

Chapter 3 The Orientation of New Aid



A Japanese expert and Bolivian technicians read weather measurement data on a computer at an observation point outside La Paz as part of the “Study on Impact of Glacier Retreat on Water Resource Availability for cities of La Paz and El Alto” in Bolivia (Photo: Shinichi Kuno/JICA)

Section 1 Strengthening the Program Approach

To achieve the maximum effect with a limited budget, while gaining a broad understanding of Japanese people in the midst of Japan’s economic and financial crisis, it is necessary to implement strategic and effective aid through “selection and concentration.” To accomplish this, a policy of strengthening the program approach (an approach that combines various aid methods for specific development issues that span multiple projects) was stipulated in “ODA Review Final Report” (issued June 2010) as well.

In the past, in principle, the implementation of individual aid projects was considered in accordance with requests from developing countries for individual projects, so there was inevitably a tendency to focus on individual projects when judging the necessity and results of aid. In

the future, Japan will proceed with transition to a program approach, in which goals for the resolution of specific development issues will be established based on policy discussions with developing countries, then the concrete projects required to achieve those targets will be formulated.

Using this method to combine grant aid, loan aid, technical cooperation, and a variety of other methods of assistance organically for individual projects that are required to achieve the goals of the program can be expected to increase the synergistic effect between projects and bear greater results throughout the whole. In addition, it will become possible to a certain degree to forecast the scale and elements that must be invested for the

achievement of the program goals, making it easier for the governments of partner countries and other donors to formulate medium and long-term development and aid strategy. Further, it will be possible to give a more rational and consistent explanation of Japan's policy intentions for

the aid and the impact of the aid, etc., leading the fulfillment of the government's accountability.

The following test programs have already been selected for implementation of the program approach on a trial basis.

[Test programs]

(1) Indonesia "Jakarta Metropolitan Transportation Program"

The capacity and capability for transportation and traffic has reached the saturation point in the Jakarta metropolitan area. This program aims to improve the investment and business environments in the area by improving and streamlining the transportation, traffic, and distribution infrastructure.

(2) Ghana "Program on Enhancement of Maternal and Child Healthcare System in the Upper West Region"

This program aims to improve the maternal and child healthcare system (a mechanism for systematic provision of preventive and treatment services related to maternal and child health) in the Upper West Region that Japan has been implementing aid as a priority.

(3) Tanzania "Program to Strengthen Rice Production Capacity"

Japan is also acting as a major aid-giving country to coordinate aid in Tanzania. This program focuses particularly on the agricultural sector, which is suffering from unstable production capacity, and aims to increase rice production capacity.

(4) Bangladesh "Basic Education Improvement Program"

Although the enrollment ratio has improved, a low rate of completion (high dropout rates and repetition rates) is a problem in Bangladesh. This program aims to improve the completion rate in basic education by improving the quality of education.

(5) Laos "Program for Power Development"

Although the potential for water-power development is high, Laos suffers from an insufficient ability to supply power domestically and a low ratio of electrification. This program aims to expand the safe and stable electrical power supply.



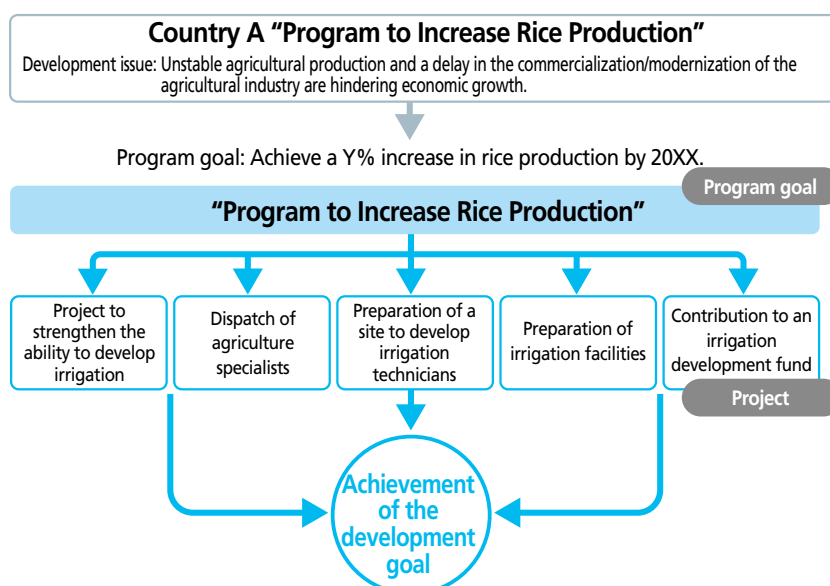
A traffic jam during the evening rush hour in Indonesia's capital Jakarta. Improvement of the public transportation infrastructure is required. (Photo: Shinichi Kuno/JICA)

Program Approach (image)

Program Approach: Specify development issues and development goals to resolve those issues (a program) based on a detailed analysis of aid needs and policy discussions with developing countries, then formulate concrete targets for aid (projects).



(Photo: Yuji Shinoda/JICA)



Section 2

Multilateral-bilateral Partnerships

A harmonization of multilateral aid (assistance through international organizations) and bilateral aid is referred to as “multilateral-bilateral partnership.” Multilateral-bilateral partnerships have two objectives. The first one is to reflect trends in international aid into the bilateral aid policies, which at the same time mainstreaming Japan’s bilateral aid methods which have comparative advantage,

within the recipient countries and the international community. The second objective is to effectively combine bilateral and multilateral aid in an effort to increase effectiveness of Japan’s aid under the common sectoral goals.

To achieve this desirable partnership, the following efforts are required.

- Strengthen the program approach (to combine various aid methods to address specific development issues beyond individual projects) under the sector plans of the developing countries.
- Participate proactively as a donor country in the formulation and evaluation of sector plans and in policy consultations and make policy recommendations.
- Research and introduce methods for evaluating outcomes (Monitor and evaluate the outcomes with the relevant indicators of the target country.)
- Proactively utilize an aid coordination framework* to expand Japan’s efforts.
- Collaborate with international organizations including the Global Fund to Fight AIDS, Tuberculosis and Malaria, the World Bank, UNICEF, the Asian Development Bank (ADB) and the African Development Bank (AfDB), and the Education For All Fast-Track Initiative (EFA-FTI).
- Proactively communicate at multilateral for the results and experiences in pilot countries.

These efforts will continue to a variety of outcomes. For example, in the healthcare field, providing aid under a consistent strategy from the national level to the local level in a target country makes it possible to establish an environment that enables the quantitative measurement of the outcomes. This contributes to more effective and visible communication to the people of the recipient countries and Japan as well as the international community. In the education field, in order to deal with issues in basic education (for example, improvement of access to education for disabled children, children who belong to linguistic minority groups, and other children that have been marginalized, as well as improving education quality through teacher training and strengthening school administration), it is possible for Japan to expand its aid effectiveness through multilateral-bilateral partnerships. In addition, it is also

effective for Japan to mainstream its onsite successes into the education sector plans of developing countries. To that end, Japan will continue to promote multilateral-bilateral partnerships.

Terminology

* Aid coordination framework

A framework that enables various donor countries and organizations to come to agreement on the priority of development, to integrate aid policies and implementation methods, and to coordinate activities in order to complement each other.



A mother and her newborn child at a “Safe Motherhood Promotion Project” hospital in Bangladesh, where Japan is proactively engaged in multi/bilateral partnerships (Photo: Sayaka Oka)

Section 3

Increasing and Continuously Improving the Transparency of ODA Projects

“ODA Review Final Report,” issued in June 2010, aims to promote an increase in the transparency (“Visualization”) of aid through the PDCA cycle; aid planning (Plan), implementation (Do), evaluation (Check) and follow-up activities (Act). The measures to be taken include improving accountability for ODA by involving third parties, clarifying the impact of aid, visualizing the current state and outcome of the projects and developing easy-to-understand evaluation reports. Having decided to increase the transparency of aid and strengthen information disclosure, the Government of Japan released “Toward Strategic and Effective Implementation of Aid: Full Visibility and Enhancement of the PDCA Cycle” in January 2011, which was followed by “Toward Strategic and Effective Implementation of Aid (Revised): Increasing and Continuously Improving the Transparency of ODA Projects” in October. (See page 150 for details regarding PDCA cycle.)

Below are the activities implemented in 2011. The Country Assistance Policy for individual countries was introduced at the planning stage. This is the aid policy for each country, formulated with the development plans of partner countries, development issues, etc., in mind, and taking into consideration the political, economic, and social circumstances of the recipient country. As a rule, Japan aims to have such policies formulated for all ODA target countries within three years. Japan will integrate past Country Assistance Programs for individual countries and the Rolling Plans that were formulated under them, reorganize them into a more concise and highly strategic plan, and strive to clarify the direction of aid through “selection and concentration.” In addition, the Development Project Accountability Committee was established from the standpoint of strengthening the PDCA cycle related to implementation of individual projects, with its first meeting held in October 2011. The committee aims to ensure the appropriateness of individual projects of loan aid, grant aid, and technical cooperation at the preparatory survey stage, through the exchange of opinions with members of the committee, consisting of experts from the business community, the press and NGOs. At the evaluation stage, in April 2011, the evaluation function was transferred from the International Cooperation Bureau to the Minister’s Secretariat, and along with establishing a new ODA Evaluation Division, an outside evaluation specialist was appointed as head of the Division, to strengthen the ODA evaluation

structure within the Ministry of Foreign Affairs, and to enhance its independence. JICA decided to conduct a more detailed ex-post evaluation of projects that have the potential to provide beneficial lessons or models, as well as to add a searchable evaluation report database to JICA’s website, and take other measures to raise the quality of evaluation and improve access to evaluation information.

In October 2010, a new website “ODA *mieru-ka-site*” (website for visualization of ODA) was launched on the JICA website (a direct link from the ODA website of the Ministry of Foreign Affairs) to increase the visibility of ODA and promote public relations that further enable the acquisition of the understanding and support of the Japanese people regarding ODA. Photographs, prior/ex-post evaluations, and other information is posted as needed, in order to communicate to the people, in an easy-to-understand manner, an overview of each loan aid, grant aid, and technical cooperation projects that JICA is implementing as ODA projects around the world, as well as the process from project formation to completion. (A total of 455 postings had been made as of the end of September 2011.) By the end of FY2013, the Ministry plans to post information not only regarding projects that are currently underway, but on projects that have been completed over the past decade, and to provide information disclosure that is as comprehensive as possible. The posting of information as needed on the Ministry of Foreign Affairs website regarding Grant Aid for Japanese NGO Projects and other grant aid projects that the Ministry of Foreign Affairs takes the lead in implementing has also begun.



Website for visualization of ODA <http://www.jica.go.jp/oda> (Japanese only)

The Usefulness of Growth through the Development of Infrastructure

1. Why is the development of infrastructure beneficial to the economic growth of developing countries?

The revitalization of regional economic activity and generation of stable employment is an effective way to reduce poverty. Attracting investment from outside the region and revitalizing trade within the region are possible methods of revitalizing economic activity. What is necessary to accelerate the implementation of such measures is the development of infrastructure that supports economic activity (the socio-economic infrastructure), such as a network for the transportation of raw materials

and products, and the electrical power supply needed for operation.

“Deployment of Integrated Infrastructure Systems”^{*} has been adopted as a national strategy project for New Growth Strategy,^{*} and Japan is strengthening its efforts, but in addition to boosting Japan's recovery and growth, it greatly helps in the economic growth and reduction of poverty in developing countries as well.

2. Stimulating the economy by promoting investment from outside the region

Promotion of investment in developing countries has a variety of effects, including the creation of new industry, the transfer of technology, and the promotion of employment. A variety of elements are required from both the equipment and facilities standpoint and the knowledge and expertise standpoint to enable a company to conduct activities. One of the most important of these elements is the development of infrastructure to support economic activity.

In addition to providing assistance in the development of roads, bridges, railways, ports, airports, and other aspects of the transportation network in regions that are increasingly expected to be the target of investment by Japanese companies, the Japanese government is utilizing Japan's superior technology, such as renewable energy and smart grids (next-generation electric power grids), to provide aid directed toward ensuring stable electric power, etc.



The “Project for the Improvement of the National Road No.1” in Cambodia widened roads, thereby relieving traffic jams (Photo: Koji Sato/JICA)

3. Revitalizing trade within the region by promoting regional economic integration

When trade is conducted between two regions, logistics costs are generated in proportion to the geographical distance. In general, the volume of trade decreases with distance, but development of transportation infrastructure makes it possible to aim for shorter transportation time and increased transportation volume, decreasing shipping costs and enabling more active trade. Linking the transportation infrastructures of physically separated economic zones allows new integration of those economic zones, making it possible to expect the revitalization of trade in those regions. In addition, such economic integration is also useful in eliminating gaps within the region.

Japan provides assistance for the development of

economic corridors (See “Terminology” on page 20) and other extensive infrastructure in each area around the world, and is striving to achieve economic growth in developing countries through the revitalization of trade within the region. In FY2010 as well, at a Japan ASEAN Summit, it was announced that preparations had been made to contribute to implementation of the “Master Plan on ASEAN Connectivity.” (See the figure on page 19) In addition, at the TICAD-IV (the Fourth Tokyo International Conference on African Development) Follow-up Meeting, it was announced that continued aid would be provided, including development of the infrastructure to accelerate growth in Africa.

4. Systems and programs to promote development of the infrastructure in developing countries

In the past, Japan has utilized ODA in a variety of forms to assist in the development of infrastructure in developing countries. “Deployment of Integrated Infrastructure Systems” has been adopted as a national strategy project for New Growth Strategy, and deployment and effective utilization of that strategy is being considered for the systems required to support the development of infrastructure in developing countries.

In addition to utilizing the knowledge, experience, funds, and technology, etc., of private businesses, JICA launched a system in FY2010 to call for proposals from the private sector for preparatory survey for public-private partnership (PPP) infrastructure projects and to outsource those studies to the companies that proposed them, in order to give a boost to the overseas deployment of private businesses. Further, JICA Private Sector Investment Finance* was officially re-launched to provide direct investment and financing to private businesses that

contribute to the development in developing countries, and preparations are underway for investment and financing of trial projects.

Moreover, in August 2011, discussions in Ministerial Meeting on Deployment of Integrated Infrastructure Systems and ODA Review⁷ in Ministry of Foreign Affairs resulted in the decision to utilize ODA loans strategically and in exceptional cases, depending on the project, for upper-middle-income countries and developing countries with an income level that exceeds that of upper-middle-income countries, if it is possible to confirm that it will be directly effective for receiving concrete orders for integrated infrastructure projects and acquisition of resources, etc.

Japan will utilize a variety of such systems to continue providing support for the development of infrastructure in developing countries.

Terminology

* New Growth Strategy

A policy to grow Japan's economy. The Strategy stipulates 21 National Strategic Projects under seven strategic categories: (i) Green Innovation, (ii) Life Innovation, (iii) Asia, (iv) Tourism-oriented nation and local revitalization, (v) Science- and technology-IT oriented nation, (vi) employment and human resources, and (vii) financial sector.

* Deployment of Integrated Infrastructure Systems

In New Growth Strategy, Japan promotes the deployment of infrastructure business through public-private partnership as “Deployment of Integrated Infrastructure Systems.” The concept involves supporting the efforts of private businesses related to infrastructure demand, particularly in Asia, with an entire package, not only for the construction of facilities and as part of the equipment and facilities infrastructure, including the development of electric power, railways, water, road projects, and other infrastructure overseas by Japanese companies, but also for the knowledge and experiences required for those business operations, transfer of technology, development of the human resources required for management and operation, and other aspects of the knowledge and expertise.

* JICA Private Sector Investment Finance

Utilization of JICA's loan aid to provide the funds and financing required for development business implemented by private Japanese companies in developing countries. The projects of private businesses in developing countries create employment and lead to the revitalization of the economy, but in many cases there are a variety of risks and no outlook for high gains, so it is difficult to obtain sufficient funds from private financial institutions. Overseas investment and loans by JICA are used to support development in developing regions by providing funds and financing for such businesses. The aid targets (i) MDGs and the reduction of poverty, (ii) acceleration of infrastructure development and growth, and (iii) measures against climate change. Unlike yen loans, which consist of economic cooperation provided to the governments of developing countries, overseas investment loans contributes to development by supporting the activities of private Japanese businesses that are conducted with non-governmental private businesses in developing countries.

Note 7: “ODA Review Final Report” June 29, 2010; http://www.mofa.go.jp/policy/oda/reform/pdfs/review1006_report.pdf

Section 5

Cooperation Related to the Environment/Climate Change and the Utilization of Japan's Technology in Developing Countries

Climate change affects the living environment in a variety of ways, including droughts, flooding, and other abnormal weather, and rising of sea levels caused by global warming. To deal effectively with these issues, funding, technology, knowledge, infrastructure, administrative ability, and other aspects of the socio-economic environment must be improved.⁸ Such funding, technology, and knowledge is particularly lacking in developing countries, resulting in a tendency to lag behind in taking action against climate change. Because of this, when, for example, a natural disaster occurs, the response is insufficient or delayed, so the damage expands. In 2010, Japan provided grant aid to 25 countries, chiefly in Asia and Africa, as funding to procure the equipment and materials needed for disaster countermeasures, in order to improve the ability of such developing countries to deal with natural disasters. When Cambodia suffered torrential rainfall, etc., in 2011, Japanese-made heavy equipment that was provided through this type of cooperation was used to repair levees that had collapsed due to the flooding, etc., and the Cambodian government expressed its gratitude.

In addition, regions that are susceptible to the effects of climate change are also susceptible to water shortages due to low rainfall, drought, etc., so ensuring access to safe water is also an issue. In 2010, grant aid was implemented to provide funds to procure a plant to desalinate highly saline ground water with Japanese technology to ensure a stable supply of water in a city in southern Tunisia, a desert region with a drastic shortage of water.

Greenhouse gases, a cause of climate change, are not only emitted by the developed world. Over half of the world's emissions come from developing countries that do not have an obligation to reduce emissions as stipulated in the Kyoto Protocol. To achieve a worldwide reduction in emissions, it will be necessary to strive to reduce greenhouse gases from those developing countries as well. To accomplish this, the developed countries must proactively support the efforts of developing countries that lack the capabilities and funds to make such reductions.

In 2010, Japan provided yen loans for the building of geothermal power plants in Kenya, which suffered from a serious power shortage due to a decrease in the

hydroelectric power supply caused by a large-scale drought. The use of Japan's superior steam turbines for geothermal power generation in this cooperation is expected not only to stabilize Kenya's electrical power supply, but also to reduce greenhouse gas emissions to a level lower than those of a thermo-electric power plant of a similar scale.

Many developing countries are facing a variety of environmental problems, not only climate change, but also air pollution due to rapid economic growth and urbanization, and water contamination caused by the lack of sufficient sewer systems, etc. In 2009, Japan provided an ODA loan for a high-speed urban railway system in the Jakarta metropolitan area in Indonesia, where traffic congestion and the resulting air pollution have become severe. In addition, that same year, Japan provided an ODA loan for a sewage facility in Port Moresby, Papua New Guinea, which has suffered from water contamination along the coast caused by the flow into the ocean of sewer water that had not been sufficiently processed.

There are many cases in which Japanese companies have participated and Japan's superior environmental and infrastructure technology has been applied in cooperation related to the environment and climate change in developing countries.

Through the implementation of such activities through a partnership between government and the private sector, Japan's excellent technology will be utilized in even more developing countries. Further, Japan will continue to provide such aid, with the expectation that it will be helpful in efforts to deal with climate change and other environmental issues in developing countries.



The aim of the "Environmental Improvement Project in the Basin of Lake Billings" in Brazil is to improve sewer systems, improve the lives of the people living around the lake, and protect the environment (Photo: Shinichi Kuno/JICA)

Note 8: As described here, construction of seawalls, improvement of the nutritional content of soil, and prevention of communicable diseases, for example, as measures against climate change and the resulting rise in temperatures or sea levels, etc., are referred to as "adaptation." On the other hand, efficient use of energy, energy conservation, collection/accumulation of carbon dioxide, increase of carbon sinks, etc., and other measures that take time but are aimed at fundamental resolution are referred to as "mitigation."

Utilization of ODA to Achieve Fundamental Solutions to Conflict and Terrorism

Conflicts continue today in areas around the world, and even when such conflicts are resolved, there are many countries that are in danger of descending into turmoil once again. According to the “Human Development Report 2005” compiled by the UN Development Programme (UNDP), conflict or instability following conflict continues in 22 of the 34 developing countries that are expected to achieve the Millennium Development Goals (MDGs) the slowest. In addition, approximately 40% of countries that have recently recovered from conflict have fallen into conflict again, with the ratio rising to approximately 60% in Africa.

So-called “failed states,” nations that have been battered by conflict and lost the ability to govern, are in danger of becoming the site of terrorist activity, and presenting a threat to the surrounding regions and the world in general. For example, armed groups continue terrorist activities in Afghanistan. There are even cases in which terrorist organizations, such as Al-Qaeda, have internationalized and committed acts of terrorism in the developed countries. The threat of terrorism continues to be an issue shared by the international community, with suicide bombings in areas of Afghanistan, Pakistan, and Iraq, serial bombings of the subway in Moscow, Russia in March, an attempted bombing of Times Square in New York, U.S., in May, and a suicide bombing in downtown Stockholm, Sweden in December, all occurring in 2010 alone.

Japan’s own security and prosperity have been built on the peace and stability of the international community, so the nation has been proactive in its approach to resolving conflict and terrorism. For example, in countries such as Afghanistan and Iraq, Japan has provided assistance for such activities as the disarmament, demobilization, and reintegration (DDR) into society of former soldiers, support of local police, and removal of landmines, etc. In addition, Japan has been working in Afghanistan, to assist in providing salaries and training for police personnel, implementing literacy

education, and conducting other activities to aid in the steady progress of process of transferring control of security that began in July 2011, and in establishing stable security. Japan provides a variety of support to aid measures against international terror in the countries of Southeast Asia, with which Japan has a particularly close relation, such as immigration, aviation and port security, customs, and law enforcement.

As conflict and terrorism continue, Japan must take more efficient and effective action as a responsible member of the international community. For example, the “Interim Report of the Study Group on Japan’s Engagement in UN Peacekeeping Operations” released in July 2011 proposes strategic and effective partnerships with UN PKO and other peace-keeping activities, and with ODA and other diplomatic activities, as part of the enhancement of partnerships that Japan engages in as a whole. In the future as well, Japan will strive to find ways to utilize ODA more appropriately, in order to reduce poverty and resolve the root causes of conflicts and terrorism, thereby improving the global security environment for ensuring security and establishing the security and prosperity of Japan.



Students in the Department of Electricity and Electronics at the “Project on Basic Vocational Training in Afghanistan” Vocational Training Center
(Photo: Raymond Wilkinson/JICA)