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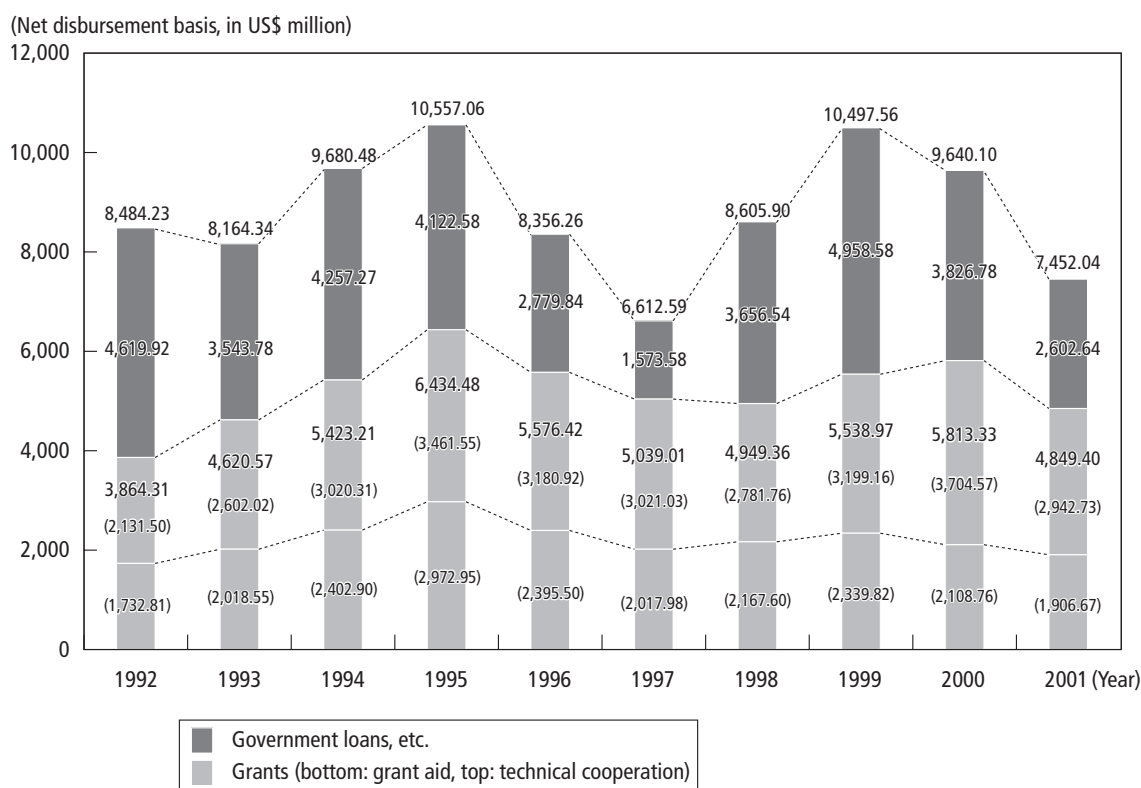
OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

(a) Overview: A Turning Point for Japan's Official Development Assistance (ODA)

The year 2002 marked a turning point for Japan's ODA. Since the terrorist attacks in the United States (US) in September 2001, the international community has been unified in its efforts to tackle terrorism. In particular, in the context of these efforts, the international community heightened its expectations that Japan, a pacifist country, would play a role in the promotion of peace and reconstruction in Afghanistan. Thus, in January 2002, Japan

co-hosted along with the US, the European Union (EU) and Saudi Arabia, the International Conference on Reconstruction Assistance to Afghanistan in Tokyo, which raised US\$4.5 billion in assistance for Afghanistan. In May, Minister for Foreign Affairs Yoriko Kawaguchi visited Afghanistan, on which occasion she explained the concept of the "consolidation of peace" that had been announced before her visit. She also proposed the "Register for Peace"⁵³ as a concrete support measure that puts this concept into effect. These efforts represented a turning point for Japan's ODA, in which it would play an even more active role in providing assistance during and

Amount of ODA in the Past Decade (Grants, Government Loans, etc., Totals)



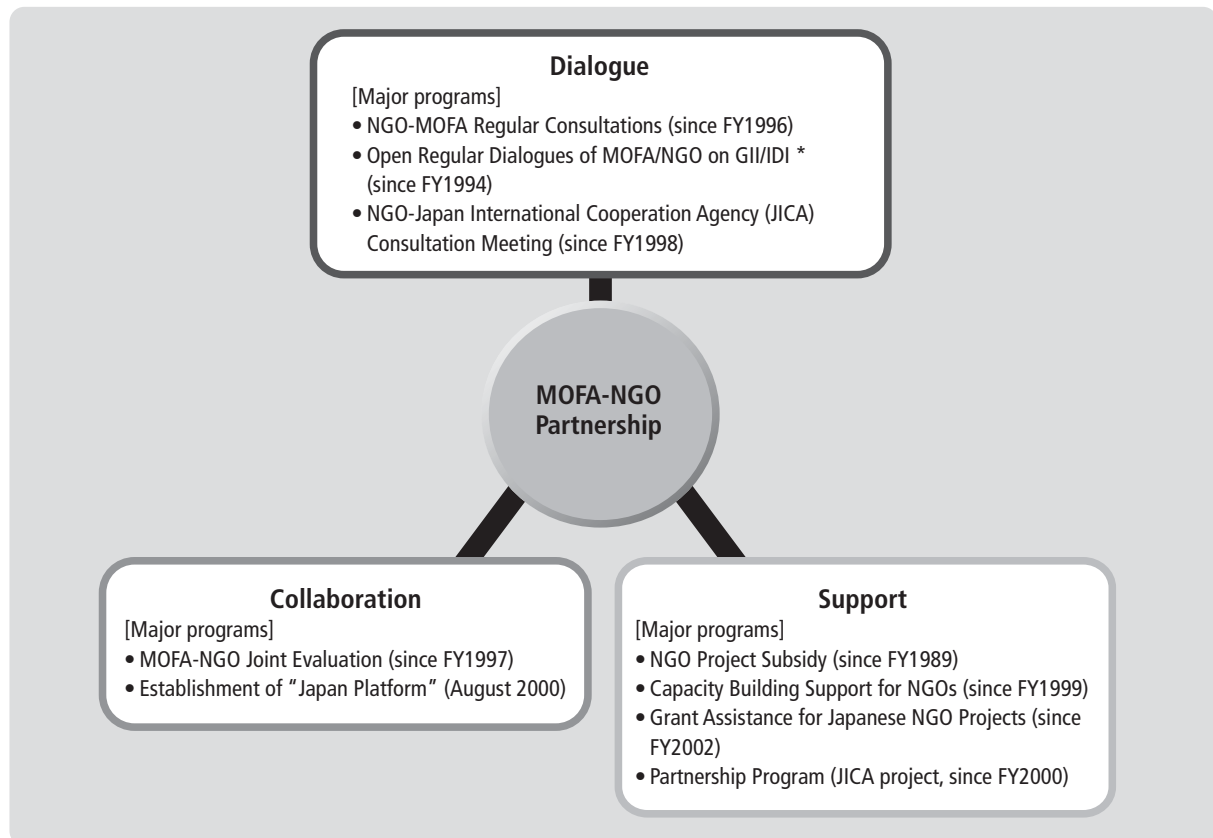
Notes: 1. Includes record of assistance to Eastern Europe and countries no longer dependent on aid.
 2. Due to numbers being rounded off, there are cases in which the totals do not add up.

⁵³ The "Register for Peace" was announced on the occasion of Foreign Minister Kawaguchi's visit to Afghanistan in May 2002. It is a peace-building program to register ex-combatants, who have decided to lead peaceful lives, in order to assist their reintegration into society by such means as providing vocational training and promoting employment.

Partnership between the Ministry of Foreign Affairs and Non-governmental Organizations (NGOs)

Since NGOs can provide detailed assistance activities that have a direct effect on local citizens, the roles of NGOs in recent years have increased in the fields of combat against poverty and other problems in developing countries and the provision of emergency humanitarian assistance to disaster and conflict areas. The Ministry of Foreign Affairs (MOFA) is promoting ODA that emphasizes the partnership between the ministry and NGOs.

In the ministry's solid relations with NGOs, there is the aspect of "collaboration" or the utilization of human resources and know-how of NGOs in the implementation of ODA projects, as well as the aspect of "support" through ODA for activities carried out by NGOs themselves. Thus, in order to enhance these aspects of the partnership, the ministry believes it is important to strengthen "dialogue" with NGOs.



Note: * GII: Global Issues Initiative on Population and AIDS, IDI: Okinawa Infectious Diseases Initiative
The Open Regular Dialogues of MOFA/NGO on GII was launched in FY1994, and it was renamed the Open Regular Dialogues of MOFA/NGO on GII/IDI under the Okinawa Infectious Diseases Initiative that Japan announced at the G8 Kyushu-Okinawa Summit in July 2000.

right after conflicts.

In 2002, developments were seen toward resolving conflicts around the world with the international community's strengthening of measures to combat international terrorism and other factors. Given these circumstances, Japan actively made efforts, in particular for the "consolidation of peace" in Asia, which received high praise from various countries. In regard to developments with the aim of conflict resolution in Sri Lanka, Japan appointed former Under-Secretary-General of the United Nations Yasushi

Akashi as the Government's representative for peace-building, rehabilitation and reconstruction, and has been actively engaged in the peace process. In addition, Foreign Minister Kawaguchi visited Sri Lanka in January 2003. During her visit, Japan announced its intention to hold one of the peace negotiation sessions in Japan and to host a reconstruction assistance conference. Furthermore, in regard to Aceh, Indonesia, where following the collapse of the Suharto administration in 1998 a separatist movement called the Free Aceh Movement (GAM) has been active

Emergency Humanitarian Assistance, Constant Changing of the Plan: Based on the Cases of Afghanistan and Southern Africa

When providing "emergency assistance," especially refugee assistance common in areas of conflict, it is very difficult to predict the future course of events with any certainty. It is a matter of using the limited information available to come up with best and worst case scenarios, and all the cases in between, and then to make on-the-spot judgments as new situations arise.

The terrorist attacks in the United States on September 11 shook the world and imparted a big shock to the Japan Platform (JPF), which at the time was about to commence aid in Afghanistan. At that time, Afghanistan was suffering from the effects of 20 years of conflict and a serious drought that had last for several years. In addition, Afghanistan was hemorrhaging refugees to surrounding countries. There was no large scale assistance from the international community and Afghanistan had become a forgotten country as almost no news was reported on it. In August 2001, JPF carried out an on-the-ground inspection of Afghanistan, which at the time was ruled by the Taliban, and came up with a plan to run jointly a camp for internally displaced persons with cooperation from several Japanese non-governmental organizations (NGOs).

However, the September 11 terrorist attacks happened soon afterward and United Nations (UN) organizations withdrew from Afghanistan. The JPF was also forced to change its initial plan. Then in October of that year, with the aerial bombing of Afghanistan continuing and there being no prospect of an end in sight, the JPF decided to set up a refugee camp in neighboring Pakistan to accommodate the expected increased influx of refugees.

Not as many refugees, however, went to neighboring countries as the international community had expected since exhausted and impoverished Afghans could not even get out of their country. So in November, the JPF made a final decision to enter Afghanistan and provide aid by utilizing the various special skills of each NGO. As Afghanistan makes a transition from an emergency situation to one of reconstruction, NGOs continue to be active there.

At the same time, minor emergencies caused by natural forces, such as droughts and snow damage, still occur from time to time in various places. One example of JPF activities of this kind has been its efforts on the famine

relief project in southern Africa since September 2002. In southern Africa, droughts and other natural disasters have continued for several years, and in rural areas there is an increasing number of malnourished children. If the drought continues any longer, it is predicted that the situation will become very serious. When we think of "emergency assistance," it is tempting to regard it as only appropriate for sudden emergencies such as earthquakes and refugee crises. But at JPF, we think that it is important to deal with emergencies that arise from these ongoing situations.

In any case, when providing emergency assistance, it is very important to react to the situation on the ground and act precisely. An important key to the success of aid provision is implementing it flexibly, in accordance with the unavoidable changes in plans.

(Photo)

Japan Platform

and in frequent armed conflict with the Indonesian government, Japan invited the concerned parties including major government representatives to Tokyo in December for an important conference with the aim of achieving peace. Moreover, on the occasion of Philippine President Gloria Macapagal-Arroyo's visit to Japan in December 2002, Japan announced a Support Package for Peace and Stability in Mindanao in order to contribute to the eradication of poverty and the "consolidation of peace" in the Mindanao region of the Philippines, which has suffered greatly from conflict and where development has been delayed.

Public participation in ODA has been further promoted by efforts toward the "consolidation of peace." In particular, with the assistance of the Japanese Government, Japan's NGOs together with those of Europe and the US, are active in fields such as refugee assistance and other humanitarian assistance in Afghanistan. Japanese experts such as doctors and teachers have been dispatched to Afghanistan and are directly involved in nation-building. Moreover, many relevant parties from Japan's public and private sectors are active in providing assistance in Afghanistan. The Japanese Government is actively advancing assistance in the area of security (policing), which it was cautious of doing in the past, as well as in the area of disarmament, demobilization and reintegration of ex-combatants (DDR).⁵⁴

Meanwhile, in 2002, a significant divergence was seen in the trend of the international community regarding development and Japan's domestic situation. In recent years, many of the topics of discussion at major international conferences such as the G8 Summit have been development issues, and this is a trend that has been reinforced since the terrorist attacks in the US. At the International Conference on Financing for Development that was held in Monterrey, Mexico in March 2002, European countries and the US, which had fallen into so-called "aid fatigue" since the end of the Cold War, announced that they would significantly increase their amounts of aid. Amid such circumstances and reflective of the country's severe economic and financial situation, Japan's FY2002 ODA budget was 10.3% lower in comparison to the previous fiscal year, and as a result ODA was reduced by more than 20% in the past five

years. In response, many ministers of foreign countries and heads of international organizations who visited Japan have expressed their hopes that Japan's ODA would continue to play a substantive role in the future.

Thus, in order to overcome this ODA situation, bold ODA reform under the slogan of efficiency, transparency and strategic significance was promoted. The Board on Comprehensive ODA Strategy was launched in June and the "Fifteen Specific Measures for ODA Reform" were announced in July, through which auditing and evaluations were fundamentally strengthened. Furthermore, ODA Town Meetings and the ODA Mail Magazine were established. In November, a bill was passed that would change the Japan International Cooperation Agency (JICA) into an incorporated administrative agency. In December, Grant Aid for Debt Relief, which has been continuously provided for 25 years since 1978, was abolished, and it was announced that Japan would cancel debts of certain countries including the least developed countries. Furthermore, a policy of reviewing the ODA Charter for the integration of reforms, with a goal of around 2003, was announced (for details on ODA reform, see Chapter 4-A).

(b) Priority Regions and Areas in 2002

Foreign Minister Kawaguchi has proposed prioritizing the Asian region, human security and the "consolidation of peace" in order to enhance the strategic effects of Japan's ODA.

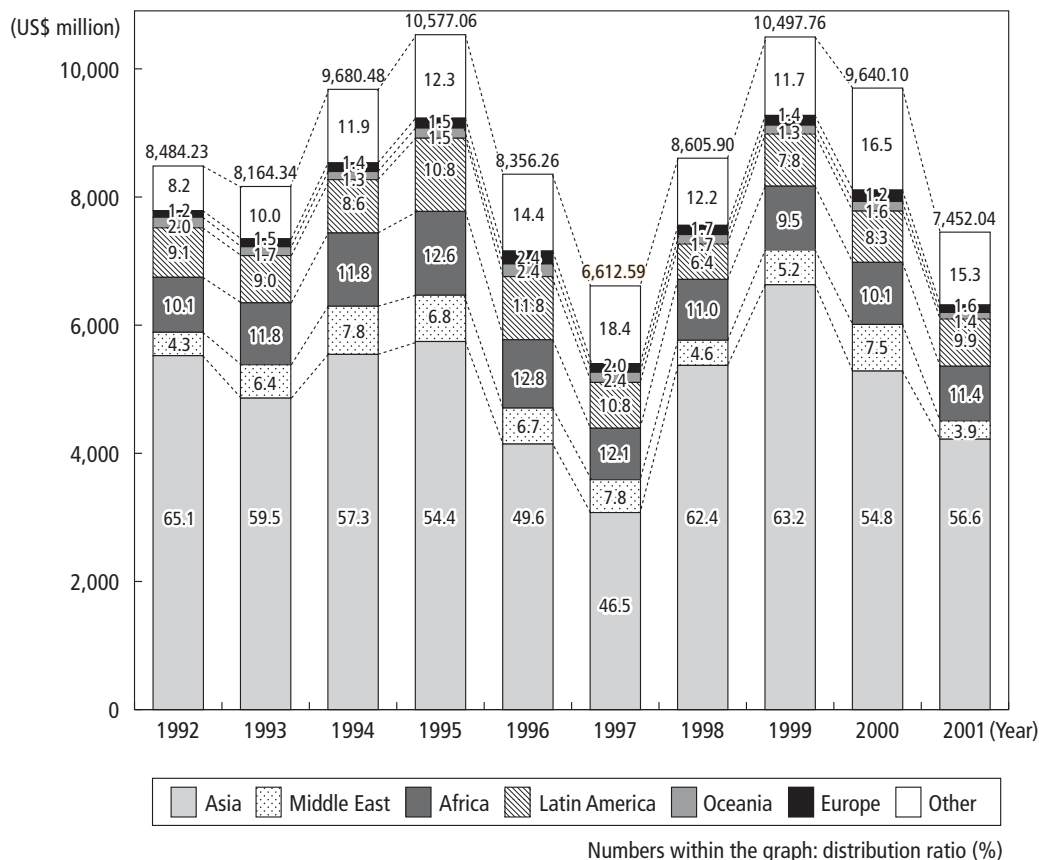
Asian Region

The Asian region is the top priority region for Japan's ODA. In 2001, over half of the country's bilateral assistance or US\$4.22 billion (approximately 56.6%) was provided to the Asian region.

Sixty percent of ODA for the Asian region is granted to Southeast Asia. Partnership was further deepened between Japan and Southeast Asian countries in 2002. In January, Prime Minister Junichiro Koizumi visited the countries of the Association of Southeast Asian Nations (ASEAN) and proposed some initiatives including the Initiative for Japan-ASEAN Comprehensive Economic Partnership. As part of these efforts, the Initiative for

⁵⁴ DDR refers to the disarmament, demobilization and reintegration of ex-combatants who have been involved in conflicts. It is an important element in the "consolidation of peace."

Geographical Distribution of ODA in the Past Decade



Note: Due to numbers being rounded off, there are cases in which the totals do not add up.

Development in East Asia (IDEA) Ministerial Meeting was held in Tokyo, at which 13 countries comprising ASEAN members and Japan, China and the Republic of Korea (ROK) participated. IDEA is an opportunity for cooperation in East Asian development as well as the first attempt for East Asia itself to disseminate a development model to the world. At this meeting, the common awareness of participating countries was announced in the form of a joint ministerial statement.⁵⁵

Given factors including Japan's severe economic and financial situation as well as China's rise in national power, harsh criticism was seen in Japan over its ODA to China. Thus, a review of the modality of ODA to China was held and the Economic Cooperation Program for China was formulated in October 2001. As a result of

comprehensive considerations for consistency in priority areas and other factors based on this program, the scale of yen loans to China in FY2001 was 25% lower than that of the previous fiscal year and, in addition, over half of the loans (approximately 54%) were applied to the area of the environment.

In Southwest Asia, in October 2001, Japan ended the economic measures it had placed against India and Pakistan following their nuclear weapons testing in 1998. In 2002, Japan made a commitment to provide US\$300 million in grant aid assistance to Pakistan, which is fighting terrorism, and has been implementing individual programs of the grant aid sequentially. As for India, on the occasion of Foreign Minister Kawaguchi's visit in January 2003, she announced Japan's intention to provide approximately

⁵⁵ See <http://www.mofa.go.jp/region/asia-paci/idea0208-4.html> for the outline and evaluation of the IDEA Ministerial Meeting and <http://www.mofa.go.jp/region/asia-paci/idea0208-2.html> for the Joint Ministerial Statement of the Initiative for Development in East Asia.

110 billion yen in yen loan projects. It is expected that India will again become one of the countries receiving the greatest amount of Japan's ODA. Furthermore, Japan is providing assistance to the northern part of Sri Lanka so that this may contribute to the advancement of the peace negotiations in the country.

Human Security

Providing assistance for basic human needs (BHN) such as education and combating infectious diseases directly concerns human security, which is a concept that aims to protect individuals from threats to their lives, livelihoods and dignity in order for them to realize their potential to the fullest.

• Landmines

Anti-personnel landmines are a serious issue from not only the humanitarian perspective but also the perspective of post-conflict reconstruction and development. In 1997, Japan signed the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction, and on that occasion announced its intention to provide approximately 10 billion yen over a five-year period until 2002 as assistance for mine clearance and victims. To date, Japan has provided assistance to countries including Cambodia, Bosnia-Herzegovina, Afghanistan and Angola and achieved its above-mentioned goal by the end of October 2002. In FY2001, Japan provided 5.8 billion yen in ODA as assistance in the area of landmines.

Furthermore, in terms of Grant Aid for Grassroots Projects, the Three Principles on Arms Export prohibited the procurement of equipment such as landmine removal equipment from Japan. The points of discussion, however, were sorted out, and a decision was made to enable the procurement of such equipment in August 2002.

• Education

There are 115 million preschoolers and 860 million adults in the world today who are illiterate, and approximately two-thirds of them are women. With the World Education Forum held in April 2000 as a turning point, the promotion of the Education for All (EFA) program became an international

trend. As such, the spread of basic education has become a major goal within the Millennium Development Goals (MDGs).⁵⁶ In 2001, Japan provided US\$870 million, which is equivalent to 7.3% of its ODA budget, for projects in the area of education.

In June 2002, on the occasion of the G8 Kananaskis Summit, Japan announced the Basic Education for Growth Initiative (BEGIN), which has as its goal to provide more than 250 billion yen in ODA over the next five years in the area of education for low-income countries.

• Measures against Infectious Diseases

Infectious diseases such as HIV/AIDS, of which three million people die each year, and which are spreading across borders, are a problem not only in terms of the health of individuals but also pose a political, economic and social threat to the international community. In light of this awareness, Japan provided US\$310 million, which represents 2.6% of its ODA budget, in the area of health and medical care (including population planning and reproductive health) in 2001.

On the occasion of the G8 Kyushu-Okinawa Summit in 2000, it was decided that cooperative measures would be taken with the goal of providing US\$3 billion in assistance over five years for measures against infectious diseases and enhancing public health, among other things, as part of the Okinawa Infectious Diseases Initiative. As such, Japan provided US\$1.8 billion in the two years leading up to FY2001. Among these efforts, Japan announced that it would contribute US\$200 million in assistance for the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) that was established at the G8 Genoa Summit in 2001, and toward this end, Japan has provided US\$80 million as of 2002.

Efforts Aimed toward the "Consolidation of Peace" (Assistance to Afghanistan)

In post-conflict regions, in addition to providing emergency humanitarian and reconstruction assistance such as food assistance and the restoration of homes to develop a living environment for local citizens for the time being, it is necessary to provide multiple forms of support that

⁵⁶ The MDGs were compiled based upon international development goals adopted in the 1990s. The MDGs were adopted at the United Nations Millennium Assembly in September 2000. They include goals that should be achieved by 2015 in eight areas, including education, the eradication of poverty and gender equality.

include not only economic and social development but also a fostering of national governance capacity with a view to assisting “nation-building” after the emergency situation. With assistance to Afghanistan beginning with the reconstruction assistance conference that was held in January 2002 in Japan as one of the opportunities, Japan is actively utilizing ODA to implement seamless assistance from the phase of humanitarian and reconstruction assistance to the stage of “nation-building.”

On the occasion of her visit to Afghanistan in May 2002, Foreign Minister Kawaguchi announced Japan's policy to assist the “consolidation of peace,” which is composed of the three components of the peace process in Afghanistan, its domestic security, and humanitarian and reconstruction assistance. Japan has since carried out assistance to Afghanistan based on this vision.

With a view to assisting the peace process based on the Bonn Agreements, Japan provided assistance to the Emergency Loya Jirga that was held in June 2002. It also provided technical assistance and equipment for airing the progress of the conference on television for the people of Afghanistan. Furthermore, as a new initiative, Japan provided assistance for administrative expenses⁵⁷ and official vehicles, which it had not done before, aimed toward assistance for the administration of President Hamid Karzai, which was without a financial base.

In regard to domestic security, an important issue is the disarmament, demobilization and reintegration of armed factions and combatants. In light of the concept of

the “Register for Peace,” which was proposed by Foreign Minister Kawaguchi, Japan is active in its role of bringing together participating donors through such efforts as creating a program for the reintegration of ex-combatants into society in collaboration with the United Nations Assistance Mission in Afghanistan (UNAMA). Japan announced that it would provide assistance to this program on the occasion of President Karzai's visit to Japan in February 2003. Moreover, Japan is providing assistance for measures against anti-personnel landmines such as mine clearance, with the aim of ensuring the safety of local citizens and facilitating development. It is also considering providing assistance for measures against drugs and the restoration of civilian police.

As for reconstruction and humanitarian assistance, Japan is supporting the Recovery and Employment Afghanistan Programme (REAP), which is being carried out by the United Nations Development Programme (UNDP). It is also promoting the resettlement of refugees and displaced persons being carried out by the United Nations High Commissioner for Refugees (UNHCR) in coordination with REAP, as well as the Ogata Initiative⁵⁸ that aims toward regional comprehensive development. Furthermore, Japan is actively providing assistance in areas such as agricultural restoration, education, and health and medical care, in addition to the construction of a main road connecting the capital Kabul with the major city of Kandahar, which had been agreed upon by the leaders of Japan and the US.

⁵⁷ Assistance for expenditures in maintaining and operating administrative institutions, such as payment for civil servants.

⁵⁸ The Ogata Initiative refers to regional comprehensive development assistance based on the proposal of Special Representative of the Prime Minister of Japan on Reconstruction Assistance to Afghanistan Sadako Ogata. The initiative aims toward a seamless and swift transition from humanitarian assistance to reconstruction assistance, the promotion of the autonomy of regional communities, capacity building for the transitional administration and strengthening coordination with local governments. Japan is providing assistance in various areas covering the three priority regions (Kandahar, Jalalabad and Mazar-i-Sharif) in cooperation with international organizations such as the United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), World Food Programme (WFP) and NGOs. The first phase, which began in August 2002, was implemented focusing on resettlement assistance for refugees and displaced persons, while the second phase, which began in November, has been carried out with a focus on a more comprehensive approach to regional comprehensive development assistance including employment creation and basic infrastructure development.