3 Pursuit of Effective 3 Efficiency and Spe



Activities of an NGO that JICA supports in the Community Empowerment Program in Cambodia

Review of Systems and Procedures

The mid-term objectives and mid-term plan of JICA after it became an independent administrative institution define operations to be achieved during the three years and six months that started in October 2003 and end in March 2007. (See pages 225 - 237 for the entire texts of the mid-term objectives and mid-term plan) Plans related to operation management for a fiscal year based on the mid-term plan are formulated as an annual plan to promote concrete activities, and the performance is evaluated at the end of the fiscal year to reflect the results on the organizational operation.

JICA is working toward more efficient operation management to achieve prompt decision-making, efficient clerical procedures, efficient pricing of major expenditures of projects and efficient use of general administration costs, etc. On the other side of this promotion of efficiency, JICA is working on raising the quality of its operations by strengthening project formation assistance, promoting information disclosure, strengthening environmental and social considerations, enhancing project evaluation, and promoting the participation and understanding of citizens.

1. Expedite Decision-making

In order to bring about prompt decision-making, a team system was introduced to simplify the organizational hierarchy as part of the organization reform of April 2004, thus reducing by about 10% those posts higher than the conventional deputy director of division. Based on the team system, the standard of decision-making was revised to further reduce the time required for decision-making.

2. Streamline Clerical Procedures

JICA began formulating concrete measures in fiscal 2004 to reduce the number of days required to dispatch experts and close consultant contracts; disclose procurement related information on the homepage promptly; promote the computerization of approvals and documents for communication; promote utilization of outsourcing companies for clerical work; etc.

3. Cut Operating Costs

JICA has examined specific measures to cut about 10% of the cost per unit spent on input* necessary for implementation of various projects (such as dispatch of experts, acceptance of training participants, equipment procurement, and dispatch of study teams) by 2007. In fiscal 2003, the number of long-term experts dispatched and the cost of housing of training participants were reduced.

4. Cut General Administration Costs

With the goal of cutting administration costs at the organization headquarters by 10% from what they were in fiscal

2002, JICA examined concrete measures for reducing costs such as personnel expenses, office rental, official car costs, computer costs, internal and external commutation costs, and costs for dispatching personnel. Results have already been achieved in office rentals, computer costs, etc., for fiscal 2003.

Organizational Reform

Ever since the New JICA started as an independent administrative institution in October 2003, it has promoted reforms in both organization and operations to implement more effective and efficient projects. The headquarters and domestic offices were reformed in April 2004 to establish an implementation system with clear responsibility required of an independent administrative institution, as well as implement more effective and efficient projects flexibly and promptly.

As a pillar of organizational reform, JICA emphasizes a field-oriented approach for the purpose of strengthening the system to deal with various development issues in developing countries appropriately and promptly. As a part of the reformation, the organization and system of the headquarters were fundamentally reexamined to establish a simpler and faster decision-making process. We believe that this organizational reform will raise the efficiency of support to project fields and strengthen the system foundation in aid fields as an implementation agency of technical cooperation.

1. Introduction of Team System

The conventional director of division and deputy director positions were abolished and a team system was introduced in the headquarters and domestic offices. By delegating responsibility and authority, the quality and speed of decision-making will be raised.

Forty-six groups and 146 teams are installed in the headquarters and five groups and 56 teams at domestic offices. In addition to the reduction of staff at the headquarters owing to rationalization, such as the introduction of the team system, 10% of the posts higher than that of conventional deputy director of division were reduced to simplify the organization.

2. Shift to a Framework with an Issue-specific Approach

To strengthen the approaches to development issues such as Millennium Development Goals (MDGs)*, JICA shifted from a framework using scheme and sector-specific approaches to that which uses an issue-specific approach.

Five departments in charge of technical cooperation projects and three departments in charge of development study have been reorganized into five issue-based departments with higher capabilities to respond to issues.

From now on, technical cooperation projects, development studies, etc., are combined in one department to reduce the adjustment cost for more flexible implementation and management with clear responsibilities for results.

In addition, JICA will accumulate knowledge and knowhow by sector and issue in issue-based departments to strengthen technical support overseas.

3. Consolidation of Country- and Region-specific **Approaches**

Based on the aid policy of Japan, the current four regional departments have been reorganized into five regional departments (Regional Department IV, Africa, and Regional Department V, Middle East and Europe are new) and the country- and region-specific framework will be further strengthened to meet the needs of each country and region.

The operations carried out by regional departments will basically be transferred to issue-specific departments.

New regional departments formulate country- and regionspecific plans and promote the identification and formulation of cooperation programs that integrate overseas resources through support for overseas offices and ODA Task Forces.

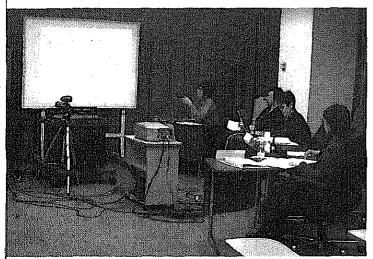
4. Establishment of New Offices in the Reform

Offices required for autonomous and accountable organization management as an independent administrative institution have been established.

- Performance Evaluation Team (strengthening monitoring of mid-term plans, etc.)
- · Office of Public Relations (strengthening transparency and accountability*)
- Office of Environmental and Social Considerations Review



Campaign poster for becoming an independent administrative institution



Training for overseas offices that use the TV conference system

(strengthening the review function of environmental and social consideration)

- Accounting Support Group (strengthening support for accounting and clerical work of overseas and domestic offices, etc.)
- Office of Gender Equality (strengthening approaches to gender issues)

In order to enhance its efforts for public participatory cooperation projects and post-conflict reconstruction projects newly specified in the New Japan International Cooperation Agency Law, the following offices have been established.

- Office of Citizen Participation (strengthening JICA Partnership Program and support for development education)
- Office of Peace Building (strengthening integration and adjustment functions of peacebuilding assistance)

Enhancing Evaluation System of Overseas Office

Overseas offices play greater roles than ever in implementing effective cooperation projects that respond to the needs of developing countries properly. Previously, most evaluations carried out by overseas offices were evaluations that came at the end of overseas training. However, the larger the roles become, the more evaluations overseas offices carry out.

One example is the introduction of an ex-post evaluation system by project in fiscal 2002 as part of the establishment of a consistent evaluation system from ex-ante to ex-post. Overseas offices take the initiative in carrying out this evaluation for the purpose of utilizing evaluation results to identify and formulate projects. In addition, in order to strengthen the project implementation system of overseas offices, more pro-

jects are managed by overseas, resulting in more cases where overseas offices carry out consistent evaluation from ex-ante.

JICA is working to strengthen the evaluation system in order to provide higher quality evaluation and more effective implementation of projects by utilizing the evaluation results. As evaluations carried out by overseas offices rapidly increase, as mentioned earlier, it is very important to expand the evaluation system of overseas offices. For that purpose, JICA is making various efforts.

In terms of the system, in fiscal 2003, evaluation chiefs in charge of supervising the quality of evaluations and the promotion of feedback of evaluation results were assigned in each department that is responsible for project implementation. These evaluation chiefs are posted in the headquarters as well as at all overseas offices. They are connected with the Office of Evaluation (department in charge of evaluation in the headquarters) and other evaluation chiefs through a network utilizing IT. Overseas evaluation chiefs utilize this network to request technical advice from the Office of Evaluation and to share knowledge with other chiefs.

For the purpose of improving the evaluation capacities of overseas offices, distance training utilizing a TV conference system commenced in fiscal 2003, Curriculum and materials for training are developed in English in cooperation with the World Bank Institute (WBI), and training programs are distributed to a network connecting Japan, the US, and recipient countries. In the first fiscal year, this training was held at overseas offices in Indonesia, the Philippines, Thailand, Malaysia, and Viet Nam with the participation of JICA overseas office staff and many people from developing countries involved in JICA projects. In addition to the implementation of distance training, JICA has been working on guidelines and manuals used for evaluations by overseas offices, English versions of the project evaluation guidelines that were revised in February 2004 are being prepared and project-specific ex-post evaluation procedures in English are being created.

JICA endeavors to enhance external evaluations to improve the objectivity of evaluation results, and a similar approach is taken for evaluations carried out by overseas offices. Specifically, in addition to external evaluations (primary evaluations) in which external institutions or intellectuals directly evaluate a project, double evaluations (secondary evaluations), in which external intellectuals evaluate the evaluation carried out by the overseas office, were introduced in fiscal 2003. Intellectuals such as university professors, researchers, and members of parliament in the developing country take part in the secondary evaluations as the third party from outside.

Strengthen Feedback of Study Results

To implement more effective projects, it is important to learn from lessons in the past and improve projects. Positioning project evaluation as an important tool for improving projects, JICA is working to strengthen the feedback system of the evaluation results to projects.

As a part of this system to promote the utilization of evaluation results, the format of ex-ante evaluation sheets prepared before the start of a project was revised in fiscal 2003 and an item about the utilization of lessons from similar projects in the past was added. At present, JICA utilizes lessons learned from projects implemented in similar fields and the same areas in the past starting from the project formation stage when launching a new project so that more effective projects can be planned and implemented.

For example, in the IT Human Resources Development Project in the Philippines that started in fiscal 2004, based on lessons learned from the evaluation results of IT related projects in the past, the following actions have been carried out in planning.

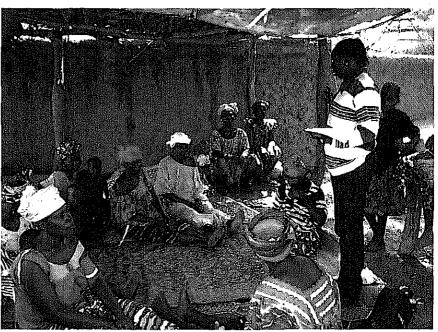
- 1) Given that IT is a field in which equipment becomes obsolete due to rapid technological changes, equipment is introduced step-by-step as the project progresses.
- 2) To flexibly correspond to changes in technological trends, short-term experts are utilized, Long-term experts are in charge of the overall management of a project and shortterm experts are in charge of technology transfer* in various fields.
- 3) To secure self-reliance and development in the implementing institute, experts in charge of technology transfer

related to the management of training institutions and industry-university collaboration are put in place.

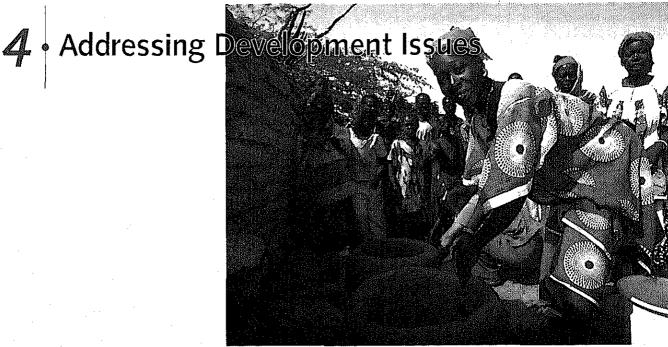
In addition to further utilization of lessons at the planning stage, JICA collects the cases of projects that attempted improvements by utilizing the evaluation results, and then shares them by introducing them in the Annual Evaluation Report that is issued every year.

In the Study of Prevention of Desertification in the South Region of Segou in the Republic of Mali (1999-2003), which was introduced in the Annual Evaluation Report 2003, a verification project (a project to improve living conditions and control natural resources led by residents) was implemented to examine the validity of the plan at the same time the plan for preventing desertification was formulated. At that time, based on lessons obtained from various projects, which call for a plan formulation that envisions the securing of self-reliance and development, the securing of self-reliance and development was also addressed. To be more concrete, as there was concern over a shortage of management expenditures in the recipient country, part of the implementation cost was collected from the residents subject to the project and used to pay for the project management. This fund is also utilized for financing income creation activities (micro-finance), and the residents smoothly operate the project after termination of cooperation.

JICA will further strengthen feedback of evaluation results to projects for more effective and efficient implementation of projects in the future. To that end, the entire organization will continue to make efforts.



Residents taking part in discussions in the Study of Prevention of Desertification in the South Region of Segou in Mali



Women learning how to make improved stoves from JOCV (Burkina Faso)

Strengthening the Support System for Africa

1. Strengthening the Support System

Owing to a long-term stagnating economy, about 40% of the population of Africa live under the absolute poverty line of one dollar per day. Most of the world's countries embroiled in conflict are in Africa, thus making the living situations of the people there even worse. No other region in the world needs assistance in terms of poverty alleviation and consolidation of peace more than Africa does.

In September 2003, Japan held the third Tokyo International Conference on African Development (TICAD III) to promote the importance of African development among the international community and announced that it would continue actively assisting Africa. In response, JICA provides cooperation focusing on the priority issues confirmed in the TICAD III, such as social development, including health care and education and consolidation of peace. In order to improve the conditions in Africa, it is essential to gain a proper understanding of the needs of each country and its citizens and promptly respond to them on the basis of human security*. With the aim of implementing programs from the standpoint of aid recipients, JICA will promote the strengthening of the support system as follows.

1) New Installation of Regional Department IV, Africa

In order to deploy more strategic cooperation for development issues in Africa, the department for Africa (the Regional Department IV) which is responsible for the Africa region only was installed on April 1, 2004, and the former division system was changed into a department system. The department contains the East Africa team, the West and Central Africa team, and the Southern Africa team. They provide more detailed cooperation that takes into consideration the region's characteristics.

In addition, the Africa Support Board, which is carried out with the participation of departments related to Africa, was set up in the headquarters to work on an institution-wide support system for Africa.

2) Strengthening Local Systems

Delegation of authority to overseas offices and increasing personnel in overseas offices

There are 18 JICA offices (13 overseas offices, two JICA/JOCV offices, and three JOCV offices) in Africa. Each office is a key to properly understanding the issues and needs for aid in each country and responding to these needs promptly. They are involved in strengthening the system of overseas offices.

To promote field-based cooperation promptly, JICA transfers responsibility and authority to overseas offices and improves the system that allows a proper response to the needs of developing countries and prompt decision-making. A personnel system is also being developed for this purpose.

In fiscal 2004, such attempts are being made first in the offices in Kenya and Senegal, and similar attempts will be made in the offices in Ethiopia, Tanzania, Zambia, Malawi, Ghana, and South Africa in fiscal 2005. This will allow overseas offices to take the initiative in planning, implementation, and following up programs and projects, and make a system that provides more detailed aid according to needs.

Installation of regional support offices in Kenya, Senegal and South Africa

Development issues in Africa such as HIV/AIDS, malaria, low literacy rates, and epidemic conflicts are serious and complex. To address to these issues appropriately, high expertise and experience in the respective issues are required. Thus, regional support offices have been installed in Kenya and Senegal to extend timely technical support to the current 18 offices.

Groups of experts in charge of each field, such as educa-

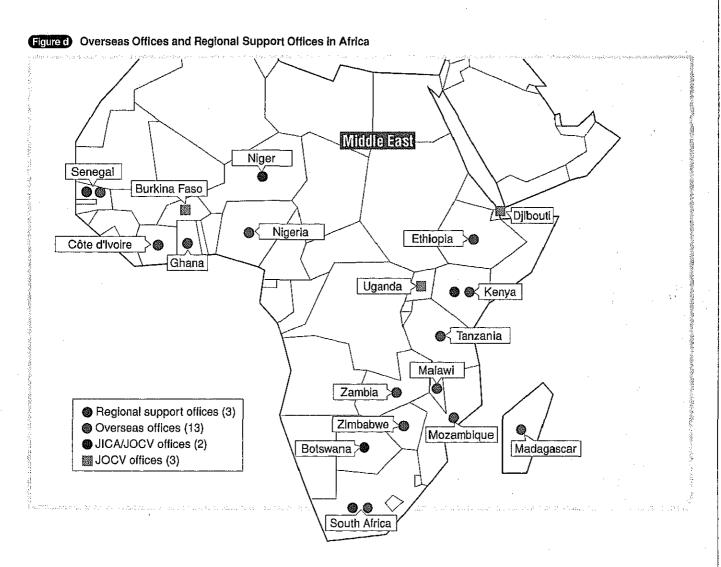
tion, health care, and agriculture, are placed in the regional support offices in Kenya and Senegal and work together with local JICA overseas offices and Japanese Embassies in each country to strengthen project identification and formulation, as well as issue-specific strategy development. It is expected that projects in line with the current situation in Africa will be formulated rapidly.

In South Africa, a regional support office that supports procurement and accounting work has been installed to strengthen the system of offices in the region.

New Relationship with Relatively **Developed Countries**

1. Cooperation according to the Development Stage

International cooperation must be provided according to different stages of development in developing countries. For example, in one developing country basic social services may be far from sufficient, and even the basic foundation of the economy is not developed. Another country may have achieved a certain level of sustainable economic growth, but



faces environmental problems and disparities due to the rapid growth. A relatively developed country has the will to provide aid to neighboring countries. Naturally, priority issues, approaches and methods of aid vary from country to country.

For the EU members-to-be in Central and Eastern Europe and relatively developed countries in East Asia and Latin America, it is necessary to examine approaches to aid carefully, considering the development stage of the country, its role in the region, diplomatic consideration and economic relationship, response to global issues*, and will to support neighboring countries, all with the assumption that the country is going to graduate from aid.

2. South-South Cooperation

South-South cooperation* refers to cooperation provided by relatively developed countries to other developing countries utilizing their own experience in development and human resources. Since South-South cooperation takes place between countries having relatively similar societies, cultures, economic structures, levels of technology, organization, and systems, it is beneficial for both the providing side and the receiving side of aid. JICA supports South-South cooperation.

One example is the Kasetsert University Agricultural Dissemination Training Center in Thailand, which was established and supported with grant aid and JICA's technical cooperation. This center offers not only training for Thai people but also workshops and on-site inspections for participants from Asian countries for acquiring knowledge and skills to improve rural living and the roles of females in rural areas, which started in 1995. JICA supported the development of the curriculum, etc., and six-week training courses accepted 94 participants from 12 Asian countries and three African countries over five years. The results were praised.

To promote South-South cooperation, Japan has concluded the Partnership Programs* that determine the comprehensive framework of South-South cooperation with 11 developing countries (including Thailand) that have a positive attitude toward the program.

3. Policy Coherence

Recently, regarding approaches from developed countries to developing countries, recognition of the need for consistency in policies ("Policy Coherence") including trade and investment, agricultural policy, diplomatic policy, and international exchange, which are foreign relationships other than aid, has risen in the international community. In relatively developed countries, in particular, the importance of aid has been

lowered relatively among the foreign relationships, and Policy Coherence must be considered more carefully. For example, in the field of economy, aid should be positioned not as the central player but as a catalyst to promote self-reliant private activities based on the market, such as trade and investment, and support building the system to promote trade and investment by providing support that will make up for failure in the market.

Peacebuilding and Reconstruction Assistance 1. Aid that Reaches People without Fail

Since the collapse of the cold war structure, JICA has carried out various peacebuilding support activities, mainly for countries that need post-conflict reconstruction development, such as Cambodia, Bosnia and Herzegovina, and Timor-Leste. Since 2003, peacebuilding support in the framework of development aid has entered a new stage. The Official Development Assistance Charter (New ODA Charter) adopted at the Cabinet meeting in August 2003 clarifies peacebuilding as an important issue of ODA, and emphasizes the necessity of a comprehensive approach on various factors of conflicts and a wide range of support, including support from peace process promotion, social reintegration of ex-combatants and improving administrative capacities of governments. In response, JICA announced a reform plan that includes strengthening of peacebuilding support in March 2004. Formulation of guidelines related to peacebuilding, new installation of the Office of Peace Building, and strengthening human development and security measures are being promoted.

As a development aid organization, JICA will utilize the



Dispatch of expert to support general election in Indonesia

medium- and long-term perspective and its strong points such as knowledge related to human development and capacity development. Based on its accumulated experiences JICA, in the future, will collaborate with aid workers such as NGOs and other aid organizations and carry out peacebuilding support activities that securely reach out to people in local communities in developing countries.

2. New Approach

Sri Lanka

Deployment of reconstruction assistance utilizing collaboration with NGOs

Since 2002, Japan has utilized ODA positively before a full peace agreement was signed, in order to contribute to the peace process in Sri

Lanka. Also, inside and outside of Japan, JICA has strengthened the collaboration with governmental organizations and NGOs providing reconstruction assistance in Sri Lanka through periodical meetings. Utilizing these successful results, community development assistance is ongoing in the northern region, where many people became internally displaced by the conflicts. At the same time, community development assistance in the southern region is being considered.

Afghanistan

· Expansion of support incorporating medium- and longterm perspectives

JICA started reconstruction assistance for Afghanistan at an early stage and has worked on the development of infrastructure*, such as highway repair and media support, support for a new constitution, and vocational training as the social rehabilitation support for disarmament, demobilization, and reintegration (DDR) for the consolidation of peace. Afghanistan is in transition from an initial stage centering on humanitarian emergency relief to a new stage where reconstruction development based on medium- and long-term perspectives are considered. While paying attention to issues that prevent social instability and the recurrence of conflict, ΠCA will assist in rural development and make efforts to smooth the transition to development support based on the perspective of human security.

African Countries

Fostering ownership and partnership

In Africa, where conflicts occur frequently, post-conflict reconstruction assistance and peacebuilding are important issues in the entire region. JICA's cooperation in this regard includes policy-level support for the Technical Training and



Emergency rehabilitation project and study team member in Afghanistan

Employment Promotion Project (sewing skills training for demobilized female soldiers in Eritrea) and the development of refugee receiving areas coming from neighboring countries (including Democratic Republic of the Congo, Mozambique and Angola) in Zambia.

At the TICAD III in September 2003, stronger regional collaboration in Africa, such as the New Partnership of Africa's Development (NEPAD), was discussed. In Ethiopia, the joint Japan-Canada Peacebuilding Workshop was held for discussions among people involved in peacebuilding support in Africa, including NGOs of Japan and Canada. JICA also participates in the formulation of reconstruction assistance plans for Africa led by United Nations High Commissioner of Refugees (UNHCR) in collaboration with other UN organizations.

Iraq

Utilizing regional collaboration with Arabian countries

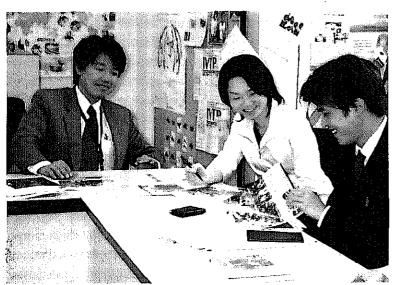
JICA started working on Iraq's reconstruction assistance, including the rebuilding of the basic infrastructure such as health and medical care and electricity, immediately after the end of conflicts in May 2003. Since public security in Iraq has not been stabilized, assistance to Iraq can be characterized by the utilization of collaboration with Arabian countries and neighboring countries such as Egypt and Jordan. In March 2004 the first Joint Japan-Egypt medical cooperation took place in Cairo University, where 102 Iraqi doctors and nurses were trained in the fields of nursing, endoscopic surgery, pediatrics, and ICU. JICA will continue to implement human resources development among Iraqi people through thirdcountry training* in Egypt and other neighboring countries, as well as the acceptance of training participants in Japan.

Human Resources Development and Public Participation

1. Identifying and Developing Human Resources for International Cooperation

The basis of international cooperation implemented by JICA is training personnel and nation-building through human relationships. It is not an exaggeration to say that the key to success is development of human resources who carry out the activities. Especially in recent years, the priority of technical cooperation is shifting to intellectual support, such as poverty alleviation and governance, and at the same time it is necessary to respond to new development issues such as peacebuilding and human security. Thus, the required human resources become more diversified.

Under such situations, the development of human resources for international cooperation was placed at the top of the priority issues in the Second ODA Reform Meeting in 2002. JICA also promotes it actively based on the recognition that securing and nurturing excellent human resources creates a foundation for overall technical cooperation and directly affects quality improvements of technical cooperation. Specifically, training that raises levels in specialized fields according to priority issues of international cooperation, practical training system for young resources aspiring to international cooperation, long-term training in overseas and domestic graduate schools, internship programs to widen the base of human resources, Support of human resources development for NGOs and local governments are provided. The ODA medium-term plan specifies a review of training contents used for human resources development so that they will be more appropriate to the needs of recipient countries, the promotion of internship programs, and NGO capacity-building* programs. Thus, it is our policy to make a greater effort to devel-



JICA coordinator (middle) making arrangements with local media

op human resources who work for international cooperation.

2. New Phase of Public Participation Promotion

Recently the needs of developing countries have been more diverse. To correspond to these changes more efficiently and effectively, the experience and know-how of not only governmental organizations, but also local governments and NGOs, need to be utilized. In developing countries where decentralization is rapidly progressing, experience and skills possessed by Japanese local governments can help solve problems. To deliver support that directly reaches the local people in need, NGOs join efforts in developing countries toward poverty reduction in a manner that the local people regard as highly effective.

On the other hand, recognizing that the global issue is one's own issue, the number of citizens who personally have a desire to participate in international cooperation is increasing in Japan. Even if they do not become directly involved, the number of supporters for international cooperation increases, enabling us to implement programs that receive a wide range of support from citizens. Against this background, JICA provides opportunities to promote public participation as shown below.

1) JICA Partnership Program

This is a technical cooperation program implemented by JICA to contribute to the social and economic development of developing countries at the grass-roots level in collaboration with partners in Japan, such as NGOs, universities, local governments, and public interest corporations.

2) Programs to Support Development Education

To support development education performed in schools, we provide the following programs: international coopera-

tion lectures, provision of material for development education, international cooperation essay contests, global citizenship programs for students, development education study tours for teachers, practical development education seminar, etc.

Provision of Opportunities to Participate in International Cooperation

This program provides information, education, training through seminars, and workshops, including discussions by persons experienced in international cooperation.

4) JICA Coordinators

Dispatched to local International Exchange Associations throughout Japan, they give advice to local governments, NGOs, and individual citizens who are interested in international cooperation.



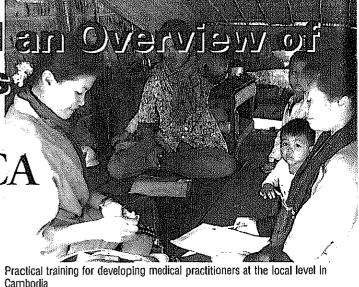
Part I ODA and JICA Programs

Chapter 1 Japan's ODA and an Overview of JICA Programs

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Japan's ODA and am Överview of JICA Programs

ODA and JICA



Outline of Japan's ODA

What is ODA?

A variety of organizations and groups, including governments as well as international organizations, non-governmental organizations (NGOs), and private companies, carry out economic cooperation to support socioeconomic development in developing countries (refer to Figure 1-1). The funds and technology that governments provide to developing countries are called Official Development Assistance (ODA).

ODA is classified into three types: (1) bilateral grants, (2) bilateral loans, and (3) financial subscriptions and contributions to international organizations (multilateral aid*). Each type of ODA is outlined below.

Bilateral Grants

Bilateral grants include technical cooperation that transfers technology to developing countries and grant aid that provides funds with no obligation for repayment.

1. Technical Cooperation

Technical cooperation transfers Japanese technology, skills, and knowledge to developing countries in order to develop the human resources that will play a leading role in their socioeconomic development. It also supports the development and improvement of technology appropriate to the circumstances of a particular country while contributing to raising its level of technology and establishing new organizations and institutions.

More specifically, technical cooperation includes: (1) the implementation of technical training that provides training opportunities for technicians and administrators from developing countries, (2) the dispatch of experts and volunteers with specialized skills and knowledge, (3) development studies to assist with the formulation of a variety of development plans such as urban, rural, transport, resource development, etc., and (4) relief for disaster victims and assistance with disaster reconstruction.

2. Grant Aid

Grant aid involves the provision of funds for the construction of buildings such as schools and hospitals; for the procurement of materials and equipment for education, training, and medical care; and for reconstruction after disasters occur. It can be divided into six categories according to content.

These are: (1) general grant aid, (2) grant aid for fisheries, (3) grant aid for cultural activities (including grand aid for cultural heritage), (4) emergency grant aid (including post-conflict reconstruction), (5) food aid (KR)*, and (6) aid for increase of food production (2KR)*.

Of these forms of grant aid, JICA supervises basic design studies* that conduct the basic planning needed for building facilities and procuring equipment and materials in five categories. These are: (1) general grant aid projects and grant aid for human resources development scholarships, (2) grant aid for fisheries, (3) grant aid for cultural heritage, (4) food aid, and (5) aid for increase of food production. JICA is also charged with implementing work that includes surveys and intermediary and liaison work.

Bilateral Loans

Bilateral loans are loans that provide the funds needed for development under long-term, low interest conditions. They can be classified into: (1) ODA loans under which funds needed for development are provided directly to the government or a government agency in a developing country, and (2) private-sector financing and investment under which funds are provided to Japanese companies or local companies operating in developing countries.

ODA loans are generally known as "yen loans." Yen loans previously focused on project loans for economic infrastructure* and social infrastructure such as roads, dams, communication facilities, and agricultural development, but in recent years the proportion of commodity loans aimed at improving the international balance of payments and loans for intellectual support, such as in education, has increased.

Financial Subscriptions and Contributions to International Organizations (Multilateral Aid)

Subscriptions and contributions for multilateral aid are indirect methods of extending aid by channeling funds through international organizations.

The international organizations to which contributions are made include various UN-related bodies such as the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), and the United Nations Children's Fund (UNICEF). In addition, subscriptions are made to international development financial institutions such as the World Bank, the International Development Association (IDA*, also known as the Second World Bank), and the Asian Development Bank (ADB).

The ODA Budget and the Implementation System

Breakdown of the Budget

The breakdown of Japan's ODA budget (general account) calculated on the basis of the classifications described previously is shown in Table 1-2.

The budget is allocated to 13 government ministries and

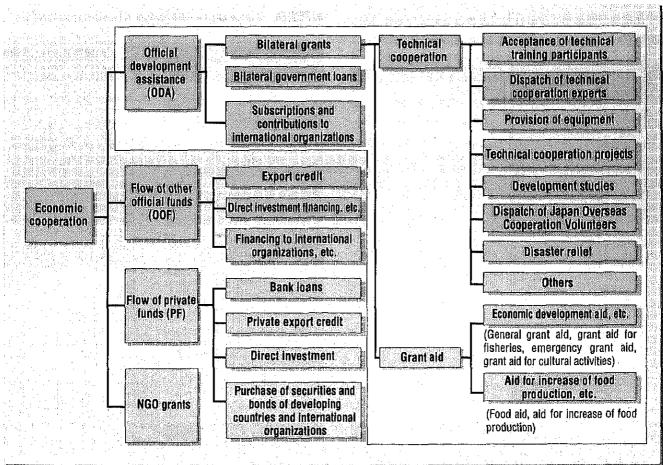
agencies as shown in Table 1-3. The Ministry of Foreign Affairs, which is Japan's largest ODA implementation institution, takes the largest allocation of the ODA budget. In addition to the technical cooperation budget supervised by JICA, the budget for grant aid and contributions to UN-related organizations such as the UNDP are included in this portion.

The expenses for the acceptance of technical training participants and for various studies conducted overseas (carried out through related organizations) are included in the allocation of the Ministry of Economy, Trade and Industry (METI). JICA receives and implements part of the study costs contained in the METI budget allocation. The Ministry of Finance allocates the budget for the financing of bilateral government loans overseen by the Japan Bank for International Cooperation (JBIC)* and subscriptions to international development financial institutions such as the World Bank.

ODA-providing Agencies Other than JICA (Technical Cooperation)

Apart from JICA, the organizations that implement projects in relation to the Japanese government's technical cooperation budget include the Japan Foundation (JF), the Japan External Trade Organization (JETRO), the Association for

Figure 1-1 Economic Cooperation and Official Development Assistance



Overseas Technical Scholarship (AOTS), and the Japan Overseas Development Corporation (JODC).

JF was founded in 1972 as a special public institution to enhance understanding between nations and to promote international friendship. It became an independent administrative institution in October 2003, and receives part of its project budget from the Ministry of Foreign Affairs' budget. The foundation implements projects for both developed and developing countries. Of these, the ODA budget is primarily used for projects involving personal exchanges with developing countries, dissemination of Japanese language education, and presentation of Japanese culture.

JETRO was founded as a special public institution in 1958 to implement Japan's trade promotion projects comprehensively. Since the late 1960s it has worked mainly toward encouraging imports from developing countries. It has brought officials responsible for trade policy and executives of private companies (that export to Japan) in developing countries to Japan, has given its support to the promotion of economic reform, has encouraged developing countries to export to Japan, and has sent its own experts to developing countries to help in the dissemination of technology appropriate to these countries. JETRO merged with the Institute of Developing Economics (IDE) in July 1998, became an independent administrative institution in October 2003, and is now engaged also in basic and comprehensive studies and research on eco-

Table 1-2 Total Government ODA Budget (General Account)

(Units: 100 millions of yen, %)

	(Units: 100 millions of yen, %)				
Type	FY 2003	FY 20	04		
2008年1月1日 - 1998年1月1日 - 1998年1日 - 1998年1	Budget	Budget			
I. Grants	6,575	6,303	-4.1		
1, B atéral grants	5,476	5,279	-3.6		
1) Economio developmentald, etc.	1,736	1,667	-4.0		
2) Ald for increase of food production, etc.	159	154	-2.6		
Transfer to special fund for trade re- insurance, etc.	53	40	-23.8		
4) Subsidies for Japan Bank for International Cooperation (JBIC)	300	300	0.0		
5) Technical cooperation, etc.	3,228	3,118	-3.4		
(JICA allocation)	(1,640)	(1,612)	(-1.7)		
2. Subscriptions and contributions to international organizations	1,099	1,023	-6.9		
1) Organizations of the United Nations, etc.	745	709	-4.8		
2) International development financial institutions	354	315	-11.2		
II. Loans	2,003	1,866	-6.8		
Japan Bank for International Cooperation (JBIC)	2,003	1,866	-6.8		
Total	8,578	8,169	-418		

Note: The overall total and the totals for each category do not match exactly since fractions have been rounded to the nearest whole number.

nomic and other conditions in developing countries.

AOTS is a public-interest corporation under the jurisdiction of METI that was established in 1959 specifically to accept trainees from foreign private companies. JODC, which is also a public-interest corporation under the wing of METI, was established in 1970 to encourage industrial development in developing countries and regions and to promote trade between Japan and these countries and regions. It conducts projects that include dispatching Japanese engineers, managerial experts, etc.

The Roles of JICA in ODA

JICA plays a key role in technical cooperation implemented by the Japanese government.

The budget for technical cooperation in fiscal 2004 amounted to 311.8 billion yen, a figure that accounts for 38.2% of the total ODA budget (refer to Table 1-4). Of this, JICA is responsible for 161.2 billion yen, or 51.7% of the technical cooperation budget.

JICA's operations feature aid with "a clearly visible profile" through human activities, and position the human resources contributions that Japan is expected to make at the center of its programs. As of the end of March 2004, JICA had sent as many as 281,000 technical cooperation experts, study

Table 1-3 Changes in the ODA Budget in Government Ministries and Agencies (General Account)

and Agencies (General	(Units: millions of yen, %)		
Туре	FY 2003 Eudget	FY 20 Budget	04 Rate of Increase
Cabinet Office	1,106	71	-93.6
National Police Agency	60	37	-38.2
Financial Services Agency	125	118	-5.9
Ministry of Public Management, Home Affairs, Posts and Telecommunications	979	923	-5.7
Ministry of Justice	423	395	-6.8
Ministry of Foreign Affairs	516,526	500,065	-3.2
(JICA Allocation)	(164,006)	(161,200)	(-1.7)
Ministry of Finance	237,466	219,912	-7.4
Ministry of Education, Culture, Sports, Science and Technology	46,406	44,274	-4.6
Ministry of Health, Labour and Welfare	11,371	10,473	-7.9
Ministry of Agriculture, Forestry and Fisheries	5,796	5,479	-5.5
Ministry of Economy, Trade and Industry	36,117	33,602	-7.0
Ministry of Land, Infrastructure and Transport	1,177	1,072	-8.9
Ministry of the Environment	208	445	114.3
Total	857,759	816,864	-4.8

Note: The overall total and the totals for each category do not match exactly since fractions have been rounded to the nearest whole number.

team members, Japan Overseas Cooperation Volunteers (JOCVs), and Senior Volunteers to developing countries. In addition, JICA has assisted with the development of human resources by receiving as many as 275,000 technicians and administrators from those countries in Japan, developing countries, or neighboring third countries for training.

JICA projects are also closely connected with the yen loans implemented by the JBIC. JICA carries out studies to support the range of public development planning which provides the foundations for nation-building in developing countries, and it submits the results to the recipient country in the form of a development study report. The construction of public infrastructure, such as roads and hospitals, and some of the other suggestions proposed in the reports are realized by means of yen loans.

In addition, while JICA's technical cooperation has previously been primarily composed of "human resources development" cooperation, in recent years it has also been focusing its efforts on "policy-making and institution-building" to strengthen the foundations of developing countries.

JICA's projects in these areas are implemented with an emphasis on each developing country's development program, in accordance with Japan's country-specific plans. Therefore, while promoting country studies to determine the kinds of aid needed by recipient countries, JICA is deepening dialog with government officials in these countries through various opportunities in an effort to ensure that cooperation is provided in line with the actual on-site conditions.

Revision of ODA Charter

The Cabinet approved Japan's ODA Charter on June 30,

1992. The aims of this charter are to clarify the ideals and principles of ODA in order to create the conditions under which ODA can be implemented more efficiently and effectively with the understanding and support of people in Japan and abroad.

The basic ideals underlying the provision of aid specified in the Charter are as follows.

- 1) Humanitarian considerations: As a member of the developed world, Japan cannot afford to disregard the famine and poverty that occur in developing countries.
- 2) Recognition of interdependence: Political stability and economic development in developing countries are indispensable for maintaining peace and prosperity in Japan and throughout the world,
- 3) Conservation of the environment: An issue facing mankind as a whole which must be tackled jointly by both developed and developing countries.

On the basis of this approach, Japan has provided aid that helps developing countries to become self-reliant.

However, the ODA Charter has been reviewed due to the following changes in situations surrounding ODA in the 10 years since its formation.

- 1) Amid advancing globalization, the terrorist attacks on the US on September 11, 2001, made development in developing countries a more important issue for the international community.
- 2) Concepts such as sustainable development*, poverty alleviation, human security*, the emerging area of peacebuilding, and Millennium Development Goals (MDGs)* issued by the UN have all become key issues for discussion in terms of ODA.

Table 1-4 Japan's ODA Budget and JICA's Technical Cooperation (DAC Base)

		Project Budget	2003 Calendar Year						
		for FY 2004 (General Account)	Expenses	Technical training participants	Persons Experts and study teams	involved Cooperation volunteers	Overseas students		
Ja	pan's ODA as a whole	816.9 billion yen	8,674 million dollars (1,005.3 billion yen)						
	Japan's lechnical cooperation	311.8 billion yen	2,828 million dollars (327.8 billion yen)	47,348 people	18,658 people	4,634 people	91,860 people		
	JICA's technical cooperation	161.2 billion yen	1,299 million dollars (150.6 billion yen)	18,703 people	12,342 people	3,693 people	0 people		
	Portion of technical cooperation as a whole implemented by JICA	51.7%	45.9%						

Notes: 1. Includes figures for Central and Eastern Europe.

- JICA's technical cooperation includes results based on trust funds from METI. JICA's technical cooperation includes results in 3. Provisional values for Japan's results in 2003
- 4. The numbers of persons involved are totals of new and ongoing projects.

- Under the severe economic and financial situation, assuring strategic values, flexibility, transparency, and efficiency in Japan's ODA have become even more necessary.
- Diverse parties such as NGOs, volunteers, universities, local governments, and economic circles participate in ODA, and more broad-based public participation in ODA is called for.

In reviewing the ODA Charter, the government compiled a draft revision in line with basic policies coordinated with the relevant ministries and agencies through the ODA-related Ministry and Agency Liaison Council.

While the review was based on discussions of the Board on Comprehensive ODA Strategy, deliberations also involved exhaustive discussion with wide public participation, including hearings with implementing organizations, NGOs and the economic circles, and public comments procedures. The final conclusions were drawn up in the Cabinet on August 29, 2003, through the deliberations of the Council of Overseas Economic Cooperation-Related Ministers.

Achievements and Future Tasks of Japan's ODA

ODA Achievements

The total value of Japan's ODA in 2003 was 8,911.07 million US dollars (excluding aid to Central and Eastern Europe, graduate nations*, and contributions to the European Bank for Reconstruction and Development [EBRD]), making Japan the world's second largest donor* (refer to Table 1-6) after the US. This represents 13.0% of the total value of ODA provided by the 22 Development Assistance Committee (DAC)* member states, which amounted to 68,483.00 million US dollars. Meanwhile, Japan's ODA accounted for 0.20% of its gross national income (GNI), placing it in 19th position among the DAC countries.

The grant element* and the grant ratio are considered to be two of the main indices of the quality of aid. The figures for Japan remain low among the DAC countries as a whole and must be improved. JICA deems that an expansion of bilateral grants mainly involving technical cooperation is an essential requirement for increasing the grant ratio of Japan's ODA.

Table 1-5 Japan's ODA in Calendar Year 2003 (According to Aid Type, Provisional Values)

	Value of Aid	In millions o	of US dollars	In 100 mill	ions of yen	Constituent	Ratios (%
Type of .	Aid	Amount	Change from Previous Year (%)	Amount	Change from Provious Year (%)	ODA Total	Bilateral
	Grant àid (Excluding Central and Eastern Europe and graduate nations)	1,699.03 1,695.63	-1.1 -1.2	1,969.18 1,965.24	-8.5 -8.5	19.6 19.0	28.3 26,9
Granis	Technical cooperation (Excluding Central and Eastern Europe and graduate nations)	2,828.30 2,725.63	2,7 2.6	3,278.00 3,159.01	-4.9 -5.0	32.6 30.6	47.2 43.2
And link	Total (Excluding Centra) and Eastern Europe and graduate nations)	4,527,33 4,421.26	1.2 1.1	5,247.18 5,124.24	-6.3 -6.4	52.2 49.6	75.5 70.0
	pvermment (loans, etc. nplemented loans) nantecovery) (dloding Central and Eastern Europe and graduate nations)	1,469.44 (6,069.78) (4,600.34) 1,891.13	-34.8 (14.2) (50.2) -18.5	1,703.08 (7,034.88) (5,331.80) 2,191.82	-39.6 (5.7) (39.1) -24.5	16.9 (70.0) (53.0) 21.2	24.5 (101.2) (76.7) 30.0
SOUR 1980 100 1 100 200	ntal: coluding:Central and Eastern Europe and graduate mations)	5,996.77 6,312.40	-10.8 -5.7	6,950.26 7,316.07	-17.5 -12.7	69.1 70.8	100.0 100.0
zation	riptions and contributions to international organi- s no contributions to EBRD)	2,677.70 2,598.67	1.7	3,103.46 3,011.86	-5.9 -7.1	30.9 29.2	
Totai (includio	g Cartral and Eastern Europe, graduate nations and the EBRID) ng Central and Eastern Europe, graduate nations and the EBRID)	8,674,47 8,911.07	-7.3 -4.0	10,053.71	-14.2 -11.1	100.0 100.0	
	ional) (US1 billion dollars, 1 billion yen) Including Central and Eastern Europe, graduate nations and the EBRD) Excluding Central and Eastern Europe, graduate nations and the EBRD)	4,375.70 0.20 0.20	8.2	507,144.10 0.20 0.20	0.2		

Notes: 1. DAC rate for 2003: \$1.00 = 115.9 yen (Appreciation in the value of the yen by 9.30 yen compared with 2002)

2. The subtotals for each aid type do not match exactly with the overall total since fractions are rounded to the nearest whole number.

3. EBRD: European Bank for Reconstruction and Development. The EBRD provides assistance for the transition to a market economy in countries of the Soviet Union and Central and Eastern Europe.

 Countries and regions considered to be graduate nations: Brunei Darussalam, Kuwait, Qatar, Singapore, United Arab Emirates, Israel, Hong Kong, Cyprus, Republic of Korea, Macao, Libya.

Future Tasks

Due to recent globalization trends, global issues* such as poverty alleviation, environmental conservation, and support for peacebuilding have become more complicated and serious, and the international community is addressing them in various ways. As exemplified by the Millennium Development Goals (MDGs) that were adopted at the United Nations Millennium Summit in 2000, sharing development goals and collaborating to achieve the goals have been strengthened throughout the international community.

Within Japan, conditions surrounding ODA have become more severe than ever as a result of restrictions on government expenditures and administrative reforms brought about by severe economic and fiscal conditions. With the understating and support of Japanese citizens, efforts for ODA reforms have been accelerated in order to further assure strategic values, flexibility, transparency, and efficiency in the implementation of Japan's ODA.

Under these circumstances and based on the recommendations in the final report of the second ODA Council held in March 2002 and the revised ODA Charter decided on by the cabinet in August 2003, JICA is more aware than ever of its responsibility as an aid agency to respond to the expectations of the Japanese people and to provide effective aid.

In October 2003, JICA became an independent administrative institution. Under the leadership of President Sadako Ogata, JICA announced the JICA reform plan in March 2004, which clarifies its commitment to improve the quality of its operations and make management and administration more effective under the three pillars of field-oriented approach; human security; and effectiveness, efficiency, and speed.

Table 1-6 ODA of DAC Countries in 2002 and 2003 (Net Disbursement)

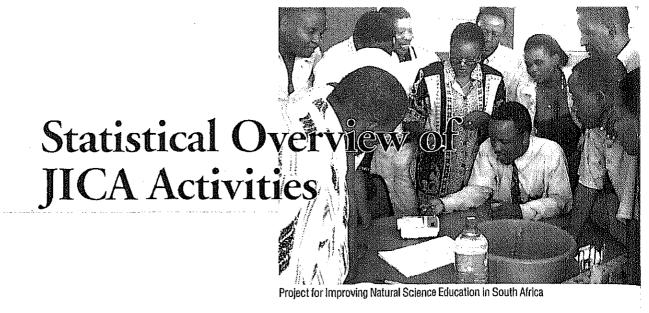
			2003	
Country	Position	Total (Sm)	Share (%)	Grange from Previous Year (Pa)
USA	1	15,791	23.1	18.8
Japan	2	8,911	13.0	-4.0
France	3	7,337	10.7	33.7
Germany	4	6,694	9.8	25.7
UK	5	6,166	9.0	25.2
Netherlands	6	4,059	5.9	21.6
Italy	7	2,393	3.5	2.6
Canada	8	2,209	3.2	10.1
Sweden	9	2,100	3.1	5.5
Norway	10	2,043	3.0	20.5
Spain	11	2,030	3.0	18.6
Belgium	12	1,887	2.8	76.0
Denmark	13	1,747	2.6	6.3
Switzerland	14	1,297	1.9	38.1
Australia	15	1,237	1.8	25.1
Finland	16	556	0.8	20.3
Ireland	17	510	0.7	28.1
Austria	18	503	0.7	-3.3
Greece	19	356	0.5	29.0
Portugal	20	298	0.4	-7.7
Luxembourg	21	189	0.3	28.6
New Zealand	22	169	0.2	38.5
Total		68,483	100.0	17,5

1. Countries are listed in the order of total ODA.

2. This table excludes aid to Central and Eastern Europe and to graduate nations.

Provisional values for results in 2003

Resource: 2004 DAC Press Release, 2003 DAC Chairman's Report



FY 2003 Overview of JICA Activities

MODA Results for 2003

Japan's ODA in calendar year 2003 totaled 8,674.47 million US dollars, including figures for Central and Eastern Europe, graduate nations*, and contributions to the European Bank for Reconstruction and Development (EBRD), of which technical cooperation accounted for 2,828.30 million US dollars, or 32.6% of Japan's total ODA. Of this technical cooperation, JICA's activities amounted to 1,298.52 million US dollars, or 45.9% of technical cooperation as a whole. Compared with the previous year, these figures represent a 2.8% increase in technical cooperation as a whole and a decrease of 2.4% for JICA activities. A breakdown of technical cooperation expenditure is shown in Table 1-7.

JICA's initial budget for fiscal 2003 was 170.1 billion yen, a 4% decrease from the previous year, of which grants accounted for 164.0 billion yen and funds in trust 6.1 billion

yen (See page 202 for Budget). Activities executed by JICA accounted for 93.0 billion yen (47.2%) of the grant aid budget of 196.9 billion yen entrusted to the Ministry of Foreign Affairs. JICA budgets since 1974 are shown in Figure 1-8.

Composition of Activities by Region

A look at costs per region in connection with technical cooperation implemented by JICA in fiscal 2003 shows the following distribution: Asia 43.0%, Middle East 9.9%, Africa 14.0%, North and Latin America 17.1%, Oceania 3.3%, and Europe 2.7%. Figure 1-9 shows composition by region including a year-on-year comparison.

Proportions of Activities by Sector

Looking at costs by sector in connection with technical cooperation implemented by JICA in fiscal 2003, distribution was as follows: planning and administration 14.0%; public works and utilities 16.7%; agriculture, forestry and fisheries

Table 1-7 Japan's ODA and JICA Activities (Unit: millions of US dollars)

Type	Calendar Year	2002	2003
Offic	clal Development Assistance	9,359	8,674
Tecl	inical cooperation expenses (proportion of ODA)	2,754 (29.4%)	2,828 (32.6%)
	dICA proportion (proportion of technical cooperation expenses)	1,268 (46.1%)	1,299 (45.9%)
Bookbown of JICA kechnical cooperation expenses	Technical training participants	218	237
	Experis	319	315
	Study teams	328	349
	Cooperation volunteers	133	132
	Provision of equipment	111	100
	Other volunteers	54	66
Albi -	Others	104	100

Notes: 1. Including Central and Eastern Europe, graduate nations

^{2.} Provisional values for Japan's results in 2003. \$1.00 = 115.9 yen (provisional)

16.1%; mining and industry 5.5%; energy 2.6%; business and trade 2.1%; human resources 15.5%; health and medical care 10.9%; and welfare 1.5%.

As for JICA's portion of grant aid, the figures were as follows: living conditions and the environment 19.6%; transport and communications 22.7%; health and medical care 16.4%; agriculture, forestry and fisheries 17.8%; education and research 17.4%.

Proportions by sector and comparisons with the previous year can be seen in Figure 1-10.

Personnel Numbers by Type of Cooperation and

Examining JICA's activities in fiscal 2003 in terms of the numbers of people involved, there were 16,277 new participants in training programs, while 2,946 experts, 7,753 members of study teams, 1,310 Japan Overseas Cooperation Volunteers, and 539 other volunteers were sent overseas for the first time.

Figure 1-11 shows the number of people involved by type of cooperation since 1983.

Figure 1-8 Changes in JICA's Budget

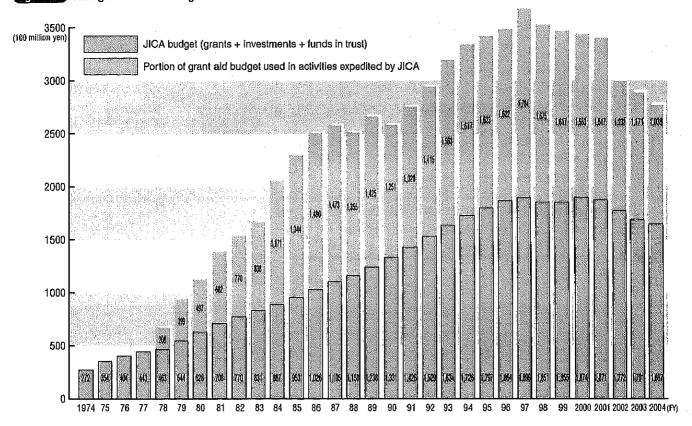
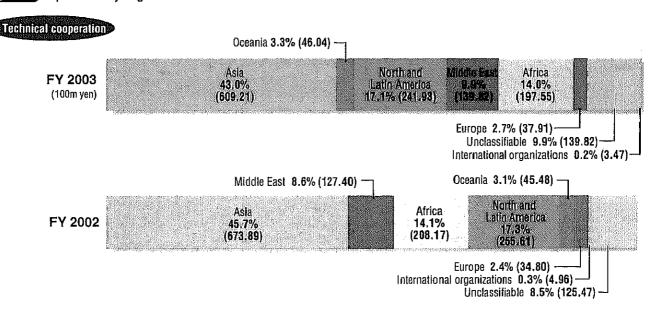
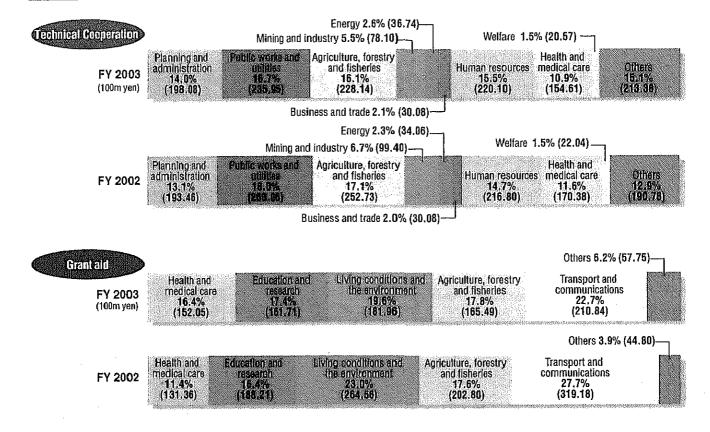


Figure 1-9 Expenditure by Region

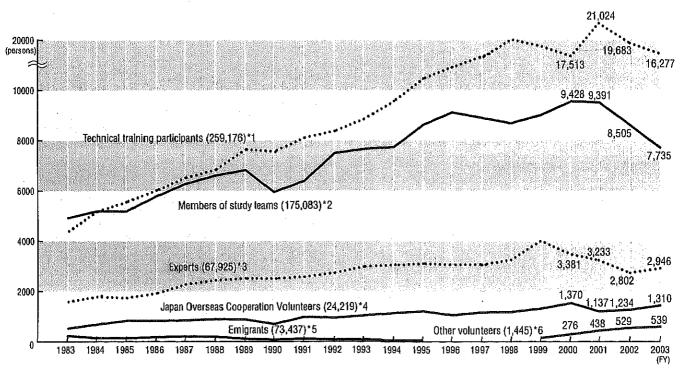


Expenditure by Sector



Notes: 1. Provision results of JICA allocations (grant aid for general projects, grant aid for fisheries, food aid*, and aid for increase of food production*) for fiscal 2002 and 2003 2. JICA was charged in terms of basic design studies and implementation of grant aid within these results.

Changes in the Number of Personnel by Type of Cooperation



Notes: *1. Cumulative total 1954-2003 *2. Cumulative total 1957-2003

- *3. Cumulative total 1955-2003
- *4. Cumulative total 1965-2003
- *5, Cumulative total 1952-1995
- *6. Cumulative total 1999-2003 (includes Senior volunteers, Senior volunteers for overseas Japanese communities, UN volunteers, and Japan overseas development youth volunteers. Until fiscal 1998, these numbers had been included in other totals.)

Program Expenses and Ratios

Figures for the expenses of JICA programs according to type in fiscal 2003 show that overseas technical cooperation accounted for the major portion (47.7 billion yen). This was followed by acceptance of technical training participants and dispatch of Japan Overseas Cooperation Volunteers, as can be seen in Figure 1-12.

Cumulative total expenses from 1954 through 2003 are shown in Figure 1-13.

Figure 1-12 Program Expenses and Ratios (FY 2003) (Unit: thousands of yen)

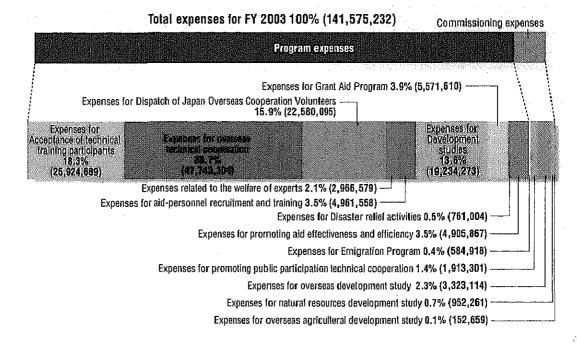
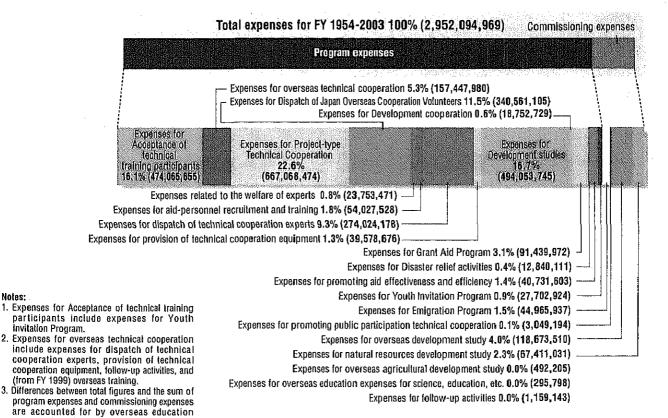


Figure 1-13 Total Program Expenses and Ratios (Unit: thousands of yen)

Notes:

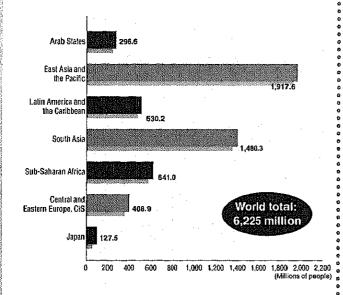
in FY 1975.

expenses for science, education, etc., abolished



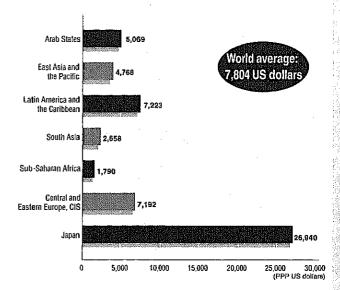
Statistical Items Related to International Cooperation 1

Total World Population by Region (2002)



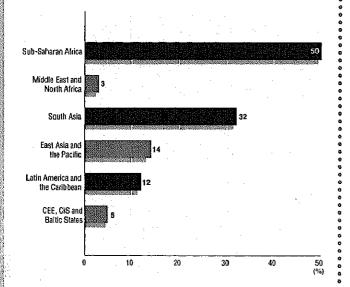
Source: UNDP Human Development Report 2004

GDP per Person by Region (2002)



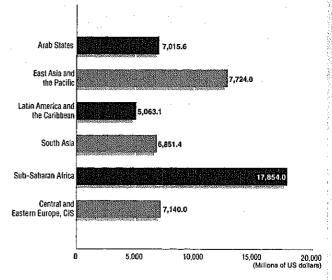
Source: UNDP Human Development Report 2004

% of Population Living on Less Than \$1 a Day (1990-2001)



Source: The State of the World's Children 2004 (UNICEF)

ODA Received from Donor Countries by Region (2002)



Source: UNDP Human Development Report 2004