

SECTION 3

DEVELOPMENT ISSUES IN DEVELOPING COUNTRIES AND OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

A. Development Issues and the Situation Surrounding Japan's Official Development Assistance (ODA)

The domestic and overseas situations surrounding development assistance are now in the midst of major change, and this is raising questions regarding the nature of Japan's Official Development Assistance (ODA) policy.

The international community is currently facing a vast number of global issues. For example, issues such as environmental degradation and the spread of infectious diseases are of extremely grave nature, as they directly threaten the lives of people and the economic and social foundations of developing countries. The international community must come together to address these challenges.

There has also been a growing awareness of the role of ODA in fields such as conflict prevention and peace building. Moreover, the efforts to tackle the various problems in and around Afghanistan since the September 2001 terrorist attacks in the United States reconfirmed the prominent value of ODA as a means of Japan's diplomacy (see Chapter I, B-3 and B-4 for Japan's ODA response to the terrorist attacks).

In recent years, while total ODA flows to developing countries have not increased, there has been an active debate in the international community regarding the approach to aid, including discussions on the harmonization and standardization of aid procedures, as well as a shift from project-based aid to program-based aid and from tied aid to untied aid. In light of these trends, the principal issue for Japan is to ensure the competitiveness of Japan's ODA while at the same time responding to the greater diversification of the assistance needs of developing countries.

Domestically, there still remain critical views against ODA among the public, and Japan's ODA budget is on a declining trend against the backdrop of severe economic and fiscal conditions. The FY 2002 General

Account ODA budget was reduced by about 10 percent from the previous fiscal year, making more prioritized, effective, and efficient implementation of ODA increasingly important.

Under these conditions, the central target of Japan's ODA has been coexistence with the rest of the world, especially with Asia, and response to global issues. The following section describes Japan's major efforts in 2001.

B. Priority Issues of ODA in 2001

1. ODA by Region: Coexistence with Asia and the Rest of the World

(a) Asia

Asia is the region with which Japan shares the closest historic, economic, and cultural relations; and because of the depth of these relations, Asia is considered the highest priority region under Japanese Official Development Assistance (ODA) policy. In fact, during FY 2000 Japan allocated more than half of its bilateral assistance (US\$5.23 billion, approximately 54.8 percent of the total bilateral assistance) to Asia.

Japan's ODA policy places particular emphasis on the Association of Southeast Asian Nations (ASEAN) region, which received 59.2 percent of Japan's ODA to Asia during FY 2000. Rectifying the economic disparities between original and new ASEAN members is particularly important for further consolidating the integration of ASEAN and for advancing regional stability. While providing bilateral assistance, and promoting intra-regional cooperation and South-South cooperation, Japan has provided assistance to the relatively less developed ASEAN members, namely Vietnam, Laos, and Myanmar, in order to support their transition to a market economy from a long-term perspective, and to provide assistance in the social sector, which includes poverty reduction and basic human needs.

For example, in August 1995 Japan initiated the Comprehensive Policy Assistance Survey for Vietnam (otherwise known as the Ishikawa Project), which was designed to support Vietnam's transition to a market economy through the formulation of policy proposals. The Ishikawa Project, started in August 1995 and completed in March 2001, was a forerunner to Japanese policy-support-type assistance programs.

Indonesia suffered severe effects from the Asian currency and financial crisis of 1997, and the country is now rebuilding its economy with assistance from Japan and other members of the international community. Recently, there have been signs of an upturn in Indonesia's real economy. At the November 2001 Consultative Group on Indonesia (CGI) meeting,

Japan announced that it would extend new ODA loans of approximately ¥41.7 billion in total in order to assist, from a middle- to long-term perspective, the country's efforts to return its economy to a stable path and achieve further growth. Furthermore, to expand the range of bilateral dialogue concerning Indonesia's important policy issues, Japan will implement the Economic Policy Support Program for Indonesia centered around an Economic Policy Supporting Team for Indonesia, comprising academic experts and government officials.

Additionally, during his January 2002 visit to several ASEAN countries, Prime Minister Junichiro Koizumi proposed, as future-oriented cooperation, the Initiative for Development in East Asia (IDEA) Ministerial Meeting in order to review the role of ODA in the economic growth of East Asia and to consider future development strategies and cooperation in East Asia.

Meanwhile, Japan conducted a review of its ODA to China given the harsh economic and fiscal conditions in Japan, the changes in China's development agenda as a result of China's economic development, and diverse critical views in Japan on ODA to China in recent years. In October 2001, Japan announced the Economic Cooperation Program for China, which is intended to make Japan's ODA to China more efficient and effective.¹² This new program will be a guideline for Japan's ODA to China over approximately five years hereafter.

In South Asia, Japan had suspended all new yen loans and all new grant aid (except for emergency and humanitarian assistance and grant assistance for grassroots projects) to both India and Pakistan because of the nuclear weapons tests the two countries conducted in May 1998, in accordance with the ODA Charter. However, those measures were discontinued in October 2001, following the terrorist attacks in the United States from a comprehensive viewpoint, taking into account the progress that both countries had made in the nuclear non-proliferation field, their support of the international coalition against terrorism, and other factors (see Chapter I, B-3 for information on Japan's assistance to countries neighboring Afghanistan).

(b) Africa

Africa has the highest percentage of people living in absolute poverty, and it faces many other grave issues as well, including conflicts, infectious diseases, and cumulative foreign debt. Japan has actively strived to improve those conditions, and provided US\$969 million in ODA to African countries during 2000, which accounted for 10.1 percent of total Japanese bilateral aid for that year.

Japan has twice hosted meetings of the Tokyo International Conference on African Development (TICAD), which advocated the importance of self-help efforts by the African countries themselves and of partnership from the international community in supporting those efforts. Japan also co-orga-

12. See http://www.mofa.go.jp/mofaj/gaiko/oda/seisaku/seisaku_3/sei_3f.html for the details of Japan's Economic Cooperation Program for China.

nized the TICAD Ministerial-level Meeting in December 2001 in preparation for TICAD III. Specifically, in accordance with the pledge to provide approximately ¥90 billion in grant aid to education, health and medical services, and water resources sectors over the next five years announced at the 1998 TICAD II meeting, Japan had provided ¥53.2 billion in such aid to African countries by December 2001. To date, that assistance has afforded educational opportunities to approximately 310,000 African pupils and provided safe water to approximately 2.7 million Africans.

2. ODA by Field: Response to Global Problems

(a) The Fight against Infectious and Parasitic Diseases

Infectious diseases like HIV/AIDS that spread beyond national boundaries have severely impacted upon the health and work capacity of people in developing countries, and these diseases now pose a serious impediment to development. Based on that understanding, Japan has positioned health care as a priority field in its Official development Assistance (ODA) policy. During 2000, Japan allocated US\$2.22 billion, or approximately 16 percent of its total ODA, to the health care field.

During 2001, the international community engaged in active discussions concerning infectious diseases control—for example, at the Africa Summit on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases, which was held in Nigeria in April; at the UN General Assembly Special Session on HIV/AIDS in June; and at the Genoa Summit in July.

At the UN General Assembly Special Session on HIV/AIDS, former Prime Minister Yoshiro Mori explained Japan's approach, including the significance of the Okinawa Infectious Diseases Initiative (IDI),¹³ and announced that Japan had provided approximately US\$700 million in concrete support based on the IDI. Those efforts are highly regarded by other UN members. Japan subsequently announced that it would contribute US\$200 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), based on an agreement reached at the Genoa Summit along with other major donors including the U.S., the U.K., and Italy (See Chapter I, F-5).

(b) Global Environmental Issues

Global environmental issues need to be addressed not just by the developing countries but by the entire international community, and Japan has been

13. The Okinawa Infectious Diseases Initiative (IDI), which was announced by Japan on the occasion of the G8 Kyushu–Okinawa Summit in 2000, states that Japan will provide US\$3 billion, as a target figure, over the next five years in assistance to support infectious diseases countermeasures.

actively implementing ODA in the environmental field. In FY 2000, Japan allocated approximately ¥450 billion, or approximately 32 percent of its total ODA budget, for environmental ODA.

In efforts to address global warming, two meetings of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change were held during 2001, the resumed Sixth Session and the Seventh Session (COP 7; see Chapter I, F-4). Based on the Kyoto Initiative,¹⁴ which Japan launched on the occasion of COP 3 in 1997, Japan has provided a total of approximately US\$2.4 billion per year in bilateral ODA to combat global warming, and that effort has seen some concrete results. For example, Japan implemented a three-year program beginning in FY 1998 to foster the development of 4,600 trainees to address global warming.

(c) Basic Education

Even though education comprises the essential foundation for nation-building, more than 110 million children worldwide were not able to receive even primary education as of the year 2000. In response, Japan allocated US\$890 million, or approximately 6.4 percent of its total ODA, to the field of education in 2000.

International efforts are proceeding in the basic education field, including the agreement reached at the G8 Genoa Summit in 2001 to establish a task force of senior G8 officials to compile recommendations for G8 leaders on the best way to achieve the goals of the Dakar Framework for Action,¹⁵ which was adopted at the World Education Forum held in April 2000. To date, Japan has supported such efforts not only by providing funds for physical facilities such as the construction of schools but also through technical cooperation and other intangible assistance. Recent examples include a 2001 development survey project aimed at formulating a comprehensive primary education sector program in Vietnam, which was Japan's first attempt to assist the drafting of an educational plan for an entire country (including the development of its organizational structure and systems).

14. The three main pillars of the Kyoto Initiative are: capacity development by accepting trainees in the global warming countermeasures field (3,000 trainees over five years from FY 1998); the expansion of the range of projects eligible for the most concessional terms of ODA loans to include the global warming countermeasures field; and the transfer of the pollution control and energy conservation technologies and know-how that Japan has cultivated and developed.

15. The Dakar Framework for Action was adopted at the World Education Forum held in Dakar, Senegal in April 2000 as a guideline for achieving international development targets, including ensuring access to free and compulsory primary education by 2015 and eliminating gender disparities in primary and secondary education by 2005.

C. Approach to ODA Reform

(a) Overview

While some Japanese citizens have taken a harsh view of the country's Official development Assistance (ODA), such criticism has become markedly louder in recent years. Specifically, criticisms have been made regarding the lack of transparency in the selection, implementation, and follow-up of individual ODA projects. There are also ongoing debates in the Diet over suspicions that particular Diet members have been improperly involved in selecting specific ODA projects. Among these, the Ministry of Foreign Affairs conducted an internal inquiry to investigate allegations that a particular Diet member was improperly involved with the Sondu-Miriu Hydropower Project in Kenya, which was financed by yen loans; the parties involved in the project were questioned during the inquiry, and it was concluded that there had been no such involvement.

Turning to ODA reform, Minister for Foreign Affairs Yoriko Kawaguchi announced "Ten Reform Principles to Ensure an Open Ministry of Foreign Affairs," in February 2002. That announcement included an explicit statement that ODA must be implemented in a transparent manner to ensure that taxpayer's money is not wasted, and specific measures to implement this policy are to be considered. The government needs to make still greater efforts to ensure that Japan's ODA policy is accountable to the Japanese people.

The following passages discuss some of the specific ODA reform efforts that were implemented during 2001 and early 2002.

(b) Second Consultative Committee on ODA Reform

The Second Consultative Committee on ODA Reform¹⁶ was established in May 2001 as an advisory group to the minister for foreign affairs for the purpose of making recommendations on specific ODA reform policies; the committee consisted of academics, representatives of non-governmental organizations (NGOs), a business leader, journalists, and other outside experts.

In August, the committee released an Interim Report¹⁷ indicating the direction for ODA reform and held ODA town meetings¹⁸ in Tokyo, Kobe, Sendai, and Fukuoka, in order to directly listen to the opinions of citizens on ODA reform.

Based on the opinions of the public at the town meetings and the messages sent to the ODA homepage, the committee then started in-depth discussions in September, and the Final Report¹⁹ was submitted to

16, 17, 18, 19. Information concerning the Second Consultative Committee on ODA Reform, the Interim Report, the town meetings, and the Final Report can be accessed at the Ministry of Foreign Affairs Website at http://www.mofa.go.jp/mofaj/gaiko/oda/seisaku/seisaku_1/kaikaku_ch.htm.

Minister for Foreign Affairs Kawaguchi in March 2002. The Final Report was based on the recognition that what is currently required of Japan's ODA is the introduction of concrete measures to draw out and develop the potential eagerness and ability of the Japanese people, and to further enhance the transparency of Japan's ODA and ensure its accountability to the Japanese people. Specifically, the Final Report recommends policies under the following three main pillars: ODA totally utilizing the intellectuality and vitality of the Japanese people; prioritized and effective ODA with a clear strategy; and drastic improvement of the ODA implementation system. The Final Report also called for the establishment of a Board on Comprehensive ODA Strategy with representatives from a wide variety of fields, for further information disclosure and a strengthening of third-party ODA evaluations, and for the introduction of an ODA audit system. Overall, the Final Report called for greater transparency in Japan's ODA, and the development of closer ties with non-governmental organization non-governmental organizations (NGOs).

ODA reform needs to be steadily implemented, in line with the proposals in the Final Report of the Second Consultative Committee and discussions at the Reform Advisory Board of the Ministry of Foreign Affairs.

(c) Enhancing the ODA Evaluation System

Japan must strive to enhance its ODA evaluation system, in order to ensure that ODA is implemented in an effective and efficient manner and to clarify the results of ODA to the Japanese public.

To that end, while improving ODA evaluations, it is also essential that the lessons learned from evaluations be properly reflected in future ODA policies. Consequently, an Internal Feedback Liaison Meeting on ODA Evaluation was established in the Ministry of Foreign Affairs in January 2001. Moreover, in December 2001 a Wisemen Committee for ODA Evaluation Feedback was established as an advisory group to the director-general of the Economic Cooperation Bureau to ensure the establishment of a fair and more objective ODA evaluation system.

Japan's ODA is implemented not only by the Ministry of Foreign Affairs but also by other ministries and agencies, all of which independently conduct their own ODA project evaluations. In July, the Inter-Ministerial Liaison Meeting on ODA Evaluation²⁰ was launched to improve Japan's overall ODA evaluation system through collaboration and coordination among the ministries and agencies concerned.

20. The necessity for such a meeting was also noted in the February 2001 report issued by the ODA Evaluation Study Group. The details can be accessed via the Ministry of Foreign Affairs homepage at http://www.mofa.go.jp/mofaj/gaiko/oda/siry/siry_3/siry_3f.html.

(d) Promoting Public Participation

The role of NGOs in international cooperation activities is becoming increasingly important in terms of providing the highly detailed assistance required to meet the diverse needs of people in developing countries, as well as promptly and flexibly implementing emergency humanitarian assistance activities. Recognizing the importance of NGOs, the government of Japan has been supporting the international cooperation activities of NGOs through the conventional NGO project subsidy framework and grant assistance for grassroots projects, and the government is also working to strengthen ties with NGOs via the Japan Platform (JPF) framework and to promote dialogue through regular consultative meetings between the Ministry of Foreign Affairs and NGO representatives. Compared with the NGOs in Europe and the U.S., which have long histories and solid financial bases, there is still a great deal of leeway for Japanese NGOs to expand and reinforce their activities. Therefore, the government of Japan initiated the Capacity Building Support for NGOs in FY 1999 aimed at reinforcing NGOs' organizational structures and management capabilities. In FY 2001 the government began providing assistance to improve the expertise of NGOs, especially in the fields of health care, education, and agriculture and rural development.

As emergency humanitarian relief, the government provided approximately ¥230 million in funds to Japanese NGOs engaged in victim support activities following the January 2001 earthquake in western India. The government of Japan also donated ¥580 million (in pool money) to the JPF to enable Japanese NGOs to conduct swift and effective on-site, initial-stage emergency humanitarian relief activities. A part of that pool money was being effectively utilized by the JPF to support refugee assistance works in Afghanistan (see Chapter I, B-3).

Additionally, the government of Japan has promoted the activities of the Japan Overseas Cooperation Volunteers (JOCV), who live together with people in developing countries while engaging in cooperation activities, and the cooperation activities of the Senior Volunteers aged between 40 and 69 with sophisticated skills and extensive knowledge and experience. After the Senior Volunteer Program was initiated in 1990, the number of applicants increased amid the rising interest in international cooperation activities, and the program has also been highly appreciated by the host countries as a type of cooperation that meets their diverse needs. Furthermore, the government of Japan has made efforts such as those to improve the ODA Citizen-Monitor Program and to strengthen collaboration with local authorities. The government of Japan will continuously cooperate with diverse bodies toward implementing effective, efficient, and transparent ODA.

Providing Health Care Services in Mexico

The Sierra Gorda region of Queretaro State is a mountainous area located more than five hours by car from Mexico City, and it is difficult to get to. The vast majority of the residents there live under what the Mexican government has defined as the poverty line, as a result of a rapid population increase and the excessive exploitation of natural resources. The region suffers from an infant mortality rate and a maternal mortality rate that are far higher than the national averages, and many of the villages are not provided with basic services such as medical care, education, and safe water. To ameliorate these conditions, the Japanese Organization for International Cooperation in Family Planning (JOICFP) began a project to promote regional health care, sex education, and family planning in the Sierra Gorda region in 2001, together with the Mexican Family Planning Association (MEXFAM), a Mexican non-governmental organization (NGO).

Since it was established in 1968, JOICFP has been implementing diverse international cooperation projects in the population and family planning field as a Japanese NGO. JOICFP is currently conducting such projects in 12 countries in Asia, Africa, Latin America, and the Caribbean, primarily centered around grassroots activities. These projects are based on the concept of reproductive health, and they aim at promoting health care activities driven by local residents, in accordance with the particular needs of each individual country or region. They cover a wide range of fields including women's health, health care for adolescents, primary health care, environmental sanitation, arranging income-generating activities, basic education, preventive medicine, and movements to improve quality of life.

JOICFP has worked with MEXFAM on projects in various parts of Mexico since 1979. These joint efforts have included the provision of sex education for adolescents, as well as the provision of health education, family planning, and other health care services to poor rural villages and urban districts. The ongoing project in the Sierra Gorda region was initiated based on that accumulated experience.

The village of Manzanillos has a population of less than 300. It is located about a one-hour car ride from Jalpan, which is the largest town in the Sierra Gorda region. In contrast to the conditions in Asia, the population density in Manzanillos is extremely sparse, making the provision of services particularly difficult. The only public transportation available to the villagers is a bus that travels to and from Jalpan twice a day. It is a major effort for the villagers to visit Jalpan. The Mexican Ministry of Health does have a clinic in Manzanillos, but the doctor only visits once a month. While Manzanillos is better served than the villages that have no clinic at all, the local residents still have no access to medicine or health care services when the doctor is not there.

Since the joint JOICFP-MEXFAM project was initiated, week-long training sessions have been conducted to teach community health promoters how to use basic medical equipment and supplies such as thermometers, blood pressure gauges, and medicine to relieve pain and diarrhea, and these health promoters are now providing health care services to the villagers. They are also educating the villagers regarding the importance of good health. Through these activities, the health promoters are gradually gaining the trust of villagers, and this will in the future likely enable them to provide contraception services, which are a very private matter.

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