

Third Party Evaluation 2008
The Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of
Romania and Bulgaria
-Summary-

March 2009

Preface

This report is a summary of the “Country Assistance Evaluation of Romania and Bulgaria” undertaken by the External Advisory Meeting on ODA Evaluation requested by the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan (MOFA).

Since its commencement in 1954, Japan’s Official Development Assistance (ODA) has contributed to the stability and development of developing countries, and solutions of international issues which vary with the times, as well as to the security and prosperity of Japan. Recently, there have been increased domestic and international calls for more effective and efficient implementation of ODA. The MOFA, as a coordinating ministry for ODA, has been conducting ODA evaluation mainly at the policy level with two main objectives: to support implementation and management of ODA; and to ensure its accountability.

One of the objectives of this evaluation as a concluding evaluation exercise of Japan’s aid policies is to examine the purposes, results and implementation process of Japan’s assistance for Romania and Bulgaria in the period from 1990/1991 when they were included among the countries entitled to assistance under the G24 Aid Program for Central and Eastern European Countries to 2007 when Romania and Bulgaria acceded to the European Union. The other objectives are (i) to make recommendations that should be useful references for any future planning of Japan’s aid for these two countries, which are now full member states of the EU, given the prospect of their graduation from recipient country status of Japan’s ODA in due course, (ii) to draw useful lessons and recommendations for Japan’s ODA for other countries and (iii) to fulfil the accountability to the Japanese people by making the evaluation results public.

The External Advisory Meeting on ODA Evaluation was formed as an informal advisory body of the Director-General of the International Cooperation Bureau of the MOFA to improve objectivity in ODA evaluation. The Advisory Meeting is commissioned to design and conduct evaluations of ODA and feed back the results and recommendations of each evaluation to the International Cooperation Bureau of the MOFA so that they could be reflected in the actual implementation of ODA for improvement. Dr. Yayoi TANAKA, being a member of the meeting, an Associate Prof. of the National Institution for Academic Degrees and University Evaluation, was in charge of this evaluation.

Dr. Takafumi NAKAJIMA, an Associate Prof. of the Gakushuin Women’s College, being an advisor to the study, made enormous contribution to this report. Likewise, the MOFA, the Japan International Cooperation Agency (JICA) including former Japan Bank for International Cooperation (JBIC), and the ODA Taskforces also made invaluable contribution. 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 MOFA was in charge of coordination of all the involving associates. All other supportive works including information collection, analysis and report preparation was provided by the International Development Center of Japan under the commission of the MOFA.

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

March 2009

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Country Assistance Evaluation of Romania and Bulgaria

1. Theme: Country Assistance Evaluation of Romania and Bulgaria	
2. Countries: Romania and Bulgaria	
<p>3. Evaluators</p> <p><u>Team Leader</u> Dr. Yayoi Tanaka Associate Professor, National Institute of Academic Degrees and University Evaluation</p> <p><u>Adviser</u> Dr. Takafumi Nakajima Associate Professor, Department of Intercultural Communication, Faculty of Intercultural Studies, Gakushuin Women's College</p> <p><u>Consultant</u> International Development Center of Japan</p>	
4. Period of Evaluation Survey: from June, 2008 to March, 2009	
5. Outline of Evaluation	
(1) Evaluation Results	
<p>Japan's ODA for Romania and Bulgaria has been consistently assisting democratization, the shift to a market economy and accession to the EU, all of which have been national goals of these countries. Such assistance has a very high level of compatibility with the higher policies of Japan (the old and new ODA Charter and the old and new Medium-Term ODA Policies), the aid policies of major donors and the international trend of ODA.</p>	
<p>The aid policies and aid activities of Japan for Romania and Bulgaria are now evaluated as having produced certain positive outcomes to achieve such policy objectives of Japan's ODA for these countries as "the shift to a market economy" and "the development of a bilateral relationship".</p>	
<p>There has been close collaboration between all stakeholders, led by the Embassy of Japan and the JICA Office in each country, to ensure an appropriate aid implementation process. Even though the number of official policy consultation meetings held is not large, conscious efforts have been made to share information between the organizations involved in Japan and those in Romania and Bulgaria using various opportunities, including the project selection surveys.</p>	
(2) Main Recommendations	
<p>Romania and Bulgaria, which constitute the objects of this evaluation survey, are approaching the stage of graduation from Japan's ODA. In view of such status of these two countries, the recommendations below are generalized to these countries so that they can be applied to other countries for which Japan's ODA has common features with that for Romania and Bulgaria.</p>	
<p>Recommendation 1: Formulation of a Country Assistance Program or Similar Assistance Program</p>	



Interview at the Ministry of Foreign Affairs, Government of Bulgaria

There is now a consensus among ministries in Japan to establish and maintain the PDCA cycle¹ as the importance of this cycle is emphasized by a succession of so-called Basic Policies (Basic Policies for Economic and Fiscal Management and Structural Reform) in 2005, 2007 and 2008. ODA policies are no exception and conscious efforts are being made to reflect the lessons and recommendations resulting from evaluation on the succeeding action program. An assistance program corresponds to stage P (plan) of the PDCA cycle. The absence of such an assistance program means the absence of stage P, making the establishment and maintenance of the PDCA cycle extremely difficult.

As of 2008, a country assistance program has not yet been formulated for 123 countries, including Romania and Bulgaria, which account for more than 80% of the subject countries of Japan's bilateral ODA. An assistance program is not only a project management tool for policy makers and implementing organizations but also acts as a message indicating the purposes of and direction for Japan's ODA in the country concerned. As such, it is a means of communication to the government and people of the recipient country as well as the Japanese people. The formulation and disclosure of an assistance program is vital to fulfill the government's accountability to Japanese taxpayers. As it is unrealistic to demand the formulation of an assistance program as detailed as that for priority countries for all countries from the viewpoint of the time and cost required, the formulation of a country assistance program (simplified version) which clarifies the purposes, policies and priority areas of ODA as in the case of the full version of the current country assistance program, a strategy paper or similar is recommended here for each country for which a full version of the country assistance program has not yet been formulated.

Recommendation 2: Ingenious Assistance Efforts in Countries Where Japan is Not the Top Donor

The conscious introduction of ingenious assistance efforts to achieve large effects with small funding is recommended in countries where Japan is not the top donor. Such efforts include human exchanges, human resources development and assistance emphasizing Japan's relative advantage or uniqueness.

Recommendation 3: Implementation of Strategic Assistance for ODA Graduate Countries

The preparation of a strategic assistance scenario is recommended for those countries which are ODA graduates. The components of this scenario are, among others, the maintenance and utilization of the human assets developed with past assistance and capacity development (CD) to help them to become donors. In the case of CD, careful arrangements, including the request of their fair share of the relevant cost, are required to prompt their independence as ODA graduates. A "triangular cooperation" scenario is desirable where the ODA of these countries for third countries is jointly developed and implemented with Japan for aid fields characterized by Japan's relative advantage instead of treating CD training as a self-contained exercise. What is critical for the implementation of "triangular cooperation" is a careful selection of the third country which is an ultimate recipient country. The selection of the third country must take the country's political situation vis-à-vis the partner country, be it Romania or Bulgaria, the relationship with other neighboring countries and other aspects of Japanese diplomacy into consideration. For the implementation of "triangular cooperation", efforts should be made to utilize the human assets nurtured through Japan's past assistance, including the resources of the JICA Alumni Society in Romania and Bulgaria. The utilization of such resources will become an assistance model for

¹ PDCA stands for Plan, Do, Check and Act which are the four stages of the cycle.

ODA graduates to become donors themselves and should appeal to other existing donors as well as ODA graduate countries.

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

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Map

Photographs

Country Assistance Evaluation of Romania and Bulgaria -Summary-

1. Objectives and Implementation Policies of the Evaluation

Since the fall of the socialist regime in 1989, Romania and Bulgaria have adopted democratic regime and a shift to a market economy as a part of national goals. As a member of the West, Japan has been providing for these two countries ODA within the framework of the G24 as partners sharing the same values of democracy and a market economy. Meanwhile, the EU has been implementing a comprehensive aid program under the initiative for an expanded influence of the EU.

Romania and Bulgaria signed the Treaty of Accession to the EU in 2005 and finally became member states of the EU in January, 2007. With such progress of their political and economic position, they are now approaching the stage of graduation from Japan's ODA.

Against this background, the principal objectives of this evaluation survey are as follows.

- (1) To confirm the outcomes of Japan's ODA policies for Romania and Bulgaria in a comprehensive manner
- (2) To prepare recommendations which should be useful to determine the future course for Japanese assistance with regarding to the fact that Romania and Bulgaria are approaching the stage of graduation from Japan's ODA and have successfully joined the European Union (EU) and to learn useful lessons for assistance for other countries for which Japan's ODA has common features with that for Romania and Bulgaria.
- (3) To fulfill the accountability to the Japanese people through disclosure of the survey findings, and to feed back the evaluation results to officials of the Romanian and Bulgarian governments and other donors by providing useful references for the future development of these two countries, and to contribute to the publicity of Japan's ODA.

Because Country Assistance Program is formulated for selected countries considering aid volume, strategic importance and others, neither a Country Assistance Program nor a document clearly stating Japan's ODA policies or strategies has been formulated for Romania or Bulgaria. Moreover, available information and data were quite limited because: (i) the subject period for evaluation was too long for the evaluation surveys to cover; and (ii) neither Romania nor Bulgaria was classified as a subject country for ODA by the DAC's classification. With these limitations, this evaluation was conducted based on the available information / data and interviews with various organizations concerned. The subject period for evaluation was set as a time frame when these countries became subject countries for G24 assistance (January, 1991 for Romania and July, 1990 for Bulgaria, both of which fell in the Japan's fiscal year of 1990) to the time of their accession to the EU (2007). All of Japan's aid schemes, including grant aid, technical

cooperation, and loan, were evaluated.

2. Evaluation Results

(1) Relevance of Policies

Japan's ODA for Romania and Bulgaria has been consistently assisting for democratization, shift to a market economy, and accession to the EU, all of which have been national goals of these countries. Such assistance is highly level of compatible with the higher policies of Japan (old and updated version of the ODA Charter and old and updated version of the Medium-Term ODA Policies), the aid policies of major donors and the international trend of ODA.

Donor meetings did not play a major role in Japan's aid for Romania or Bulgaria. As the EU was the largest and most important donor, there was little need for aid coordination as long as the formulation of aid projects by each donor was based on an accurate understanding of the aid trends of other donors which was accompanied by adequate policy discussions to prevent the overlapping of aid. In the formulation of an aid project, Japan ensures sufficient gatherings of the necessary information with the Japan Embassy and JICA Office in each country, by maintaining close communication with the Romanian or Bulgarian government. The low level of aid coordination has not been seen as a problem with regard to Japan's ODA in these countries.

Compared to other donors, the priority areas selected by Japan appear to have been rather dispersed and it would have been better if they had been more narrowed down from the viewpoint of "selection and concentration". One reason for this dispersion of the priority areas was because Japan needed to continue to finalize the concrete scope of Japan's ODA with trial and error, while each recipient country continually lacked a development plan. Under these circumstances, it is a commendable fact that Japan successively provided the assistance in which Japan has a comparative advantage such as earthquake disaster prevention, energy saving and subway line improvement.

The field survey conducted as part of this evaluation confirmed that Japan's cultural grant assistance including provision of facilities and equipment is highly evaluated as a unique assistance not provided by other donors.

(2) Effectiveness of Results

Japan's aid policies and aid activities for Romania and Bulgaria are determined to have played certain positive roles in the "shift to a market economy" and the "expansion of a bilateral relationship", both of which are objectives of Japan's aid policies for these two countries.

In regard to the "shift to a market economy", the fact that both Romania and Bulgaria acceded to the EU in 2007, paralleled with Japan's objective of the aid policy for assisting their shift to a market economy through assistance for their accession to the EU. Despite Japan's contribution in terms of the funding size was some one-tenth of that of the EU in total, indicating the limited nature of Japan's contribution. In regard to level of achievement of the goals in priority areas, some notable progresses were made in

such fields as environmental conservation, energy saving and infrastructure development. In most cases, however, the contribution made by Japanese cooperation was not notably significant. Meanwhile, there were cases where the outcomes of individual projects were directly linked to the achievement of the policy objectives, where strong positive effects emerged on the project basis and where the emergence of positive outcome can be anticipated in the coming years.

In regard to the "development of a bilateral relationship", it is difficult to explain the causal relationship between Japan's ODA and the development of a bilateral relationship in a quantitative manner. However, this evaluation survey confirmed certain positive outcomes of Japan's ODA in the diplomatic relationship, economic relationship and cultural relationship. This development of a bilateral relationship between Japan and Romania/Bulgaria owes much to the facilitation of Japan's unique ODA including the programs aimed at developing mutual understanding by emphasizing human exchanges, human resources development and cultural cooperation.

One factor which boosted the effectiveness of Japan's ODA is that both Romania and Bulgaria are considered to be one of the "Japanophiles" among other Eastern European countries. Their strong sense of affinity with Japan may well be attributed to Japan's timely aid at the height of their hardship, the high level of awareness of Japan's ODA due to frequent publicity and the good historical relationship since the age of the Communist Party rule. An opinion poll regarding Japan conducted by the MOFA in these two countries found that more than 90% of the people have a feeling of affection for Japan and that more than 85% believe that Japan is a country which they can trust, illustrating the Japanophile position of the two countries.

From the viewpoint of the sustainability of the aid effects, the efforts made by these countries were assessed in relation to the maintenance and utilization of the human assets developed by Japan's ODA so far and the ODA graduation strategy as both countries are at the stage of graduating from ODA. In both countries, the JICA Alumni Association has been established and the continuity of development activities after the closure of the JICA Office is expected with the involvement of this association. In Bulgaria, one knock-on effect of a technical cooperation project is the establishment of an award system for quality improvement in industries. Assistance for these two countries to become donors themselves has made such a change of their status necessarily as their accession to the EU. The active use of the manpower resources of the JICA Alumni Associations are now being examined as part of the ODA graduation strategy.

(3) Appropriateness of the Processes

At the beginning of Japan's ODA, there had been no JICA office in either Romania or Bulgaria. No JBIC office was ever opened throughout the period of Japan's ODA in these countries until now. However, it should be positively evaluated that close collaboration has been maintained with the leadership of the Embassy of Japan and the JICA Office in each country, ensuring the appropriate implementation process of Japan's ODA. Even though the number of official policy consultation meetings held is not large, efforts have been made actively to share information between the organizations involved in Japan and those in Romania and Bulgaria using various opportunities, including the project selection surveys.

At the beginning, both countries had little experience of receiving aid from the West and it was necessary to explain the various aid schemes of Japan along with efforts to build a relationship of trust. The Embassy of Japan and the JICA Office in each country worked very hard and the good relationship between Japan and these countries continues today. Even though aid coordination for Romania and Bulgaria was not a critical element, the high level of ownership and capacity of these countries as more advanced countries compensated for the absence of aid coordination.

As mentioned earlier, the inputs of Japan's ODA were limited but some projects achieved very positive outcomes through ingenious efforts to establish good linkage among schemes and also among projects.

Particularly in Bulgaria, the Embassy of Japan has long made efforts to create a relationship of trust with the media since the unstable political situation following the end of the socialist regime. As a result, Japan's ODA has been well publicized. For example, every signing ceremony as well as every completion ceremony for cultural grant assistance and grant assistance for grassroots human security projects has been broadcasted on the state television channel. This has been a virtuous cycle of publicity enhancing the level of recognition of Japan's ODA, promoting the feeling of affinity with Japan among the public, in turn helping succeeding Japanese aid projects to win public approval for their smooth implementation and resulting in very positive outcomes.

3. Recommendations

Based on the evaluation results, the Evaluation Team puts forward the following recommendations for Japan's future assistance for Romania and Bulgaria and also for more beneficial and effective assistance for other countries for which Japan's ODA has common features with that for Romania and Bulgaria.

Romania and Bulgaria, the target countries of this evaluation survey, are approaching the stage of graduation from Japan's ODA. In view of such status of these two countries, these recommendations are generalized so that they can be applied to other countries for which Japan's ODA has common features with that for Romania and Bulgaria.

Recommendation 1: Formulation of a Country Assistance Program or Similar Assistance Program

The preparation of a country assistance program (simplified version) document or a similar program document which clarifies the purposes, policies and priority areas of ODA as in the case of the full version of the current country assistance program for all subject countries of Japan's ODA to develop a PDCA cycle and to fulfill the accountability to Japanese taxpayers is recommended.

There is now a consensus among ministries in Japan to establish and maintain the PDCA cycle as the importance of this cycle is emphasized by a succession of so-called Basic Policies in 2005, 2007 and 2008. ODA policies are no exception and conscious efforts are being made to reflect the lessons and recommendations resulting from evaluation on the succeeding action plan. An assistance program corresponds to stage P (plan) of the PDCA cycle. The absence of such an assistance program means the absence of stage P, making the establishment and maintenance of the PDCA cycle

extremely difficult.

One of the main objectives of the evaluation is to evaluate Japan's aid policies for Romania and Bulgaria which achieved accession to the EU in January, 2007 and which have now reached the stage of graduation from ODA and to check the outcomes of these policies. No evaluation has so far been conducted regarding Japan's aid policies for these countries. For this reason, the evaluation period was set at some 17 years from the time when Romania and Bulgaria began their transition to democracy and a market economy in the early 1990's to 2007 when they achieved accession to the EU. As no country assistance program was formulated for Romania or Bulgaria, it was necessary to analyze all the available information and data, including the aid policies stated in the ODA White Papers and Country Databooks, reference materials for policy consultations, reference materials related to surveys on local requests and interviews with the various organizations concerned. Because of the long subject period for the evaluation, it was not easy to obtain the relevant reference materials. The fact that many government officials responsible for specific aid projects and other people involved in these projects have been transferred or moved to other positions/jobs made it extremely difficult to obtain accurate information for the entire subject period of the evaluation.

As of 2008, a country assistance program has not yet been formulated for 123 countries, including Romania and Bulgaria, which account for more than 80% of the subject countries of Japan's bilateral ODA. An assistance program is not only a project management tool for policy makers and implementing organizations but also acts as a message indicating the purposes of and direction for Japan's ODA in the country concerned. As such, it is a means of communication to the government and people of the recipient country as well as the Japanese people. The formulation and disclosure of an assistance program is vital to fulfill the government's accountability to Japanese taxpayers. Moreover, it is desirable for the contents of an assistance program to be comprehensive, including cultural cooperation² as well as economic cooperation, to reflect the whole range of Japan's ODA for the target country.

This evaluation survey has confirmed that Japan's ODA for Romania and Bulgaria was highly compatible with the needs of these countries based on a precise understanding of the said needs. The approach of adjusting the aid schemes to reflect the socioeconomic system and capacity to accept foreign aid in each country is evaluated as effective and efficient. However, Japan should have formulated a clear country assistance program for Romania and Bulgaria from the viewpoint of sending a message to the people of the recipient countries and Japan. As these two countries are approaching their graduation from ODA, the formulation of a country assistance program is now unnecessary. Nevertheless, as long as ODA continues, the relevant records should be included in the ODA White Paper and Country Databook, both of which are periodically published.

So long as Japan provides ODA, the formulation of some kind of assistance program is necessary. It is unrealistic to demand the formulation of an assistance program as detailed as that for priority countries for all countries from the viewpoint of the time and cost required. The formulation of a country assistance program (simplified version) which

² "Cultural cooperation" in this evaluation report is defined as a broad concept covering cultural grant assistance, grant assistance for cultural grassroots projects, cooperation through the UNESCO and other international organizations using an ODA scheme, cooperation for cultural heritage and dispatch or invitation of experts in cultural fields.

clarifies the purposes, policies and priority areas of ODA as in the case of the full version of the current country assistance program, a strategy paper or similar is recommended here for each country for which a full version of the country assistance program has not yet been formulated.

Recommendation 2: Ingenious Assistance Efforts in Countries Where Japan is Not the Top Donor

The conscious introduction of ingenious assistance efforts to achieve large effects with small funding is recommended in countries where Japan is not the top donor. Such efforts include human exchanges, human resources development and assistance emphasizing Japan's relative advantage or uniqueness.

The countries for which Japan's assistance program has not yet been formulated tend to be those where Japan's ODA input has been small. In the case of Romania and Bulgaria, the EU is the top ODA donor. By scale, Japan's ODA for these countries is some one-tenth of that of the EU. The total amount of Japan's ODA for Romania and Bulgaria in the peak years accounted for 3 - 4% of the total amount of Japan's ODA worldwide.

However, it has been possible for Romania and Bulgaria to differentiate Japan's ODA from that of other donors because of the ingenious efforts described below even though the absolute input amount has been relatively small. When a relative advantage cannot be established in terms of quantity, ingenious efforts designed to achieve sizable positive effects with a small input of aid should be consciously sought, referring to the case of Romania and Bulgaria.

1) Cooperation Emphasizing Human Exchanges and Human Resources Development

Japan's technical cooperation (dispatch of experts, dispatch of volunteers, acceptance of trainees, technical cooperation projects and others) has a good reputation in that it emphasizes human resources development to make the technologies and equipment transferred well rooted in the recipient country. This evaluation survey has found that Japan's assistance emphasizing human resources development is highly assessed in both Romania and Bulgaria. It is important to continue cooperation which emphasizes human resources development together with the sharing and extension of the positive outcomes of technology transfer through the human network developed by Japan's cooperation. It is also important to secure personnel capable of assisting further cooperation and maintaining/utilizing the assets built with Japan's assistance.

2) Cooperation for Fields Where Japan Has a Relative Advantage

Both Romania and Bulgaria had strong interest in Japan's state-of-the-art technologies and were well aware of Japan's specialist fields. Therefore, their expectations for further assistance were concentrated in those fields/areas where Japan has a relative advantage (seismic risk reduction, port and harbor improvement, energy saving, subway line construction, food quality management and others). At the same time, the Japanese side placed its emphasis on the formulation of projects in those fields where Japan has a relative advantage. As a result of the conscious approach by both sides, Japan's assistance for Romania

and Bulgaria was distinctive compared to that of other donors as it exploited Japan's relative advantage in certain fields. It is important to determine those fields in which Japan enjoys a relative advantage as priority fields for assistance. The selection of priority fields must be accompanied by the clear indication of the policy to the recipient countries.

3) Cooperation for Fields Where Japan is Unique

The provision of equipment and the construction of buildings for cultural facilities in Romania and Bulgaria with cultural grant assistance are highly assessed as valuable assistance which is not provided by other donors. The cultural cooperation scheme can be easily understood by not only government officials but also by ordinary citizens and its publicity effect is high. It is, therefore, an effective scheme to develop a good bilateral relationship. While Japan's ODA for Romania and Bulgaria is approaching its end, cultural cooperation is expected to continue. This can be used as a valuable diplomatic tool.

Recommendation 3: Implementation of Strategic Assistance for ODA Graduate Countries

The preparation of a strategic assistance scenario is recommended for those countries which are ODA graduates. For this purpose, the human assets built with Japanese assistance in the past should be maintained and utilized to help Romania and Bulgaria become donors and the case of Romania and Bulgaria should be used as preceding examples.

1) Maintenance and Utilization of Human Assets Built With Past Assistance

Since 2005 when Romania and Bulgaria signed the Treaty of Accession to the EU, Japan has been seeking a way for assistance in the light of the imminent graduation of these countries from ODA. A common issue which is often pointed out for ODA graduate countries is the maintenance and utilization of the tangible as well as intangible assets built with past assistance.

In the case of Romania and Bulgaria, technology transfer was conducted in various fields based on the basic policy of developing human resources. As a result, human resources capable of maintaining and utilizing tangible assets are well in place in these countries. With accession to the EU, it is believed that the socioeconomic conditions in Romania and Bulgaria will be further stabilized and developed in the coming years. The Evaluation Team concludes that the maintenance and utilization of tangible assets can be left to the self-reliant efforts of these countries without any specific problem.

Meanwhile, the maintenance and utilization of human assets, including JICA Alumni Association members, are issues which are directly related to the bilateral relationship between Japan and Romania/Bulgaria in the future. The value of the existence of human assets increases when concrete goals or tasks are set. Relevant examples are the provision of resource persons to assist ODA projects and the commendation of quality management (TQM) activities in Bulgaria using the available human resources of the JICA Alumni Association in Bulgaria. In the face of the imminent graduation of Romania and Bulgaria from ODA, identification of the need for assistance is important to maintain and utilize the human assets.

2) Assistance for Romania and Bulgaria to Become Donors

Following their accession to the EU, Romania and Bulgaria are now required to allocate a targeted percentage of the GNI for ODA. Because of the little experience of these countries of providing ODA in the past, they do not have a proper system to implement ODA and require capacity development (CD) in terms of organization and manpower. However, it will be difficult to obtain the sympathetic understanding of the Japanese people for the all-embracing assistance of Japan for these ODA graduate countries. Such measures as the joint development of a CD program and cost-sharing by ODA graduate countries are required from the viewpoint of assisting these countries to achieve self-reliant development.

After CD activities, ODA graduate countries face the task of finding concrete aid projects. It is desirable for a scenario for the joint development and implementation of aid projects with Japan to be in place along with a CD program. Both Romania and Bulgaria have already received requests for technological assistance from neighboring countries. These requests include seismic risk reduction measures and energy saving measures which have been introduced in Romania and Bulgaria under Japan's ODA. The implementation of "triangular cooperation" whereby Japan will provide cooperation for a third country jointly with Romania/Bulgaria should prove to be valuable in such areas. The utilization of the resources of the JICA Alumni Association in Romania/Bulgaria will, if possible become a model for Japan's assistance for these countries to become donors themselves.

What is critical for the implementation of "triangular cooperation" is the careful selection of the third country which is the ultimate recipient country. The selection of the third country must take the country's political situation vis-à-vis the partner country, be it Romania or Bulgaria, the relationship with other neighboring countries and other aspects of Japanese diplomacy into consideration. From this point of view, it is realistic to firstly decide the target third country, which is the ultimate recipient country, followed by examination of the appropriateness of the partner country is consideration of the historical background, current political and social conditions and other relevant matters.

The preparation of a scenario where Japan jointly develops and implements ODA projects, for which the assets built in Romania and Bulgaria by past Japanese ODA for these countries are utilized, with these countries will be appealing to other donors as a way of helping them to become donors.

4. Lessons Learned

The Survey Team learned several valuable lessons from the survey results. The details of these lessons are described next for future reference.

(1) Factors Behind the Reasonable Implementation of Japan's ODA for Romania and Bulgaria Despite the Lack of a Country Assistance Program

The lack of a country assistance program cannot be welcomed from the viewpoint of evaluation. A country assistance program functions as a compass to indicate the goals

and directions to be pursued by the people involved and provides the basis for progress management. In the case of Romania and Bulgaria, the aid projects have been adequately formulated and implemented and positive outcomes have been achieved despite the lack of an assistance program. We believe that there are several contributory factors for this.

The first factor is the subject period for evaluation. From 1990 to 2007, there were no major changes relating to the national goals of Romania and Bulgaria or to Japan's aid policies for Romania and Bulgaria. Since the fall of the socialist regime, these two countries have strived to achieve such national goals as democratization, shift to a market economy and accession to the EU. The West, including Japan, has been providing assistance for Romania and Bulgaria as partners sharing the same values of democracy and a market economy. Japan has consistently provided assistance for the shift to a market economy and accession to the EU as basic policies for its bilateral assistance for these countries within the framework of the G24. It is judged that Japan's ODA for Romania and Bulgaria has been highly compatible with the international trend of ODA, the diplomatic policies of Japan, and the needs of these countries even though a country assistance program for these countries does not exist.

Secondly, it can be pointed out that the concrete contents of the assistance have been flexibly decided based on a precise understanding of the changing situation and needs of the recipient countries. The ODA schemes employed in Romania and Bulgaria in the early years were the acceptance of trainees featuring administrative officials and corporate managers and the dispatch of experts as well as development studies in such specialist areas of Japan as production management, business management, environmental conservation, agriculture and infrastructure. Once the system to receive ODA was in place in Romania and Bulgaria, project-type technical cooperation had been commenced. This was followed by the introduction of yen loans after the stabilization of the macro-economy. This approach of introducing suitable aid schemes in line with the needs of the recipient country and an increase of the capacity to accept foreign aid is judged to have been both effective and efficient.

Thirdly, because of the limited aid resources (funds) to be input, it was necessary for all of the Japanese organizations involved to carefully formulate, implement, and monitor projects in close communication with each other. The Embassy of Japan, JICA and JBIC had their own rules for project formulation and implementation. And individual projects were formulated based on thorough surveys on the needs of the recipient countries and their capacity to accept aid, the aid trends of other donors and other relevant issues. This careful approach by all of the organizations involved made it possible to select, implement and follow up projects which corresponded to the needs of the recipient countries at the time and which utilized Japan's relative advantage while avoiding the duplication of projects and confusion.

Fourthly, there was the long-term involvement of the JICA in Japan's ODA for Romania and Bulgaria. Starting with the acceptance of trainees and the dispatch of experts in the early 1990's, Japan's ODA for these countries was quite extensive in the field of human resources development, involving the dispatch of volunteers, development studies and technical cooperation projects. On their return to their own countries, many trainees were assigned to key positions in the organization acting as the local window for foreign aid and to project implementation organizations. Together with the human network developed through the application of Japan's various ODA schemes and the high level of

recognition of Japan's ODA, these former trainees are assumed to have formed a support base for the formulation and implementation of a succession of Japan's ODA projects.

(2) Necessity for the Formulation of a Quasi-Country Assistance Program

As explained above, even though a country assistance program had not been formulated for Romania or Bulgaria, the planning, implementation and monitoring of projects generally progressed in a smooth manner. However, the existence of some problems caused by the lack of such a program was found by this evaluation survey.

Firstly, a country assistance program is necessary from the viewpoint of accountability. An assistance program is not only a project management tool based on the PDCA cycle but also acts as a message indicating the purposes and methods of Japan's ODA to the country concerned. It is, therefore, a means of communication with the government and people of the recipient country as well as the Japanese people. The formulation of a country assistance program or a similar program (quasi-country assistance program) is strongly necessary to fulfill the accountability.

Secondly, an assistance program is necessary from the viewpoint of information sharing among those involved in aid for Romania and Bulgaria. The availability of a clearly documented assistance program would have made this information sharing much easier and increased the possibility of the long storage of the shared information in the form of archives.

Thirdly, a more comprehensive assistance program which incorporates cultural cooperation in addition to economic cooperation is required. Japan has provided cultural grant assistance for both Romania and Bulgaria since the early years and the great contribution of this assistance to the positive development of the bilateral relationship with these countries has been confirmed by this evaluation survey. However, there has been little discussion of cultural cooperation in connection with economic cooperation in the process of formulating a country assistance program, aid policy or project. The transfer of the responsibility for the implementation of cultural grant assistance to the newly reorganized JICA in October, 2008 means that the required surveys for economic cooperation and cultural grant assistance are now integrated. This development demands for collaboration and higher compatibility between economic cooperation and cultural cooperation in the coming years.

(3) Factor Facilitating Aid Effects in Romania and Bulgaria For Which Japan Is Not the Top Donor

In general, countries for which a country assistance program has not been formulated tend to receive smaller aid input by Japan. Japan began to provide ODA for Romania and Bulgaria immediately after the fall of the socialist regime, along with some EU member states (Germany, France, the Netherlands and others) and the US. The top ODA donor for Romania and Bulgaria has consistently been the EU which is the most important donor for these countries in terms of the contents of ODA. However, Japan's assistance has been highly assessed by Romania and Bulgaria as unique assistance enjoying a relative advantage over other donors. Consequently, Japan's presence in these countries is fairly high. The characteristics of Japan's ODA described below are assumed to be the reason for this. Although these characteristics may not necessarily be

effective in all recipient countries, they should be referred to in order to make Japan's ODA visible in those countries for which Japan is not the top donor as in the case of Romania and Bulgaria.

1) Effectiveness of Assistance Emphasizing Human Exchanges and Human Resources Development

The JICA has played a leading role in Japan's ODA for Romania and Bulgaria and has achieved many positive outcomes. The technical cooperation of Japan is implemented with the involvement of experts and is reputed for its emphasis on human resources development so that the equipment and technologies transferred can be well rooted in the recipient country. This evaluation survey has confirmed that such emphasis of Japan on not only technical cooperation but also grant aid and loan aid is highly assessed in both Romania and Bulgaria. The human network developed through ODA after the regime change and the high level of recognition of Japan's ODA is assumed to have formed a strong basis for the formulation and implementation of succeeding projects.

2) Cooperation in Those Fields in Which the Needs of the Recipient Country Lie and Japan Has a Relative Advantage

The second characteristic is the basic policy of Japan's ODA of targeting those fields in which Japan has a relative advantage. Both Romania and Bulgaria have been Japanophiles also before the age of the socialist regime and Japan has been respected as a country with excellent technologies. Both countries are interested in Japan's state-of-the-art technologies and have good knowledge of the fields where Japan excels. Because of such knowledge, their expectations of Japan's ODA were concentrated in Japan's specialist fields. Typical examples are the "Project on the Reduction of Seismic Risk Reduction for Buildings and Structures" and the "Port of Constantza-South Development Project" in Romania and projects related to energy saving, the "Sofia Metro Extension Project" and the "Fermented Dairy Products Development Project" in Bulgaria. In reply to the question asked by the Evaluation Team, both countries clearly stated that the requests for Japan's ODA were made because of Japan's excellence in the relevant fields. The Japanese side also selected those fields in which it has a relative advantage as priority fields to avoid competition with the EU. The fact that both Romania and Bulgaria are more developed countries in terms of their knowledge, ability and system to accept the advanced technical assistance of Japan made it possible for Japan's cooperation in the said fields to produce excellent results without exception.

3) Differentiation from Other Donors Using Aid Schemes in Which Japan Can Exercise Its Uniqueness

Japan's cultural grant assistance for Romania and Bulgaria was very unique as other donors have not provided such cooperation. Both countries became the subjects of Japan's cultural grant assistance in the fiscal year 1991 in the immediate aftermath of the regime change. Thereafter, cultural grant assistance projects were implemented at the rate of approximately one project every year. As these countries could not allocate the national budget to cultural conservation and promotion because of their tight fiscal situation, Japan's assistance in this field has

been highly valued as unique aid which has not been provided by other donors. The cultural cooperation scheme can be easily understood by not only government officials but also by ordinary citizens and its publicity effect is high. It is, therefore, an effective scheme to develop a good bilateral relationship. While Japan's use of its technical grant assistance scheme for Romania and Bulgaria is approaching its end, cultural cooperation is expected to continue. This can be used as a valuable diplomatic tool.

4) Japanophile Position of Romania and Bulgaria

ODA is sometimes described as a means of diplomacy. It is, therefore, necessary to explain how ODA contributes to an improved bilateral relationship between Japan and a recipient country. However, it is difficult to explain any causal relationship between Japan's ODA and the development of a bilateral relationship and ODA evaluation reports so far mention little about such causal relationship. In the case of Romania and Bulgaria, there are several points where ODA can be referred to as a factor facilitating the development of the bilateral relationship.

The first point is that it is well remembered in both Romania and Bulgaria that Japan provided timely assistance at a time when these countries were experiencing hardship due to the extreme deterioration of the economic conditions in the aftermath of the collapse of the socialist regime.

The second point is that the level of recognition of Japan's ODA among the people of Romania and Bulgaria is high because of its frequent publicity using television and other mass media.

The third point is that many people in Romania and Bulgaria have a fondness for Japan. The relationship between Japan and these two countries has historically been good since the age of Communist Party rule and there has been frequent two-way traffic of VIPs. According to an opinion poll about Japan conducted between November, 2003 and January, 2004 in six Central and Eastern European countries,³ more than 90% of the respondents in Romania and Bulgaria replied that they have a feeling of affection for Japan and more than 85% believe that Japan is a country which can be trusted, illustrating the Japanophile position of the two countries. Such a friendly relationship is likely to promote people's interest in Japan's assistance and may well have enhanced the effectiveness of Japan's assistance for Romania and Bulgaria.

(4) Necessity to Examine Strategic Assistance for ODA Graduate Countries Based on Recognition of the Great Impacts of Graduation from ODA

The graduation of recipient countries from ODA through their economic development is the ultimate goal of ODA or the biggest outcome/achievement of ODA. However, this graduation means the loss of the direct relationship between the donor country and recipient country via ODA and there are some important points to be considered from the viewpoint of maintaining and further developing the bilateral relationship. To be more precise, Japan must: (i) fully recognize that the ending of ODA could potentially have the

³ The six target CEECs of this opinion poll were Poland, Hungary, Czech Republic, Slovakia, Bulgaria and Romania.

very severe impact of terminating the relationship between Japan and various organizations, associations and individuals in the recipient country concerned which has been built up through ODA; and (ii) prepare a thorough strategy to shift from the historical donor-recipient country relationship to an equal partnership.

Since the fall of the socialist regime, there has been hardly any political or economic friction between Japan and Romania/Bulgaria, illustrating the good bilateral relationship. When Romanian or Bulgarian VIPs visit Japan, they always express their gratitude for Japan's ODA and their Japanophile position is evident in their constant support for Japan at international conferences. Various Romanian and Bulgarian organizations have been involved in Japan's ODA and tangible as well as intangible relationships have been established. Whether or not Japan can maintain its good bilateral relationship with Romania, Bulgaria and remaining Japanophile countries in the EU after the end of Japan's ODA will depend on the existence of an effective ODA graduation strategy for these countries. This ODA strategy will also be important as a diplomatic strategy.

At present, the maintenance and utilization of the human assets built up by past ODA and the joint implementation of assistance for third countries are being examined as part of Japan's post-ODA graduation strategy for Romania and Bulgaria.

In regard to the maintenance and utilization of human assets, one example is the JICA Alumni Association in Bulgaria which is examining possible activities and funding sources in preparation for the closure of the JICA Office which is scheduled to take place in March, 2009. One idea which is being considered is the provision of resource persons for Bulgaria's own ODA projects to make Bulgaria become a full-fledged donor. The members of this Alumni Association include government officials holding key positions at central government ministries, ODA implementing organizations and local councils and researchers working in industries, health and medical care organizations and universities. While JICA alumni associations have been established in various countries throughout the world, the prospect of their self-reliant development is generally uncertain.

JICA offices have been indirectly assisting the activities of alumni associations and have maintained records of all trainees which have returned from Japan. After the closure of these offices, this function of maintaining records will be inherited by the alumni association in each country and these records can be used as human resources management data. It is hoped that the introduction of a concrete target of using the resources of the alumni association for the ODA of one's own country will stimulate the sustained use of human assets built up through Japan's ODA.

In Bulgaria, the Bosei Quality Award (Bulgarian version of the Deming Prize) has been established as a knock-on effect of the project "Development of Business Management Skills Training Center for Small and Medium Sized Enterprises Managers" (technical cooperation project) and its follow-up assistance. The first prize ceremony took place in 2008. The Bosei Quality Award is a scheme to commend excellent companies pursuing total quality management (TQM). This is the first commendation scheme featuring TQM activities in Bulgaria and there are great expectations that the scheme will contribute to the quality improvement and strengthening of the international competitiveness of Bulgarian industries.

It is hoped that the establishment of JICA alumni associations and other project-related groups will lead to sustained activities by these groups with a view to assigning them

various tasks related to concrete projects.

The creation of tools to assist graduation from ODA is also important. Japan's ODA schemes today have strictly defined objectives and targets. This framework functions effectively for the fair implementation of ODA projects. However, no tools are available to replace ODA to assist the transition from recipient country status to donor status.

Their accession to the EU has made it a compulsory requirement for Romania and Bulgaria to become donors and it will be necessary for them to spend 0.17% of the GNI by 2010 and 0.33% by 2015 for ODA. This transition to donor countries will be difficult for both countries which lack experience of providing assistance for other countries. There is a clear need for the provision of assistance by means of some kind of ODA graduation assistance tool which involves human and organizational capacity building (CD). Japan's assistance for Romania and Bulgaria for the process of becoming donor countries to develop a mechanism to maintain a positive relationship with Japan will also be beneficial from the diplomatic point of view. One concrete outcome of this CD could be "triangular cooperation" whereby Japan and Romania/Bulgaria jointly provide ODA for third countries. In view of the fact that both Romania and Bulgaria will graduate from Japan's ODA very soon, careful planning, including a request for financial contribution to Japan's assistance for CD and joint ODA with Japan, will be required to promote their self-reliant development as ODA graduate countries. For triangular cooperation, the third country, i.e. ultimate recipient country, must be carefully selected, taking its diplomatic relationship with Japan and the partner country into consideration.

When Romania and Bulgaria plan to provide technical assistance for other countries, the use of the resources of the JICA Alumni Association, if possible, is very appealing. Such use can become a model for assistance for the process of becoming a donor country. Japan's continual assistance for Romania and Bulgaria for CD until these countries become self-reliant donor countries will be essential to make such a model a reality. The Japan Culture Volunteers Program launched by the Ministry of Foreign Affairs in the fiscal year 2008 is not an ODA scheme but covers both Romania and Bulgaria. This Program is judged to be a positive attempt to continue the achievements of volunteers and experts dispatched by the JICA. Other possible activities to assist Romania and Bulgaria in the coming years include improvement of the environment for inward investment by Japanese companies, preparation of a strategy to use OOF (Other Official Flow: Government funding other than ODA, such as government loans, export finance and investment finance) for the said improvement of the business environment and cultural exchanges.

(5) Maintenance and Strengthening of Effective Publicity Activities

Even though the scale of Japan's ODA for Romania and Bulgaria has not been particularly large, a large number of cultural grant assistance, grant assistance for cultural grassroots projects and grant assistance for grassroots human security projects have been widely publicized through the mass media in both countries. This high level of the public exposure of Japan's ODA can be attributed to the conscious efforts of various aid organizations led by the Embassy of Japan to establish a relationship of trust with the local media since the early 1990's when Japan's ODA for the countries commenced amid the still unstable political situation. It appears that such publicity has created a virtuous cycle whereby publicity enhances the level of recognition of Japan's ODA, increasing the number of Japanophiles as well as people with in-depth knowledge of

Japan, in turn resulting in the smooth implementation of succeeding aid projects of Japan to achieve excellent results.

It is currently planned to continue the cultural grant assistance, grant assistance for cultural grassroots projects and grant assistance for grassroots human security projects for Romania and Bulgaria. As several yen loans are still in place, the maintenance and strengthening of energetic publicity activities should continue.