affairs prepared country notes (renamed country review guidelines in August, 2006) describing the important points for each priority sector of the Program and also the important points for each scheme. According to the Interview results, Japan's assistance has been highly appreciated by the President and senior officials of various government offices of Nicaragua because of its compatibility with Nicaragua's development needs. Therefore, Japan's project formulation and approval procedure which ensures the initiative of Nicaragua can be said to be appropriate. In the case of grassroots/human security grant aid projects, the Embassy of Japan plays a central role in project formulation and approval. The implementation method for grassroots/human security grant aid projects in Nicaragua has many ingenuities which are worthy of special mention. For example, under this scheme, individual groups and organizations in Nicaragua are invited to formulate their own projects. Monthly meetings are held which are designed to assist a proper understanding of the scheme on the part of such groups. The requested projects are screened against the "Selection Check Points Table for Grassroots/Human Security Grant Aid" prepared by the Embassy of Japan. This table contains such evaluation items as the target sector, socioeconomic background of the request, attributes of the applicant, locality and number of people who will directly and indirectly benefit per year (reflecting cost effectiveness). Each item has either positive or negative points. A project with five or more positive points can proceed to the second screening stage. This selection of project for second screening is conducted by the ambassador and other embassy staff members.

In addition to the Program and the Country Review Guidelines formulated by the Ministry of Foreign Affairs, the JICA finds and formulates projects based on its own country program implementation plan for Nicaragua. As this JICA plan is formulated in line with the country assistance program of the Ministry of Foreign Affairs, the contents are almost identical.

(3) Monitoring and Evaluation

The monitoring and evaluation of Japan's ODA projects for Nicaragua are primarily conducted by the JICA for technical cooperation projects and by the Embassy of Japan for grant aid and grassroots/human security grant aid projects. There is clear evidence that these two bodies are trying to reflect the lessons learned from such monitoring and evaluation on the approval and implementation of new projects.

Even before the evaluation of Japan's grassroots/human security grant aid projects became a compulsory requirement worldwide, the Embassy of Japan in Nicaragua

conducted its own follow-up studies. This study has been conducted for all projects implemented in FY 1998 or thereafter and for which reference materials are available. As more than 50 grassroots/human security grant aid projects are implemented every year throughout Nicaragua, the monitoring of all of these projects is not an easy task. Thus, the pioneering efforts of the Embassy of Japan in Nicaragua to conduct systematic monitoring must be highly appraised.

Based on the above assessment, it can be concluded that the monitoring and evaluation of Japan's ODA projects in Nicaragua are conducted in an appropriate manner.

(4) Communication and Coordination with the Government of Nicaragua

At the policy level, the Embassy of Japan communicates and coordinates with the Government of Nicaragua as required. Dialogue with government officials in Nicaragua is primarily conducted with staff members of the JICA Office on technical cooperation projects and by embassy staff on grant aid projects. In the case of dialogue regarding individual projects, technical cooperation experts assigned to a Nicaraguan ministry may explain the ODA policy and ODA schemes adopted by Japan. The requested contents by the Nicaraguan side have generally been in line with the ODA policy of Japan, indicating good communication between the two countries.

(5) System for Receiving Assistance on the Nicaraguan Side

The Secretariat of Economic Relations and Cooperation (SREC) of the Ministry of Foreign Affairs and the Ministry of Finance and Public Credit act as the receiving desks for bilateral aid and multilateral aid respectively. The Asia Bureau of the SREC has the strongest link with Japan. When any ministry or agency in Nicaragua plans to request assistance under the technical cooperation, grant aid, non-project grant aid or counter fund scheme, it must first submit a request to the Asia Bureau. Japan has assigned four generations of experts to the Asia Bureau over 10 years to act as policy advisors, ensuring that government staff of various ministries understand how to apply for and proceed with the various ODA schemes of Japan.

Such policy advisors have also been assigned to the Ministry of Agriculture and Forestry. This advice on agricultural development coordinates applications for Japan's ODA by the Ministry and promotes understanding of Japan's ODA policy on the part of staff members of the Ministry. Japan's assignment of policy advisors to government offices in Nicaragua is believed to be important to ensure the steady and effective implementation of Japan's ODA for Nicaragua.

(6) Collaboration with Other Donors

The exchange of information at the policy level is mainly conducted at donor meetings which are jointly held by donors and the Government of Nicaragua. These meetings are held every two months under the previous government while the present government has reduced the frequency to twice a year. Japan acts as the representative of the donors at

the global table of five donors and international aid organizations while the ODA Task Force participates in sector tables with involvement in policy dialogue on aid coordination. There are five sector tables which deal with education, health, governance, productivity/competitiveness and infrastructure. Japan participates in four sector tables (health, education, productivity/competitiveness and governance). At the sector table meetings, the ODA Task Force provides other donors with vital information on the implementation situation of Japan's ODA projects in various sectors, and no problem of Japan's assistance duplicating that of other donors has occurred so far. This is presumably because Japan has an accurate understanding of the activities of other donors because of its dialogue with them.

Meanwhile, it seems to be necessary for Japan to seek unofficial exchange of information with other donors at the levels of front-line staff and routine work. The rationale for this is that Japan can pass on the concrete contents of Japanese assistance to other donors to enhance Japanese assistance and that of other donors mutually complementary.

(7) Collaboration Between Japan's Different ODA Schemes

There has been active collaboration between technical cooperation experts and JOCV members for various projects. Typical examples are the Adolescent Reproductive Health Project and the Project to Improve the Arithmetic Teaching Capacity in Primary Education (PROMECEM). In recent years, the JICA has been increasingly stressing compatibility between the priority sectors for Japan's ODA for Nicaragua and the qualifications of the JOCV members to be dispatched to the country, illustrating its intention of seeking cooperation between experts and JOCV member as much as possible.

(8) Regional Cooperation Approach

The PROMECEM is being implemented in five Central American countries (Honduras, El Salvador, Guatemala, Dominican Republic and Nicaragua) as a wide area assistance project. The experience of Japan's assistance for Honduras is being utilised in Nicaragua. For the Project to Improve the Productivity of Small Livestock Farmers (PROGANIC), Chilean experts were used and training was provided in Chile within the framework of the Japan-Chile Partnership Program (JCPP).

3. Recommendations

Japan's ODA for Nicaragua as a whole in the period from FY2002 to FY2006 was favourably assessed by Nicaraguan personnel involved in overseas aid and continued assistance is strongly requested. The relevance of the policy, effectiveness of the results and appropriateness of the processes of Japan's ODA are satisfactory. Some projects are highly evaluated to the extent that other donors even consider the coordinated work with Japan in the coming years. There is a strong indication that Japan's ODA has positively contributed to the diplomatic relation with Nicaragua, at least in the five year period of the

previous administration. In all, Japan's ODA for Nicaragua deserves to be mostly highly evaluated.

3.1 Recommendations for ODA for Nicaragua

3.1.1 Response to New Needs

While the oil price hike in recent years has caused a serious energy supply shortage in Nicaragua, the energy sector is not considered to be a priority sector in the existing Country Assistance Program for Nicaragua formulated in 2002, creating a gap between the Program and the actual needs in Nicaragua. As the energy sector has recently been the primary target for privatisation worldwide, careful thought must be given to whether or not it is right for Japan to respond to the great need in the energy sector through ODA. Nevertheless, when the present Program is revised, it must be ensured that the new program does not totally exclude the possibility of Japan's assistance for the energy sector in Nicaragua.

In addition to the question of energy, the importance of such environmental issues as water pollution and waste disposal is steadily increasing even though these issues are not listed as priority issues in the present Program. It is essential that the possibility of Japan's assistance for these issues is not excluded.

Finally, there is a problem of public security which has been noticeably worsening in recent years. It must be pointed out to the planners of Japan's ODA that public security is one issue with a very high local need for external assistance.

3.1.2 Strengthening of the Assistance Implementation System

In Nicaragua where donor coordination is in progress, the foreign aid for Nicaragua clearly reflects the trends of international aid. Such concepts as a sector wide approach, budget support, common funding, aid bombardment and result-based management are regularly mentioned by government officials as well as representatives of donors. It is very useful as well as necessary for everyone involved in ODA for Nicaragua to be completely familiar with these concepts so that the reality of assistance between donors and the Government of Nicaragua can be properly interpreted for accurate prediction of the future.

However, it will always be difficult to follow the trends of international aid when wide-ranging target sectors for external assistance are covered by a limited number of staff members as is the case in Nicaragua. As the overall ODA budget is contracting, it will be difficult for the Embassy of Japan or the JICA Office in Nicaragua to increase the scale of the aid budget or the number of staff members. In this case, the only way to ensure effective assistance with limited manpower is to gather information at home and abroad using all available means and to strengthen the experience of staff.

There are several ways to improve the efficiency of assistance. One useful way is to closely share information among members of the ODA Task Force through study meetings

and a mailing list, etc. Expansion of both the scope of information sharing and scope of mobilization to include the JOCV and local communities of Japanese people warrants serious consideration. Such information sharing and further organization will not only increase the essential knowledge of the ODA Task Force members but should also prove to be effective to discover and foster personnel who can be directly or indirectly mobilized for ODA-related activities.

3.2 Recommendations for Japan's ODA in General: Assistance for Non-African Low Income Countries

3.2.1 Utilization of Ingenuity of the ODA Task Force: Experience in Nicaragua

Among Japan's various ODA projects in Nicaragua in the period from FY 2002 to FY 2006, grassroots/human security grant aid projects had very distinctive implementation and management methods. In addition to frequent explanatory meetings for the proposers, the proposed projects were screened based on a unique selection check point table. This Nicaraguan example can be recommended as a model for Japan's grassroots/human security grant aid projects in other countries. What must be emphasized here as a recommendation is the importance of an approach whereby the ODA Task Force implements projects based on its own ingenuity. In the process of seeking ingenuity, a spirit of emphasizing creative ideas develops among staff. A growing sense of affection for and ownership of aid projects among staff will emerge in the form of confidence when staff talk about the benefits with recipients. Furthermore, such a sense will certainly enhance the morale of staff, motivating them to enhance their experience and to improve their capacity.

3.2.2 Donor Coordination to Maintain the Japan's Presence

There is a strong likelihood that the overall scale of Japan's ODA will gradually decline in the coming years because of fiscal constraints and other reasons. The question here is how to improve the effectiveness of aid to maintain or even enhance Japan's presence when the amount of Japan's aid decreases for non-African low to middle income countries, such as Nicaragua, lowering the relative standing of Japan among donors. If the amount of Japan's ODA lags behind that of other donors in the coming years, Japan's presence must be enhanced by something other than the size of funding. That something may be the quality of a project or transferred technology or the role of a leader who brings donors together to press forward "assistance" as team work.

To ensure efficient and effective ODA for non-African low income countries, it is essential for Japan to join the circle of donor coordination to actively gather and provide information bearing in mind that the overall amount of Japan's ODA may decrease in the coming years. There are things which can jointly be conducted by other donors apart from the setting up of a common fund which requires time for the coordination of related organizations in Japan. Some examples are jointly implementation of projects with other donors, joint publicity and concerted action vis-à-vis the governments of recipient countries. The simple switching from passive participation to a sector wide approach to participation in

information gathering in anticipation of “active donor coordination in the future” will certainly alter the range of feasible activities which can be jointly conducted with other donors.



Map of Nicaragua