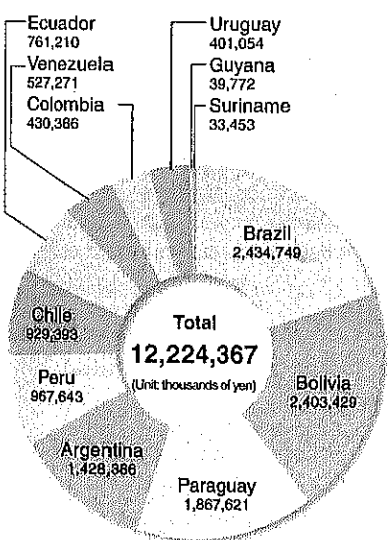


South America



Pillars of Aid → Projects Emphasizing Five Priority Issues

■ Cooperation results by country (FY 2003)



In South America, democratic politics are rooted and the privatization of public projects and trade liberalization have been pushed forward. Due to similarities in history, culture, language, and social backgrounds in the region, movements toward regional cooperation and economic integration are also prominent. However, some countries have achieved a relatively high economic standard, while others record income per capita of less than 1,500 US dollars. Consequently, there exist notable intra-regional disparities in the region. Furthermore, even those countries with high economic standards have poverty issues such as serious income and regional disparities. Such issues of poverty and income disparities within the region contribute to political and economic instability, social disorder involving drugs and public security, and environmental issues. Therefore, solving these problems is a priority for each South American government, and at the same time these issues require international assistance.

The magnitude of natural resources, food supply capacity, and economic scale in this region imply the possibility that its serious polit-

ical, economic, and environmental issues may affect the international economy and the environment on a global scale. The economic crisis that erupted in Brazil and Argentina is a recent example of such a correlation. It is also obvious from the fact that the rapid deforestation of the Amazon draws international attention.

JICA carries out projects emphasizing the following five priority issues in order to realize harmonious and sustainable development* encompassing the whole region with the aim of correcting domestic and intra-regional disparities.

1. Development of an investment environment with due consideration given to the role of the private sector
2. Response to poverty issues, regional disparities, and environmental issues
3. Support for proper management of natural resources, maintaining and improving food producing capacity
4. Response to regional integration and promotion of intra-regional cooperation
5. Active collaboration with ethnic Japanese (NIKKEI) communities

Current State of Development

In South America, there are countries with relatively high economic standards and others with low economic standards. Brazil, Chile, Argentina, Uruguay, and Venezuela are ranked as upper middle-income countries (UMICs), and Bolivia, Colombia, Ecuador, Paraguay, and Peru as lower middle-income countries (LMICs), according to the List of Aid Recipients of Development Assistance Committee (DAC)*, Organization for Economic Co-operation and Development (OECD).

Even those countries with high levels of growth, however, are facing problems, including insufficient investment in infrastructure*, widening income and regional disparities, and a deteriorating environment as a result of economic growth, as well as issues involving drugs and public safety. Therefore, they are still in need of financial, technical, and personnel assistance for economic and social development.

The characteristics of South American countries are summarized in the following five points.

1. Progress of privatization

In South America, starting in the 1980s, democratization and decentralization were promoted at the political level, while privatization and trade liberalization were promoted as reforms at the economic level. As a result, the region recorded satisfactory economic growth in general until the middle of the 1990s. Around 1998, growth slowed and privatization in the region stagnated following the eruption of the economic crises in Brazil and Argentina. However, many industrial fields, which had previously been managed as governmental projects, came under the control of private companies.

What symbolizes these movements are projects implemented in cooperation between Japan and Brazil as joint national projects between the government and the private sector in areas such as steel, papermaking, aluminum refining, and alumina production. These industries have been completely transformed from public to private enterprises, all of which are now contributing to economic development as leading production projects in Brazil.

2. Economic development, income and regional disparities, and environmental destruction and contamination

Brazil promptly ended the crisis of the late 1990s, and the new administration that came to power in 2003 gained the confidence of the international community with its determined economic management. In addition to longstanding issues such as tax and pension reforms, eradication of hunger and measures against poverty have been addressed as priority

issues. Behind this is the fact that domestic regional and income disparities were not corrected during the period of favorable economic growth. In addition, although school enrollment improved drastically during the eight years of the previous administration, which implemented social policies with due consideration given to the poverty group, the sluggish economy most affected the poverty group, thus raising social dissatisfaction.

Similar situations are seen in other countries in the region. Many governments placed a priority on poverty reduction as they are affected by an increasing sentiment against privatization and a stronger power base supported by the poor.

In particular, the government of Venezuela, which took power radically in 1999 highlighting its focus on the poor, has seen a deteriorating relationship with opposition elements such as entrepreneurs and the wealthy, resulting in social and economic upheaval.

Bolivia, with strong help from the donor* community, implements measures against poverty in line with the Poverty Reduction Strategy Papers (PRSP)*. However, with no marked improvement observed, dissatisfaction with the conversion policy of coca plantation and the natural gas export plan to the US ignited anti-government demonstrations that resulted in bloodshed. This turmoil led to the collapse of the administration in October 2003. There is still concern over the resurgence of anti-government extremism depending on the response of the new government.

The opposition movement against the introduction of a dollar economy caused a change of power in Ecuador in January 2000. The government that took power implemented economic policies along IMF policy lines, but failed to gain the support of the poor and lost the election. In January 2003, the current government was formed with the support of the poor and groups of indigenous people.

Argentina, a country that had enjoyed wealth with abundant natural resources and agricultural products, now found itself in a position where 50% of its total population was living under the poverty line due to the economic crisis. Social policies and expansion of employment are needed now more than ever. Since it was tied to prioritizing domestic issues, the country fell behind in its debt payments. The country is still dependent on export growth to regain economic vitality, and is experiencing difficulty restoring confidence from the international community.

Even in Chile, the country with the most favorable economic growth in South America, the response to regional disparities is regarded as a major task. The Valparaiso IT Center

Plan, for which JICA has been requested to provide support, is being promoted as a regional development policy to bring about the concentration of IT industries in Valparaiso, which is suffering under an economic recession.

Based on the recognition that anti-government protests will not end unless poverty issues are resolved, Colombia and Peru address poverty reduction as a priority issue. In addition, it is said that the number of displaced persons in Colombia exceeds 2.2 million. They fled to Ecuador, Panama, and Venezuela. Measures for displaced persons are of great importance from the perspective of peacebuilding and assuring human security*.

One of the problems caused by poverty and economic growth is environmental degradation. Slums formed in cities generate waste problems and pollution of water sources. Although immigration programs for sending landless farmers into the Brazilian Amazon are implemented on the scale of several tens of thousands of families every year, some abandon their land when they can't sustain their farms and the land is sold and converted to ranches or soybean fields. Though this policy contributes to greater food production, it

also contributes to the disappearance of forests, which form a valuable ecosystem for the entire world, at a rate of around 20,000 km² per year.

3. Regional economic integration and intra-regional cooperation

MERCOSUR* (Mercado Común del Sur) has been markedly promoted by the establishment of the new government in Brazil. Peru joined as an associate member in August 2003, and a Free Trade Agreement (FTA) was concluded with the Andes Community in December 2003. A framework agreement in view of future signing of the FTA was concluded with India in June 2003. In November 2003, it was agreed to conclude negotiations for an EU-MERCOSUR Association Agreement (including economic and social cooperation in addition to FTA) by October 2004.

The four full members of MERCOSUR are Brazil, Argentina, Paraguay, and Uruguay, which altogether have a population of 210 million people and an economy worth 804.9 billion US dollars (gross domestic product: GDP value in 2001), excluding associate members Chile, Bolivia, and Peru.

Front Line

• Bolivia

Support for Improvement of the Lives of Indigenous People

Livestock Support for Aymara

Japan Overseas Cooperation Volunteers

Activity in cooperation with a local NGO

Ayoayo Village is situated in the Andes at a height of 4,000m above sea level. Here a Bolivian indigenous group, the Aymara, resides. A Japan Overseas Cooperation Volunteer (JOCV) has been dispatched there to study the residents' needs and help improve their livelihood. Due to the unique climate in Ayoayo Village, people cultivate land for subsistence crops only, and their cash income mostly relies on livestock such as sheep, cows, pigs, and llamas. In the village, a factory started operating to produce cheese and yogurt from cow's milk in 2003. However, the indigenous people had no concept of working in an organization, and the sustainable operation of the factory was at risk. Under such circumstances, the JOCV happened to meet a local NGO who had been working in Ayoayo Village and joint support for dairy farmers and the factory started.

Together with the NGO, the JOCV started various activities: enhancement

of the structure of the Association of Dairy Farmers, training for dairy farmers and workers of the dairy product processing factory, support for distribution of dairy products, etc. At the same time, the JOCV encouraged the NGO to incorporate plans and assessment of the projects into these cooperation activities.

Find out the true needs of the residents

People of Aymara are said to be generally reserved around strangers. However, by patiently participating in their meetings and wholeheartedly explaining the activities, the JOCV gradually broke down these barriers, and now both men and women welcome her into their circles. This breakthrough established the basis for carrying out activities, by finding out their true needs.

One of the goals of this support is to make it possible for the local people to operate the dairy product processing factory themselves and for the people of the Ayoayo Village to earn a stable cash



Dairy farmers and a JOCV right after the morning chores

income. To foster human resources who can develop the village on their own with confidence gained through the successful management of the factory is another goal. There are still a number of difficulties that must be overcome to achieve these goals. Nevertheless, while studying together with the aunts and uncles of the dairy farms and the workers of the factory, the JOCV is making efforts to grow together.

(JICA Bolivia Office)

When the five countries in the Andes Community—Columbia, Bolivia, Peru, Ecuador, and Venezuela—are added, it will make an economic zone with a population of 320 million and a GDP of over one trillion US dollars. Chile, whose economic liberalization policy is far more advanced than that of MERCOSUR or the Andes Community, independently promotes the conclusion of the FTA with the US, EU and Republic of Korea. As a region, negotiations have been ongoing towards concluding the Free Trade Area of the Americas (FTAA) to unite the North American Free Trade Area (NAFTA) by 2005.

With a common history, culture, language, and social background, movements toward economic integration proceed rapidly in this region, and inter-regional exchange and cooperation projects (South-South cooperation*) are being actively carried out. Since technology-absorbing capacity and motivation to implement support are high in this region, the results of bilateral cooperation have been effectively utilized to cooperation among developing countries (South-South cooperation). Japan has made efforts in South-South cooperation within the region by concluding agreements on the Partnership Program* (to provide assistance collaboratively to other developing countries) with Chile, Argentina, and Brazil, while implementing cooperation projects for other regions such as African countries and Timor-Leste.

4. Supply base of food and resources

South America is endowed with abundant resources such as petroleum in Venezuela, iron ore and aluminum in Brazil, and copper in Chile, and has an expandable food production and supply capacity. This economic zone assumes an important role in the international economy. This region is crucial for Japan, which relies on overseas resources and food. This region has adopted a nuclear-free policy and it has the same direction as the peace policy of Japan.

However, its economic relationship with Japan has attenuated in recent years, whereas its ties with China, India, and Republic of Korea have become closer in terms of both trade and investment. In particular, the surging export of resources and food to China is significant as a driving force in the economic recovery of South America, which was previously in stagnation.

As far as food issues are concerned, without the success of the Japan-Brazil Agricultural Development Cooperation Programs in Brazil's Cerrado Region over the past 23 years, the Cerrado Region would have never become a worldwide food supply base, and the world's agricultural production

would have failed to meet the surge in food demand in China, bringing about a rapid rise in food prices.

5. Ethnic Japanese (NIKKEI)'s contribution

The emigration of Japanese people to South America started more than 100 years ago, and post-war immigration has taken place for more than 50 years. Immigrants from Japan and people with Japanese ancestry have established a solid position as reliable members of the local society. Many agricultural immigrants, through strenuous efforts and seemingly interminable experiments, introduced new crops and developed breeding and cultivation techniques for proper variety. A number of crops were introduced by Japanese immigrants, including vegetables, grains, fruits, hemp, and sesame. Internationally prominent techniques such as the no-till farming technique for soybeans in Paraguay, and agro-forestry technology in the Amazon were developed by Japanese immigrants. Various Japanese agricultural cooperatives were established and grew into models for others to follow. In the area of health and medical care services, many people with Japanese ancestry become doctors, nurses, and dentists and Japanese organizations run hospitals and clinics, contributing to improved regional medical services. Many prominent individuals succeed in the legal and commercial areas as well. Ethnic Japanese are trusted in various fields and various regions, contributing to the feeling of a strong affinity toward Japan and enhancing friendly relationships between Japan and the countries to which Japanese people have emigrated.

The population of ethnic Japanese in Latin America is currently estimated at 1.45 million. Brazil, the most populous country in the region, has the highest population of ethnic Japanese, about 1.3 million, which isn't even 1% of the total population of the country. 15% of the students and 7 to 8 % of the professors and teachers of Sao Paulo University, the most competitive university in Brazil, are said to be of Japanese ancestry, indicating that ethnic Japanese place strong emphasis on education. Many people have studied or been trained in Japan, and human resources with an interest in participating in international cooperation activities are abundant.

On the other hand, due to the recession of the regional economy, the number of guest workers in Japan is still high, generating serious issues involving education for dependent children, juvenile delinquency, and social adjustment after returning to their home country. Our task is to find solutions to these issues that involve both countries: Japan and the home country of those of Japanese ancestry.

Addressing Priority Issues in JICA Programs

Based on the characteristics and situations in South America as mentioned above, JICA programs concentrate on the following issues.

■ Development of an Investment Environment with Due Consideration Given to the Role of the Private Sector

With the objective of contributing to the promotion of intra- as well as inter-regional trading and investments, JICA has extended assistance associated with studies on economic development, industry promotion, regional development, comprehensive planning on the development of infrastructure, etc. (master plan study), and a feasibility analysis for specific individual development projects (feasibility study).

Based on these propositions, Japanese knowledge and technologies have been transferred by experts and senior volunteers, emphasizing human resources development in pri-

ority development areas. In order to facilitate economic exchange at the private level between Japan and South American countries, JICA has contributed study reports and related information to economic organizations in Japan. In this field, the following support has been provided.

- Venezuela: support for a registration and development system of management consultants for small and medium-scale enterprises
- Chile: study in support of the establishment of the Valparaiso IT Center
- Paraguay: human resources development plan for revitalization of small and medium-scale enterprises
- Argentina: preliminary study in support of vitalization plan of small and medium-scale enterprises, dispatch of senior volunteers in the areas of business management, IT, small and medium-scale enterprises
- Brazil: trade promotion

Front Line

● Chile

Assistance for the Sale of Woolen Products of Women's Group

Vitalize Traditional Hand Knitted Chiloe

Japan Overseas Cooperation Volunteers

Poor sales of traditional woolen products

Chile, bordered on one side by the Pacific Ocean and the Andes on the other, stretches over 4,300km from north to south: from the Atacama in the north to the Patagonia region in the south. A Japan Overseas Cooperation Volunteer (JOCV) has been dispatched to the city office of the tenth province of Chile, Chiloe Island, Quellon City, where the city office is located. is a fishing town with a population of 22,000, and is also a region of agriculture and livestock farming with over 10,000 sheep. Being endowed with rich fishing grounds and salmon farming, the majority of the workforce is engaged in fishery.

A number of tourists visit Chiloe Island from other cities and overseas during the tourist season in the summer, which is a prime time for selling artifacts. Winter accounts for half of the year accompanied by long cold rains and bitter cold. In the winter, when outdoor work is limited, housewives spend days indoors knitting the wool that was sheared during the summer.

In order to support local products, a store was built at the initiative of the local administration 10 years ago. However, the business environment surrounding the woolen products is now more complex than it was then. High quality machine-knit products are on the market at low prices and inexpensive foreign woolen products are imported from Peru and Bolivia. The traditional Chiloe products are forced to compete with these products, and sales are sluggish.

JOCV activities created on their own

To counter this situation, the JOCV drew up an assistance plan to renew recognition of the traditional woolen products and to boost sales. It comprises four steps. The first is to record production sites of the woolen products, followed by the design of advertising materials to publicize the activities of the group. The third is to provide women's groups with Internet courses at the city office so that they can transmit and collect information. Finally, they conduct door-to-door sales of woolen products to



A woman spinning yarn at home

local companies, factories, and schools, besides selling them to tourists.

The work of the JOCV's first year was limited to a supporting role for the colleagues of the city office. He began to doubt his personal value at the workplace. With a sense of worthlessness, he spent many days questioning what he could and should do. He never stopped visiting houses and talking to the people. In the end, the people began to realize the significance of his work. Currently, he is tackling each of the issues based on the assistance plan with confidence.

(JICA Chile Office)

- Columbia: project for productivity improvement and quality management

■ Response to Poverty, Regional Disparities and Environmental Issues

In South America, poverty deeply rooted in underdevelopment and issues involving indigenous people coexist with newly emerging poverty caused by the economic crisis and wider disparities that accompany economic growth. Therefore, various efforts in cooperation with related organizations and persons such as central and local governments and civil organizations are needed. Due to decentralization and the vulnerability of governmental institutions, cooperation with civil organizations is of particular importance. With consideration given to this point, the following support has been introduced to address disparities and poverty issues.

- Bolivia: project for strengthening health networks focusing on maternal and child health
- Paraguay: project for strengthening continuing education in nursing and midwifery in the south
- Ecuador: study on development for reactivation of productivity and poverty reduction in the central-southern region
- Venezuela: project for enhancing subsistence business management by women
- Brazil: health care education in impoverished districts
- Argentina: strengthening of civil society from the grass-roots
- Chile: productivity improvement for small-scale dairy farmers

In South America, which has the world's largest cities, the health of a large percentage of the population is endangered by serious environmental problems such as air pollution, water contamination, and waste treatment. Moreover, since this region contains the Amazon and Galapagos Islands, which attract worldwide attention, it requires urgent measures to prevent rapid deforestation and environmental destruction, which cast concerns over biological diversity* and the global environment. The following are major efforts of JICA:

- Argentina: project on establishment of control for industrial wastewater and waste, study for the environmental management of Rio Gallegos
- Uruguay: study on capacity development for water quality management in Montevideo City and the metropolitan area
- Brazil: study on management and improvement of the environmental conditions of Guanabara Bay in Rio de Janeiro
- Paraguay: water quality improvement project
- Peru: study on recuperation of the Ferrol-Chimbote Bay ecosystem
- Brazil: the Amazon forest research project, forest conservation/environment education plan in the eastern Amazon,

Cerrado ecological corridor conservation project

- Argentina: natural environment conservation project in the Iguaz region
- Ecuador: project on conservation of the Galapagos Marine Reserve

■ Support for Proper Management of Resources, Maintaining and Improving Food Producing Capacity

South America is endowed with rich mineral resources and is the world's leading breadbasket; regions like the Cerrado (Brazil) and the Pampa (Argentina) greatly contribute to the world's stable food supply.

In addition to cooperation in the survey and search for mineral resources, JICA has provided assistance in response to mining pollution in the heart of such abundant resources.

Moreover, in order to improve and maintain food productivity, JICA has conducted technical guidance and pilot projects for sustainable agricultural development in South America. The typical outcomes of such activities are seen in the transformation of the Cerrado region from barren land to the food supply base of the world through the Cerrado agricultural development and the success of Paraguay as one of the leading exporters of soybeans in the world.

Major cooperation carried out in fiscal 2003 is as follows:

- Bolivia: study on mineral exploration in the Yuni-Pelechuco Area, the Mining Environment Research Center
- Chile: project for strengthening the institutional capacity of mining environmental management
- Brazil: strengthening agricultural technical support system to small-scale farmers in Tocantins State
- Bolivia: Technological Center on agriculture and livestock, project for reinforcement of the National Bovine Livestock Improvement Center, project for the dissemination of high-quality rice seeds for small-scale farmers
- Paraguay: Technological Center on agriculture, improvement of small medium-scale dairy farm management project

■ Response to Regional Integration and Promotion of Intra-regional Cooperation

In order to promote and coordinate Japan's wide-area cooperation for MERCOSUR, which has been stimulating the region, JICA dispatched project formulation advisors* and conducted studies and coordination for an implementation framework in preparation for full-fledged implementation of the following projects:

- Study on improvement of packaging technology for merchandise distribution in MERCOSUR regional products
- Project for the promotion of tourism

In addition, support for the promotion of intra-regional cooperation, so-called South-South cooperation, has been con-

ducted in cooperation with three countries with which Japan has concluded the Partnership Program (PP), Chile, Argentina, and Brazil, utilizing the human resources and organizations of these countries. Targeting other countries in the region as well as countries outside of the region such as those in Africa, dispatch of experts, acceptance of training participants, and project-type cooperation have been provided as follows:

- JCPP (PP with Chile): aquaculture in Cuba, livestock hygiene in Bolivia
- PPJA (PP with Argentina): livestock hygiene in Paraguay and Bolivia, population census in Bolivia and Peru
- JBPP (PP with Brazil): plantation technology of tropical plants and Cassava, public hygiene services (training courses targeting Portuguese-speaking countries in Africa and Timor-Leste)

■ Collaboration with Ethnic Japanese (NIKKEI) Communities

JICA has implemented projects in collaboration with ethnic Japanese (NIKKEI) communities, for example, in the

form of dispatching Brazilian experts of Japanese ancestry to Bolivia for technical guidance. In the future, in pursuit of more effective and efficient implementation of projects, JICA intends to disseminate skills and experiences acquired during regional and agricultural development by Japanese immigrants to a wide area, in collaboration with organizations of Japanese ancestry that have successful records of achievement in each region of South America.

For example, training of regional medical doctors and nurses has already been provided in Peru at clinics run by a Japanese-affiliated organization with the help of the organization. This training project is in collaboration with the United States Agency for International Development (USAID), and with the participation of Japanese-Brazilian experts.

Furthermore, in the Brazilian Amazon region, Japanese Agriculture Cooperatives and local NGOs have launched activities together with Brazilian governmental institutions in order to spread agro-forestry technologies, which had been developed by farmers of Japanese ancestry, to a wide area of the region.

Front Line

● Brazil Building a Healthy Town

Establish a Regional Medical Health System

Technical Cooperation Project

Northeastern Brazil left behind

Although it has the eighth largest economy of the world, Brazil is said to have the largest social disparities in the world. Compared with the wealthy south, northeastern Brazil is particularly poor and falls behind in social development due to its feudalistic social structure, which was inherited from the colonial era, and a severe natural environment. In some regions the Human Development Index, which indicates overall level of development, is as low as that in the countries of the Sub-Saharan Africa. Building a Healthy Town is a project implemented in the state of Pernambuco, in northeast region of Brazil, which suffers from these circumstances.

Health is not only protected by medical services provided by hospitals, but is also determined by various influences, such as nutrition, education, employment, living environment, and security. Thus, in order to improve health, it is necessary to create a region with a healthy environment in a concerted effort between administration, local citizens,

and private and civil organizations, in addition to enhancing health and medical care systems. The name of the project, Building a Healthy Town, carries this implication.

Comprehensive approach for health

This project supports collaboration between the administration and the residents in designing and implementing the Building a Healthy Town plans. To this end, JICA provides assistance through the training of administrative officers, encouraging citizens' participation, and organizing various activity networks so that municipalities are able to create healthy environments on their own.

Japan previously achieved improvements in health care and living standards not only through public hygiene activities using health care nurses, but also through comprehensive efforts such as life improvement projects in rural villages and enhancement of social education. Utilizing the knowledge and experience of Japan, JICA experts have provided training for administrative officers of the

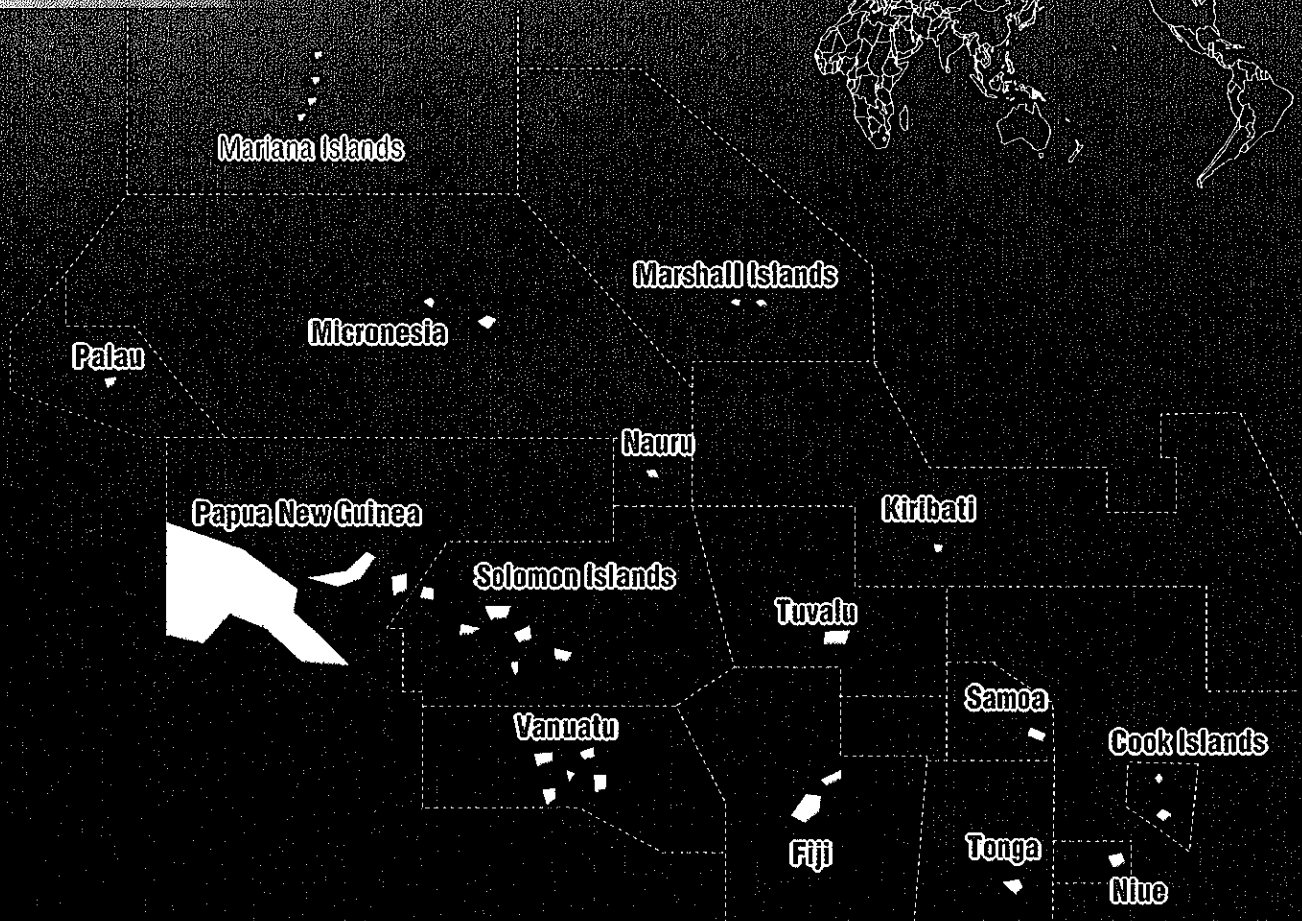


Expert visiting poor families to study the current situation regarding the everyday lives and health of the people

Planning Bureau of Pernambuco State, who manage the development projects, and for the faculty of Pernambuco Federal University, which promotes regional development in the academic area. Recognizing policy enforcement and human resources development as two tools for development, JICA provides support so that the state government and the university can participate in the activities of Building a Healthy Town, where everyone can live healthily and comfortably.

(JICA Brazil Office)

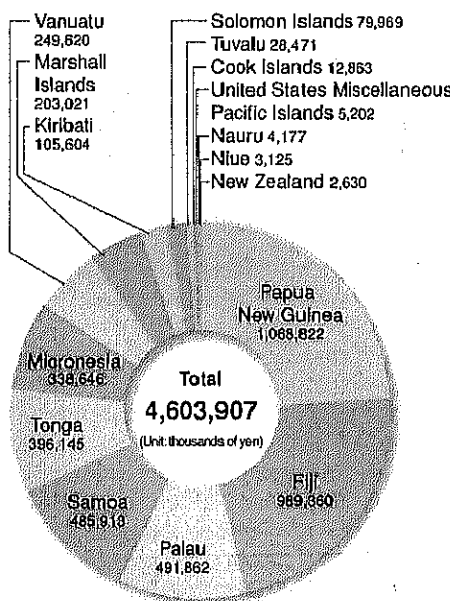
Chapter 5 • Oceania



Oceania

Pillars of Aid → Human Resources Development and Environmental Conservation Required for Sustainable Development of Small Island Countries

■ Cooperation results by country (FY 2003)



On the whole, the countries of Oceania are island countries with small national territories, populations, and economies. The amount of human resources to support socioeconomic development is small, and the outflow of human resources overseas is also a problem. Since each national territory consists of a large number of islands, access to domestic and international markets is difficult, as is access to high quality social services such as health and medical care and education. The economic structure depends mainly on primary industry and aid from former suzerain states, and is easily affected by outside forces.

The priority issue in Oceania is to develop societies that are independent from the former suzerain states. Developing human resources and building socioeconomic infrastructure* are important for self-reliant administrative and social services, as well as for economic growth. In addition, in order to pursue sustainable development* for these goals, emphasis is placed on proper resource development and environmental conservation.

In the area of human resources development, volunteers are dispatched mainly in the sectors of primary and secondary education, vocational training, and health and medical care; and many administrative

officials are accepted as training participants. Distance learning using information technologies (IT) is employed in providing cooperation in higher education. In the area of health and medical care, we promote cooperation that addresses infectious diseases such as polio, malaria, tuberculosis, and filariasis.

With respect to the development of socioeconomic infrastructure, such as roads, harbors, airports, and power and water supply, in association with financial assistance for the construction of facilities, technical cooperation for the maintenance and operation of those facilities is extended.

Environmental problems represented by coral reef destruction and solid waste disposal have become serious. Region-wide cooperation crossing national borders is promoted to address environmental conservation, which is a global issue*, as a common issue in Oceania.

JICA is also working closely with other aid organizations and international organizations acting in the region of Oceania to provide cooperation. These include a waste disposal project in cooperation with the South Pacific Regional Environment Program (SPREP), which is a regional international organization, and an infectious diseases project in cooperation with the World Health Organization (WHO).

Current State of Development

■ Societies and Economies Reliant on Former Suzerain States

The individual island countries of Oceania have small national territories, populations, and economies on the whole. The main feature of their economic structure is a strong dependency on primary industries. This structure is fragile and easily upset by weather conditions and fluctuations in international prices. Many problems remain to be tackled if these countries are to achieve any degree of economic autonomy. These problems are related to the fact that the countries themselves often consist of large numbers of islands, their domestic markets are small, they are far from international markets, and transportation and communication links to compensate for these disadvantages are inadequate.

Relations between these countries and their former suzerain states are generally close, but in recent years, growth in bilateral aid* and multilateral aid* to developing countries in Oceania has remained stagnant. Following achievement of independence from the US, the three countries of Micronesia (Palau, Micronesia, and Marshall Islands) have been receiving financial aid in the form of "compact money" based on the Compact of Free Association with the US. However, financial aid has recently started shifting to project-type aid.

Against this backdrop, establishing societies and

economies that are no longer reliant on aid is an urgent issue for the small island countries in this region. There are many issues that affect Oceania as whole: waste control; environmental problems, including climatic change and rising sea levels; human resources development; and the development of inter-island transportation and communication. It is therefore essential to adopt a comprehensive approach to the region. Every country in the region places emphasis on the reduction of public sectors, promotion of private investment leading to development in the main industries of agriculture, fishery, tourism, and promotion of regional cooperation which jointly addresses common issues.

In May 2003, the Third Japan-Pacific Islands Forum (PIF), known as the Pacific-Islands Summit, was held in Okinawa with the participation of leaders and ministers from 15 countries and regions, all members of PIF excluding Nauru. At the summit, the Okinawa Initiative: Regional Development Strategy for a More Prosperous and Safer Pacific was adopted, setting priority policy targets in security, environment, education, health, and economic growth, and clarifying joint action plans for Japan and PIF members. These issues should be addressed on medium- and long-term bases in the framework of bilateral and multilateral cooperation. JICA implements cooperation that fully reflects the results of the summit.

Addressing Priority Issues in JICA Programs

■ Two Priority Issues in Common

Every country in Oceania differs in respect of its national and economic size, ethnic composition, population, availability of natural resources, traditional social foundations, way of life, and the capacity of government to formulate and administer development plans. Finely tailored aid in line with the specific development needs and development levels of each country is therefore required. However, since all these countries gained their independence relatively recently and are dependent on primary industries, human resources development is the most important. In addition, it is important to provide support that enables these countries to overcome the limiting factors that distinguish island countries (i.e., isolation, small size, and vulnerability).

There are two priority issues that affect virtually all the countries in this region, the first of which is support for social and economic self-reliance, and the second is environmental conservation and the proper management of resources for sustainable development. Efforts are needed to identify and formulate effective cooperation projects that will bring benefits to the region as a whole. At the same time, it is necessary to work

closely with other donors* that possess knowledge of island countries and international organizations active in the region.

■ Support for Social and Economic Self-reliance

With regards to support for social and economic self-reliance, human resources development for nation-building must be combined effectively with improvements in infrastructure for the development of basic industries.

Cooperation for human resources development is being provided in the areas of basic education and vocational training through the dispatch of Japan Overseas Cooperation Volunteers (JOCVs) and the acceptance of technical training participants with a view to creating a body of qualified people to work in economic management, development planning and other leading industrial fields. Grant aid is provided to support higher education, specifically improvements and expansion at the National University of Samoa, in combination with technical cooperation linked to grant aid projects.

From the standpoint of upgrading the bases for key industrial development, in addition to infrastructure improvement in response to the needs of island countries, cooperation is taking

place with emphasis on fishery, marine transportation, and marine resource development in connection with aquaculture promotion of small-scale fisheries, compilation of marine charts, shipping inspections, and exploration of seabed mineral resources.

■ Environmental Conservation and Proper Management of Resources

In terms of environmental conservation and proper management of resources to enable sustainable development, JICA aims cooperation directly at environmental conservation measures, such as conservation of coral reefs and waste management, to deal with such issues as the destruction of seashore ecosystems, the indiscriminate catching of certain types of fish, the felling of tropical forests, and improper handling of wastes. One example of cooperation in this area is the Palau International Coral Reef Center (cooperation based on a Japan-US Common Agenda*). The center, constructed with Japanese grant aid, is expected to become an international base for coral reef conservation and research, and diverse technical cooperation activities are under way.

■ Cooperation Beneficial Region-wide

In Oceania, coordinated and collaborative cooperation with other aid agencies and international organizations take place. An example of cooperation that has benefited the region as a whole is a project for distance learning and strengthened information technology based on the establishment of the University of the South Pacific (USP), which is a base for higher education for the 12 countries and areas in Oceania, as well as network facilities for distance learning that makes use of satellite communication for neighboring countries (a project in collaboration with New Zealand and Australia).

Other examples of cooperation conducted through international organizations active in the region include grant aid to the educational and training center of the South Pacific Regional Environment Programme's (SPREP) headquarters and region-wide technical cooperation for the proper management of wastes.

As a partner in the Pacific Programme to Eliminate Lymphatic Filariasis (Pac ELF), which is implemented by WHO, since 2000 JICA has provided medicine and examination kits and has dispatched JOCVs under a five-year plan.

Front Line

● Samoa Enhancement of Information and Communication Technologies at the National University of Samoa

Develop Human Resources for Information and Communications Technologies on an Island Country

Dispatch of Expert

IT indispensable for a small island country

Though people living in the Samoa islands in the South Pacific share only one language and culture, the islands are divided into two countries, East and West. Eastern Samoa belongs to the US and Western Samoa is an independent country called Samoa. From the close of World War I to the island's independence in 1962, Western Samoa was a mandatory of New Zealand. Therefore the official languages are English and Samoan. The education system is patterned after England's. In the lower grades of primary school lessons are given in Samoan, and from the third grade they start using English and the number of lessons in English gradually increases. The South Pacific Secondary Education Uniform Examination that students take when graduating from high school is all in English.

The people in Samoa are basically diligent about education and now the entire nation is tackling the enhancement of education for information and commu-

nication technologies (ICT). That is because it is extremely important for the people of Oceania, a region with widely scattered islands, to communicate through radio and TV broadcasts and data communication using the Internet.

Enhance information-related education curriculum

Though language barriers sometimes become a problem for the expansion of ICT, the standard language used in the IT field is English and it is smoothly promoted in Samoa without any localization of software.

In a country like Samoa with high temperatures and humidity, ICT using TV and computers are more appropriate than communications by paper. In fact, in Apia, the capital of Samoa, there are only two bookstores, whereas there are seven Internet cafes, and we can tell that the Internet is spreading to more and more people.

Given that the demand for information and communication will continue to increase, development of human



Samoa focuses on education in information and communications technologies

resources for ICT is urgently required. The Samoan government has declared an Information Technology Strategic Plan, aiming to train at least 500 technicians by 2007. For this, the National University of Samoa and the Samoa Polytechnic, for which Japan has provided cooperation for many years, will play a central role. Further cooperation from Japan is expected for improvements in the information system of the university and enhancement of the curriculum related to information.

(JICA Samoa Office)



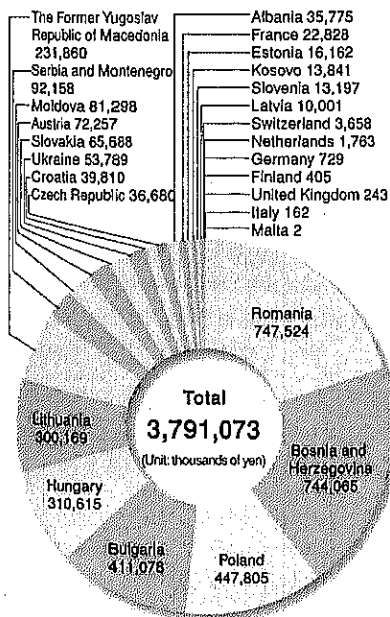
Europe

Pillars of Aid

Priority Shift from Central to Southeast Europe

—Support for Transition to a Market Economy and Consolidation of Peace in the Western Balkans—

Cooperation results by country (FY 2003)



Since commencing cooperation with Central and Eastern Europe following the collapse of the Soviet Union and the end of the Cold War in 1989, Japan has provided aid in the following priority fields.

1. Transition to a market economy (economic policy, productivity enhancement, business management, etc.)
2. Environmental conservation measures (air pollution, water pollution, waste disposal, etc.)
3. Restoration of deteriorated infrastructure*

In the Balkan region, the aftermath of conflicts in the former Yugoslavia exemplified by the Kosovo crisis generated two million refugees, destroyed social infrastructure, and damaged the economy.

The Medium-term Policy on ODA that was announced in August 1999 made a reference to post-conflict reconstruction for the countries

in conflict and their neighboring countries. These conflict-affected areas are currently shifting from the reconstruction phase to the development phase. Since there are still unstable factors such as ethnic issues, support is called for from the perspective of maintenance and consolidation of peace.

Reforms in transition to market economies in Central and Eastern Europe started more than 10 years ago, and large disparities among the countries of the region are emerging in terms of progress in economics and social reforms. Ten countries that received ODA acceded to the EU in May 2004, so the immediate tasks are to find ways towards graduating from aid and implement cooperation projects that respond to the priority issues of each area of Southeast Europe, which are burdened with development constraints.

Current State of Development

■ Transition in Support for Europe

Many countries in Western Europe enjoy progressive industrialization and economic development. Japan has a history of providing aid, though in a limited way, to Cyprus, Malta, Albania, and the former Yugoslav Federation.

In contrast, after World War II, the countries of Central and Eastern Europe adopted a socialist system of international division of labor led by the Soviet Union. In the 1980s, the inefficiency of economic management under such systems led to an economic collapse. In 1989, Poland and Hungary led the way from socialism by introducing market economies, followed by other countries in economic and social reform.

The developed countries positively evaluated these reform efforts in transition to market economies and decided to provide support within a framework of the Group 24 whose establishment was announced in July 1989 to conduct assistance for Central and Eastern Europe. The G24 includes the 12 members of the European Community (EC), 24 countries such as Japan, the US, Canada, Austria, and international organizations such as the International Monetary Fund (IMF), the World Bank, and the Organisation for Economic Co-operation and Development (OECD).

In line with G24 resolutions, since 1989 the Japanese government has been extending the range of its aid operations from Poland and Hungary to include the Czech Republic and Slovakia (two countries that formed Czechoslovakia when aid was commenced in 1991), Bulgaria, Romania, Albania, three Baltic countries (Estonia, Latvia, and Lithuania), Slovenia, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Croatia, and Serbia and Montenegro (Yugoslavia until February 2003). Aid in the form of ODA commenced in 1997 to Ukraine and Moldova.

Ten countries—Poland, Hungary, Czech Republic, Slovakia, Slovenia, Estonia, Lithuania, Latvia, Cyprus, and Malta—subsequently made smooth progress in the economic and social fields and finally became member states of the EU in May 2004. Accordingly, they are now expected to make the transition from aid recipients to donors*.

■ Current State of Cooperation and Development

Among those countries that acceded to the EU in May 2004, Cyprus and Malta have strengthened major traditional industries, such as tourism and shipbuilding, and have also promoted new export-oriented industries, thus achieving stable economic growth. Targeting these industries, JICA has accepted a limited number of training participants. In three Baltic States, livestock farming and manufacturing industries

had been promoted even before their independence from the Soviet Union, and economies centered on manufacturing have been favorably developed, despite temporary setbacks during the transition period to market economies. Although the record of cooperation in the three Baltic States is limited, development studies in the field of the environment were undertaken in Lithuania and Latvia, in addition to training projects.

JICA has implemented cooperation for Central Europe such as Poland and Hungary, and for Bulgaria and Romania, emphasizing support for transition to a market economy and environmental conservation through various projects including technical cooperation projects, dispatch of experts, development studies, and acceptance of training participants. Among these, Central European countries such as Poland, Hungary, Czech Republic, and Slovakia introduced foreign capital, became the manufacturing center of the EU, achieved rapid development, and finally gained accession to the EU in May 2004. For such Central European countries, JICA has provided technical cooperation, particularly for the promotion of small and medium-scale enterprises, productivity improvement, and promotion of trade investment in view of support for transition to a market economy. Bulgaria and Romania are currently in a transition period to a market economy. The speed of the development and growth are relatively slower than Central European countries, and they look to join the EU in 2007.

Former Yugoslavia was a multi-ethnic federal state comprising six republics and two autonomous provinces with a complex mixture of languages and religions. There was an outbreak of armed conflict between separatists and federalists among the ethnic groups of the republics. Slovenia, Croatia, and Macedonia declared their independence in 1991 and the people of Bosnia and Herzegovina voted for independence in 1992. The remaining republics of Serbia and Montenegro declared a new Federal Republic of Yugoslavia in 1992, and the former Yugoslavia was divided into five countries. Slovenia and Croatia have achieved stable development: Slovenia acceding to the EU in May 2004, and Croatia aiming to join in 2007. On the other hand, Bosnia and Herzegovina erupted in conflicts and consequential economic sanctions were imposed on the new Yugoslavia (and were lifted in December 1995). In 1998, armed conflicts took place in Kosovo, followed by NATO air strikes against the new Yugoslavia, which had refused to accept peace proposals. As a result, infrastructure was destroyed in the countries in conflict, Bosnia and Herzegovina and Serbia and Montenegro,

making it necessary to restore economic and social infrastructure there. A huge economic and social burden was inflicted on neighboring countries such as Macedonia and Albania due to an influx of refugees. In the former Yugoslavia period, JICA dispatched experts and accepted training par-

ticipants in the fields of administration, transportation and traffic, and industry. Since the cessation of conflict in Yugoslavia, JICA has conducted cooperation for mainly conflict-affected countries for the purpose of peacebuilding and stabilizing the people's livelihood.

Addressing Priority Issues in JICA Programs

■ Policies toward Member States of the EU and Countries Preparing for Accession to the EU

Ten countries to which Japan had provided assistance in the form of ODA cooperation joined the EU in May 2004. Cooperation for these countries will end, except for approved and signed projects (cooperation for Cyprus was completed in 1999). Among these countries, JICA has a considerable record of cooperation and accomplishments for Poland and Hungary in the field of support for transition to a market economy. During the remaining period of cooperation for both countries, JICA aims to utilize these accomplishments fully in order to support the transition of these countries into donors, through, for example, third-country training*, while implementing effective intra-regional cooperation.

So as to expedite economic and social reforms of countries that are slow to gain accession to the EU, JICA will provide cooperation that fosters industries which are more suitable for local conditions. There are some countries that have not taken sufficient measures to deal with the environment, and which do not meet EU environmental standards. Thus, continuous cooperation focusing on environmental issues is required.

■ Support for the Consolidation of Peace in the Western Balkans

Bosnia and Herzegovina and Serbia and Montenegro have made progress in the restoration of infrastructure. They are regaining social stability and are in transition from the recon-

Front Line

● Bosnia and Herzegovina Support Project for Landmine Victims

Japan-Austria Collaboration Project for Human Security

Japan-Austria Collaboration Project

Social reintegration of landmine victims

In Bosnia and Herzegovina, an outbreak of hostilities occurred in Sarajevo in April 1992 and spread rapidly throughout the country. The conflict continued until the conclusion of the Dayton Peace Agreement in 1995. A large number of landmines were buried during this period, killing and injuring many people. The removal of landmines is currently being carried out. However, it is estimated that at least one million landmines and unexploded ordnance remain scattered through the region, and still generate casualties. Support activities are carried out to address the serious issue of social reintegration of these victims.

Approach in cooperation with Austria

Austria's Foreign Minister Waldner proposed the promotion of Japan-Austria cooperation in the area of human security* during her visit to Japan in 2001. This project was formulated by the Austrian Embassy in Japan and the JICA Austria Office in response to her proposal, and commenced in November 2002. This project has attracted attention as the first attempt at a collaborative project for Bosnia and Herzegovina between Japan and Austria.

Receiving a commission from JICA, HOPE87, a local NGO that has been conducting relief activities for landmine victims, provides rehabilitation and vocational training for unemployed youth, including victims. JICA dispatches



JICA expert giving instructions on pain management

experts in the rehabilitation of persons with disabilities to transfer technologies in pain management to the staff engaged in rehabilitation in Bosnia.

Although support for reconstruction is in the final stage nine years after the cease-fire, aid for victims needs to be continued in the future.

(JICA Austria Office)

struction stage to the development stage. However, there are multi-ethnic countries with a complex mixture of languages and religions in the Western Balkans, including countries in conflict such as Bosnia and Herzegovina and Serbia and Montenegro, and neighboring countries such as Macedonia and Albania. Therefore, when tension increases among ethnic groups, there is a danger that a conflict could be triggered accidentally. In order to maintain and consolidate peace in the Western Balkans where this unstable structure exists, incessant efforts are necessary to prevent conflict and consolidate peace through attempts at ethnic reconciliation. JICA adopts a policy to implement cooperation contributing to the stability of the multi-ethnic society, while studying what efforts might be effective in the promotion of ethnic reconciliation.

Also, improvement of the people's lives through econom-

ic development is essential for social stability. Every country in the Western Balkans is making progress in economic reform; however, unemployment is persistently high. This situation may lead to social dissatisfaction, which could result in tension between ethnic groups. It is important to support the development of the private sector, such as employment-creating small and medium-scale enterprises and tourism, as well as the further promotion of economic reform.

The government of Japan hosted the Ministerial Conference on Peace Consolidation and Economic Development of the Western Balkans with Ireland, which holds the Presidency of the EU Council. At this conference it was affirmed that peace consolidation and economic development are considered two sides of the same coin, meaning that both must be achieved in concert and that the international community needs to continue its support.

Front Line

● Bulgaria Managerial Skills Development Center

Upgrading the Economy toward Accession to the EU

Technical Cooperation Project

Small and medium-scale enterprises as core businesses

Bulgarians talk fast, using tongue-twister words like 'dobro utoro' (good morning) and 'dovoar vecher' (good evening). They have well-defined faces. A look of fearless determination suddenly changes into a broad smile as the person starts talking to you in a friendly manner when your eyes meet.

Since the collapse of the socialist regime in 1989, Bulgaria has been working to establish a market economy. However, the economy is in stagnation due to the sluggish pace of privatization of national corporations and the issue of non-performing loans inherited from the previous regime. The rate of economic growth finally made its first increase in 1998. Nevertheless, GDP is as low as approximately 16 billion US dollars, and per capita GDP is only 2,000 US dollars. The next national goal of Bulgaria is accession to the EU in 2007. To this end, a rapid improvement in the whole economy is required, and enhanced management of small and medium-scale enterprises, which account for 99% of all the corporations, is essential, along with the development of various legal systems.

Develop business leaders

Small and medium-scale enterprises cover a wide range of areas and a large number of business types, all existing in various business environments. Therefore, individual management instruction is not realistic. Instead, it is thought that practical training opportunities for managers of small and medium-scale enterprises are effective in upgrading management skills and international competitiveness. To this end, the development of the country's business leaders is an urgent task, and a plan to implement a project was adopted to incorporate all human resource development curricula that introduce Japanese business know-how into the Institute for Postgraduate Studies at the University of National and World Economy-Sofia.

In March 2004, this project took off as the Managerial Skills Development Center, and is being carried out in cooperation with Ritsumeikan Asia Pacific University in response to the strong need voiced by related organizations such as the Bulgarian Ministry of Economy and the Agency for Small and Medium Enterprise Promotion. Two Japanese experts with abundant experience in the



Experts and staff members of the managerial skills development center that has just been established

management of private corporations were dispatched to the graduate school in March 2004, and the three-year project began. JICA will make efforts so that, after the project ends, the University of National and World Economy-Sofia is able to establish an international network among countries including Japan in order to consolidate this unique management course and develop human resources that assume the management of the next generation in Bulgaria.

(JICA/JOCV Bulgaria Office)



Landmines remain buried around a house destroyed in the conflict (Bosnia and Herzegovina)

■ Cooperation for Ukraine and Moldova (Newly Independent States: NIS countries)

JICA also provides support for Ukraine and Moldova, the region sandwiched between Europe and Russia. However,

not much time has passed since the commencement of cooperation, and the cooperation record is still limited. These countries are the most impoverished countries in Europe, and the strong influence of the Soviet Union on the economy and society remains, placing a heavy drag on economic development. In addition, they are not full-fledged members of the World Trade Organization (WTO). With all these factors as a background, a wide range of issues must be addressed, including support for basic human needs (BHN)*, support for transition to a market economy, establishment of a national institution for integration into the international economy, and environmental conservation. JICA will establish aid-implementing systems and expand cooperation. Confronted with numerous issues, we must fully consider how to achieve results with limited cooperation, the ideal state of cooperation, and the selection of appropriate cooperation projects.

Front Line

● Bosnia and Herzegovina Ecotourism and Sustainable Regional Development

Approach toward Ethnic Integration

Development Study, Dispatch of Expert, Acceptance of Technical Training Participants

Utilization of abundant nature

The Dayton Peace Agreement of 1995 divides the strife-torn region of Bosnia and Herzegovina into two entities: the Republic of Srpska, comprising mostly Serbs, and the Federation of Bosnia and Herzegovina, comprising mostly Croats and Muslims (Bosniacs). Each entity has an administration under the central government, and is supported by the Office of the High Representative (OHR) to oversee implementation of civilian provisions.

Nine years after the cease-fire, the removal of landmines, a painful remnant of the civil war, continues and there are a number of problems that must be overcome such as the issue of repatriating refugees, unemployment, etc. As demonstrated by the Winter Olympics of 1985 in the capital of Sarajevo, it is a beautiful land surrounded by green mountains. It was a popular tourist area before the conflict. Using the abundant natural environment as a resource, a sustainable regional development project through ecotourism was launched in 2003 in order to improve the livelihood of the people of the region.

Implement pilot projects

In order to promote ethnic reconciliation, two areas that overlap over the border between the two entities were selected and three pilot projects were chosen for each area in the development study of this project. The agricultural experience lodge, promotion of tourism and sports along the Pliva River, sales base for local products (similar to the Road Station Project of Japan), and the development of a corridor around the historic heritage, etc. were decided on for these pilot projects through Project Cycle Management (PCM)* methods. A master plan will be formulated based on the results of these pilot projects. In addition, experts in tourism have been dispatched to support the development of ecotourism.

Training in Japan

In January 2004 seven training participants came to Japan to receive training for the purpose of deepening understanding of Japan's tourism promotion and environmental conservation policies. Their training included lectures at the



Training participants visiting various parts of Japan on their tours

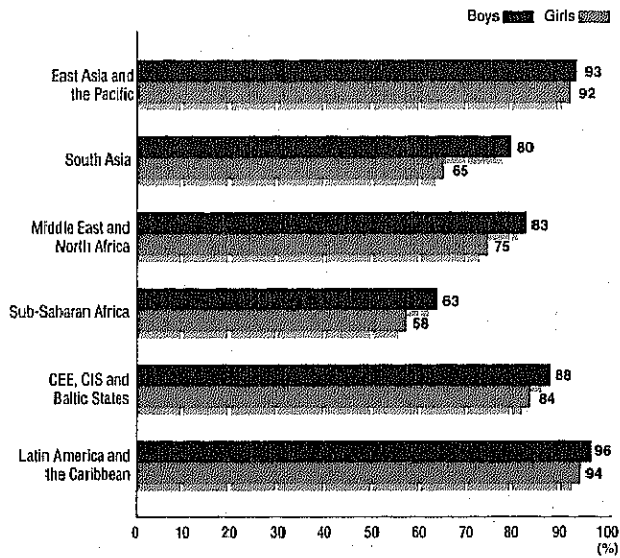
JICA Hachioji Center, lectures and practical training at KEEP Association (Kiyosato, Yamanashi prefecture) and visiting tours to Kyoto and Yakushima. At the final assessment meeting of the training course, a critical question was raised as to how young people could be motivated to be involved in ecotourism.

In the future, this training course will be conducted in effective coordination with development studies, and will be implemented by targeting local government officers and NGO staff.

(JICA Austria Office and Hachioji International Center)

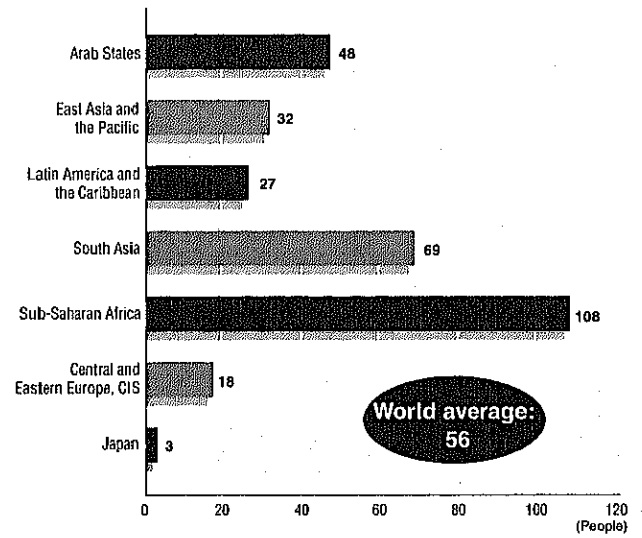
Statistical Items Related to International Cooperation 2

Primary School Enrollment Ratio (Net)
(1997-2000)



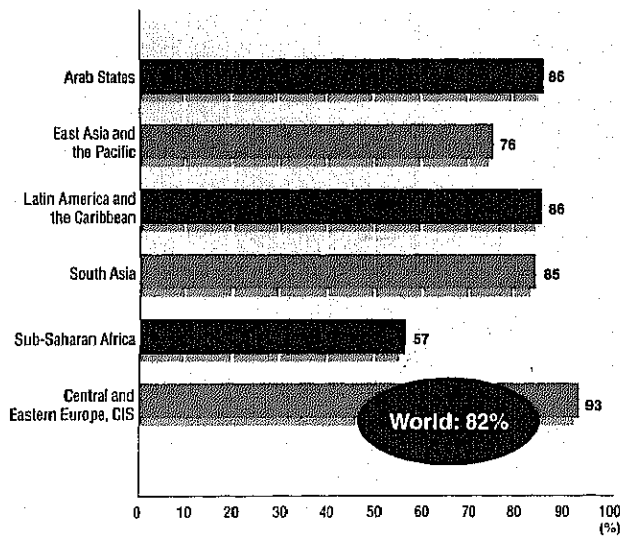
Source: The State of the World's Children 2004 (UNICEF)

Infant Mortality Rate
(2002) (per 1,000 live births)



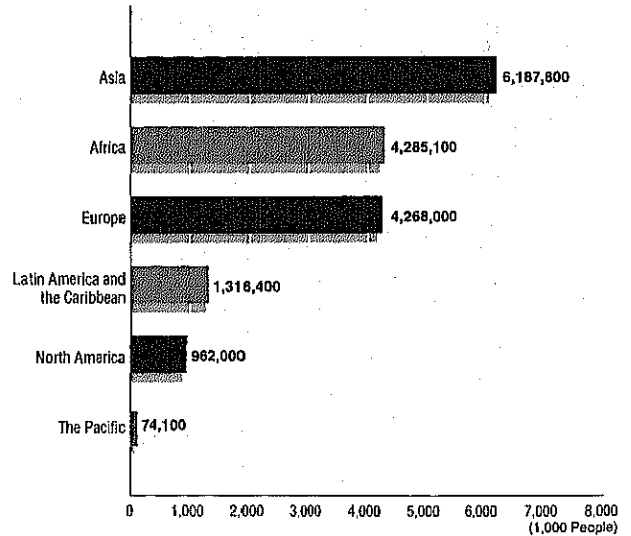
Source: UNDP Human Development Report 2004

Populations with Sustainable Access
to Improved Water Sources (2000)



Source: UNDP Human Development Report 2004

Estimated Number of Asylum Seekers,
Refugees and Others of Concern to UNHCR*
(refugees, asylum-seekers, return refugees and internally
displaced persons)
(As of January 2004)



*United Nations High Commissioner for Refugees
Source: UNHCR's homepage



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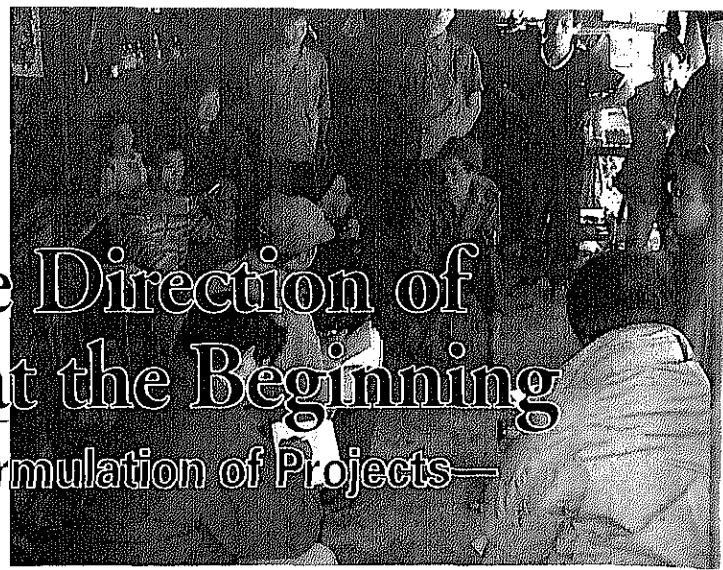
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Chapter 1

I Determine the Direction of Cooperation at the Beginning

—Identification and Formulation of Projects—



A project formulation study in Myanmar

Project Cycle and Activities

JICA's activities are carried out within an integrated process known as the "project cycle," which consists of a series of stages: planning, implementation, evaluation, and feedback into the planning stage of the next project. To improve the content of these activities and to enhance the effect of cooperation, each stage in the project cycle requires appropriate monitoring and consistent management. Listed below are brief explanations of what is done at each stage.

1) Planning

Study and analysis of the needs and requests of developing countries; definition of target groups; specification of the purpose, targets, and resources to be input* (number of experts and staff to be dispatched, costs required for the projects as a whole, etc.), and details of activities.

2) Implementation

Execution of projects according to plan; review and revision of the plan through monitoring to generate results.

3) Evaluation

Assessment as to whether or not the results of a project accord with the original targets; measurement of the effects of the project; investigation into why a project was given a poor evaluation; and feedback of the findings into future projects.

In Part III of this report, we shall be looking at JICA programs in accordance with the following four items (i.e., the three stages of the project cycle and efforts to strengthen the foundations of program implementation).

- a. Identification, formulation and planning (Chapter 1)
- b. Program implementation (Chapter 2)
- c. Evaluation and follow-up (Chapter 3)
- d. Strengthening the foundations of program implementation (Chapter 4)

Understanding Current Conditions and Needs

■ Importance of a Starting Point for Cooperation

In order to make JICA cooperation projects more effective, we first need to gain an accurate idea of the needs of developing countries. In addition, we need to plan and implement projects in line with individual countries' specific features. This approach requires knowledge of social and economic conditions in developing countries as well as of their organizational and institutional structures. This is what we mean by the country-specific approach.

In recent years, there has been an increase in concern for certain fields, such as education, agricultural development, urban development, pollution, and poverty, which are shared by developing countries. There is also concern for global warming countermeasures that need to be addressed on a global scale and which involve not only developing countries but also developed countries. In order to address these issues efficiently and effectively, it is important to accumulate knowledge about development assistance and the results of past development projects and at the same time to establish a system that enables us to obtain prompt and accurate information at all times. This is called an issue-specific approach.

JICA projects are carried out based upon requests for aid that are submitted by the government of the recipient country through diplomatic channels. However, some developing countries have not yet gained the ability to determine the kinds of projects that would most likely contribute to their development and to formulate national policies.

Furthermore, although a particular country may be aware of its needs and is able to formulate projects on its own, it may still be inadequately equipped to administer aid from other countries. JICA adopts country-specific and issue-specific approaches in its relations with such countries. We first analyze the conditions and issues facing the developing country and take a close look at its direction of development. We

then assist them with formulating practical cooperation projects.

Determining the future direction of cooperation at the beginning is necessary if the project is to succeed, and is as important as the evaluation at the final stage.

JICA has a budget for Expenses for Country-specific and Issue-specific Program Formulation, with a view to strengthening the initial stage of cooperation. Regarding activities in relation to this budget, we will explain (1) those related to the identification and formulation of projects, and (2) those related to the collection and collation of country-specific and issue-specific information.

Identification and Formulation of Projects

■ Project Formulation Studies

Sometimes requests from developing countries are not embodied as a specific project partly due to the requesting country's lack of understanding of Japan's cooperation schemes, even though those requests concern JICA's development priority sectors for the country. When a request for a project is made, if the analysis of components of the project is insufficient, it makes it difficult to determine whether to adopt it or not.

In such cases, we need to assess and analyze the conditions in the priority sectors, the appropriateness of the proposed assistance, the country's capacity and means of project implementation, and the impact of our cooperation on the country's economic and social development. At the same time, through discussions with the country's government and other relevant organizations (including NGOs), the most suitable cooperation plan will then be formulated.

JICA formulates such cooperation plans using study teams sent from Japan or local consultants selected by overseas offices to conduct "project formulation studies*." In fiscal 2003, 84 studies were carried out in 44 developing countries.

The number of studies by region is as follows.

- 1) Asia: 35 (42%)
- 2) Middle East: 12 (14%)
- 3) Africa: 8 (9%)
- 4) Latin America: 22 (26%)
- 5) Oceania: 3 (4%)
- 6) Europe: 4 (5%)

■ Intra-regional Cooperation Workshops on Specific Fields

Some issues that confront developing countries are specific to a particular country. Others are shared by surrounding countries and are difficult to solve by one country alone, or can be solved more efficiently through joint action.

In order to identify and formulate projects that address common issues in the region, JICA holds local workshops with the countries concerned, other aid agencies, and international organizations to discuss how cooperation might best be provided.

In fiscal 2003, workshops were held on 11 issues such as waste control (in Central America) and tourism development (in South America).

■ Placement of Project Formulation Advisors

Project formulation advisors* are placed at overseas offices as experts in priority development fields in developing countries if necessary. Through thorough consultation and coordination with related organizations in the recipient country, project formulation advisors analyze the recipient country's needs, formulate high-quality projects, and process requested projects to look into the relative priority of requested projects and cooperation plans.

In recent years there has been an increase in new aid recipient countries and issues, and a variety of devices in aid methods has been called for. This means that project formulation advisors are playing an increasingly important role in identifying and formulating high-quality projects likely to prove effective in response to the following countries and new issues.

- 1) Countries where Japan has had little experience in aid provision and new aid-recipient countries
- 2) New assistance issues such as peacebuilding
- 3) New aid methods such as South-South cooperation*, and coordination and collaboration with other aid agencies.

In fiscal 2003, 120 project formulation advisors were sent to 60 countries.

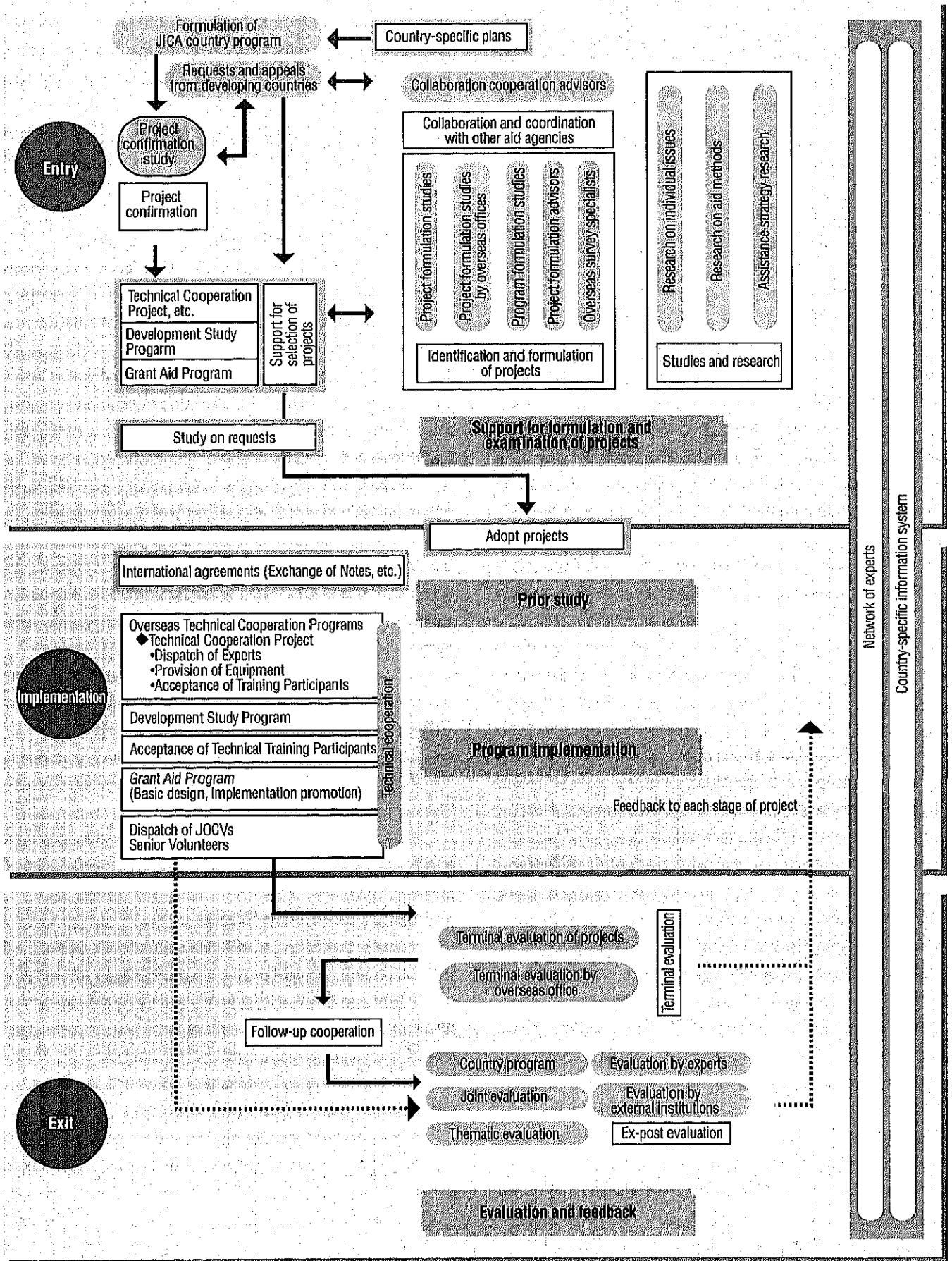
■ Project Confirmation Studies

Promotion of effective and efficient aid is dependent not only on consultation on specific cooperation projects but also on dialogue at the working level, such as explanations of JICA's project implementation plans as well as dialogue at the policy level regarding the Japanese government's aid policy and the recipient's development plan. Based on this dialogue, the recipient country's needs are confirmed.

In order to meet such needs, the following consultations and discussions were carried out in the project confirmation study.

- 1) Consultation on implementation policies for JICA projects
- 2) Discussion of policies and measures to address development issues
- 3) Arranging requested projects in terms of their order of

Figure 3-1 Flow of Projects



priority and specific details, examining the progress and problems of projects currently under way, offering an explanation of aid schemes, and discussing other topics that bear on the implementation of aid

Project confirmation studies are intended to determine the future direction of cooperation and to help us implement projects effectively and efficiently. In fiscal 2003, 26 study teams were sent to 22 countries to confirm and discuss the direction of cooperation for requested projects. The results by region are as follows.

- 1) Asia: 14 (54%)
- 2) Middle East: 1 (4%)
- 3) Africa: 0 (0%)
- 4) Latin America: 10 (38%)
- 5) Oceania: 0 (0%)
- 6) Europe: 1 (4%)

Collecting and Collating Country-specific and Issue-specific Information

Creating a Country-specific Information Database

Acquisition and analysis of basic information on develop-

ing countries play an indispensable role in strengthening the country-specific approach. JICA gathers and analyzes basic socioeconomic information on developing countries as well as information on technology aid and aid trends at other aid agencies. In 1998, we launched a county-specific information system that consolidates and integrates experience and information acquired during past Japanese aid activities.

Data of projects implemented by JICA, which are managed in this system, have been made public on the JICA homepage since fiscal 1999.

Network of Experts

In order to strengthen the issue-specific approach, it is necessary to constantly collect appropriate information such as knowledge of development assistance and past projects. For that purpose, JICA has started building a network among JICA staff and experts on each development issue and establishing a system for storing information and know-how.

JICA is also building a knowledge management system in which accumulated information about past projects and know-how will be made accessible both internally and externally.



A project formulation study in Sri Lanka

2 A Large Impact with Collaboration

—Coordination among Donors—



Discussion on aid coordination in Mtwara, Tanzania

Aid Coordination—Shifting Implications

Traditionally, aid coordination generally involved joint project implementation with a specific donor* (donor countries and agencies), or efforts to strengthen bilateral friendship with other donor countries.

For example, in response to the conclusion of a Japan-US partnership in the field of health care between the Ministry of Foreign Affairs of Japan and the US Agency for International Development (USAID) in June 2002, JICA has been promoting Japan-US collaboration in the field in developing countries. In addition, JICA has exchanged personnel with USAID, the Canadian International Development Agency (CIDA), and the Australian Agency for International Development (AusAID); and JICA staff have been dispatched to the Asia Development Bank, the World Bank, United Nations Development Programme (UNDP), etc., thereby deepening mutual understanding.

JICA coordinates with the United Nations High Commissioner for Human Rights (UNHCR) for a smooth transition from emergency humanitarian aid to long-term development assistance. A staff exchange program started in 2001. The goal is to expand development assistance that contributes to the solution of issues involving internally displaced persons and other refugees in the post-conflict period through deepening the relationship among the local offices of both organizations in developing countries.

However, in recent years we have seen major changes in aid modalities and that has brought about changes in the meaning of coordination. Behind these changes lies a critical view as to whether or not structural adjustments* under the leadership of the World Bank and International Monetary Fund (IMF) since the 1980s have brought any visible improvement in the economic conditions of developing countries, and whether or not the considerable aid for Africa which has continued for decades has produced an outcome proportional to the input* amount.

Based on this view, movements have emerged to generate specific results by utilizing limited aid resources more effectively, and to develop a system in which developing countries take the initiatives to carry out development (ensuring ownership*). Those movements resulted in the Poverty Reduction Strategy Paper (PRSP)* and Sector Programs (SP)*. In response to these changes in aid methods, the modality of aid coordination is also changing from the traditional way of project-specific collaboration to the cooperation of donors for the purpose of implementing sector-wide development plans made under initiatives of developing countries (promotion of program approach).

Toward Common Goals

In response to the Millennium Declaration adopted at the United Nations Millennium Summit in September 2000, Millennium Development Goals (MDGs)* were issued by the Secretary-General in September 2001. Eight goals, including one that would halve poverty in the world by 2015, were shared by all the parties concerned with development, including developing countries themselves, donor countries, and international organizations. A wide consensus to implement aid for achieving the MDGs was formed.

At the International Conference on Financing for Development held in Monterrey in March 2002, the US and EU announced an increase in aid in order to solve the problem of shortage of funds to achieve MDGs. The shortage was estimated at about 50 billion US dollars a year. That announcement turned around the trend of globally declining aid disbursement, or so-called "aid fatigue*," which had continued since the 1990s. Presently, not only UN agencies, but also many donors have cited achieving MDGs as their own activity goals, and JICA has also been working for aid implementation to contribute to achieving MDGs.

Millennium Development Goals (MDGs)

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender* equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

Poverty Reduction Strategy Paper (PRSP)

PRSP was proposed by the World Bank at the Annual Meeting of the World Bank and IMF in September 1999. PRSP is a three-year socioeconomic development plan that describes comprehensively priority development issues and measures focused on poverty eradication. Developing countries are obligated to prepare a PRSP to receive debt relief under the Heavily Indebted Poor Countries (HIPC)* Initiative agreed upon by the developed countries at the 1999 Cologne Summit. Furthermore, the World Bank and IMF made the PRSP mandatory for the World Bank's International Development Association (IDA)* loans and concessional lending through IMF's Poverty Reduction and Growth Facility (PRGF). Thus, 81 countries were to formulate PRSPs, and 42 countries submitted full PRSPs and 15 countries completed interim PRSPs as of July 2004 (Based on the number submitted to the Board of Directors of the World Bank).

Dialogue (partnership) among the governments of developing countries, various aid agencies, and civil society are important in formulating and implementing effective PRSPs. Each donor previously conducted aid activities without enough coordination with other donors' activities; however, it is now necessary to better coordinate aid activities under the initiative (ownership) of the government of a developing country. Thus, by placing the government of the developing country at the center, donors engaged in development aid should take actions based on the PRSP to effectively reduce poverty.

Sector Program (SP) and Sector-wide Approaches (SW Aps)

In specific sectors, developing countries and donors formulate programs by sector or sub-sector through coordination based on the developing country's ownership. This aid modality has come to be known as the "sector program" or the "sector-wide approach." Starting with the investment project for road development in Tanzania in the mid-1990s, this method has developed mainly in Africa, including Ethiopia, Zambia, and Ghana, particularly in the social development sectors of health care and education.

This kind of sector-level aid coordination represents efforts by developing country governments and respective donors to unify their development goals and efficiently use limited aid resources to enhance the impact of cooperation. In relation to sector policies, initiatives taken by related parties of the developing countries (government, local society, NGOs) prompt their ownership and partnership. Currently, Sector Programs are spreading beyond Africa to Asian countries such as Cambodia, Nepal, and Bangladesh and to Latin American countries such as Honduras.

Harmonization and Alignment: Enhancing Aid Effectiveness

On the donors' part, discussions are held on increasing the effectiveness of assistance by reducing the burden on developing countries through harmonization of procedures necessary to implement aid. These discussions are mainly led by the Development Assistance Committee (DAC)* of the Organisation for Economic Co-operation and Development (OECD) in light of various issues, including the overlap of aid and the lack of time developing countries spend on policy formulation owing to the fact that they spend too much time on operational procedures as a result of donors' insufficient aid adjustment while imposing individual complex procedures on developing countries.

In February 2003, a High-level Forum on Harmonization was co-hosted by the World Bank and OECD/DAC in Rome. It was concluded as the Rome Declaration on Harmonization, in which respective developing countries were called on to promote harmonization and donor countries were called on to support these efforts. Since the forum, the discussion on harmonization that originated with the narrow problem of procedural burden has changed to a broader recognition of efforts, integrating donors' aid into policies and systems of developing countries (alignment), such as PRSP.

The second High Level Forum on Harmonization will be held in Paris at the beginning of 2005 to confirm the progress

of harmonization and alignment and further promote them in the future.

JICA's Response

In response to such movements, JICA has promoted program reforms to implement more effective and efficient assistance, while paying attention to global discussions. JICA reviews aid concepts and methods from the past and actively transmits Japan's experience to the donor community where active discussions are held on the ideal state of assistance so as to effectively reduce poverty based on the ownership of developing countries.

■ Contribution to Discussions on the Concept and Aid Modalities

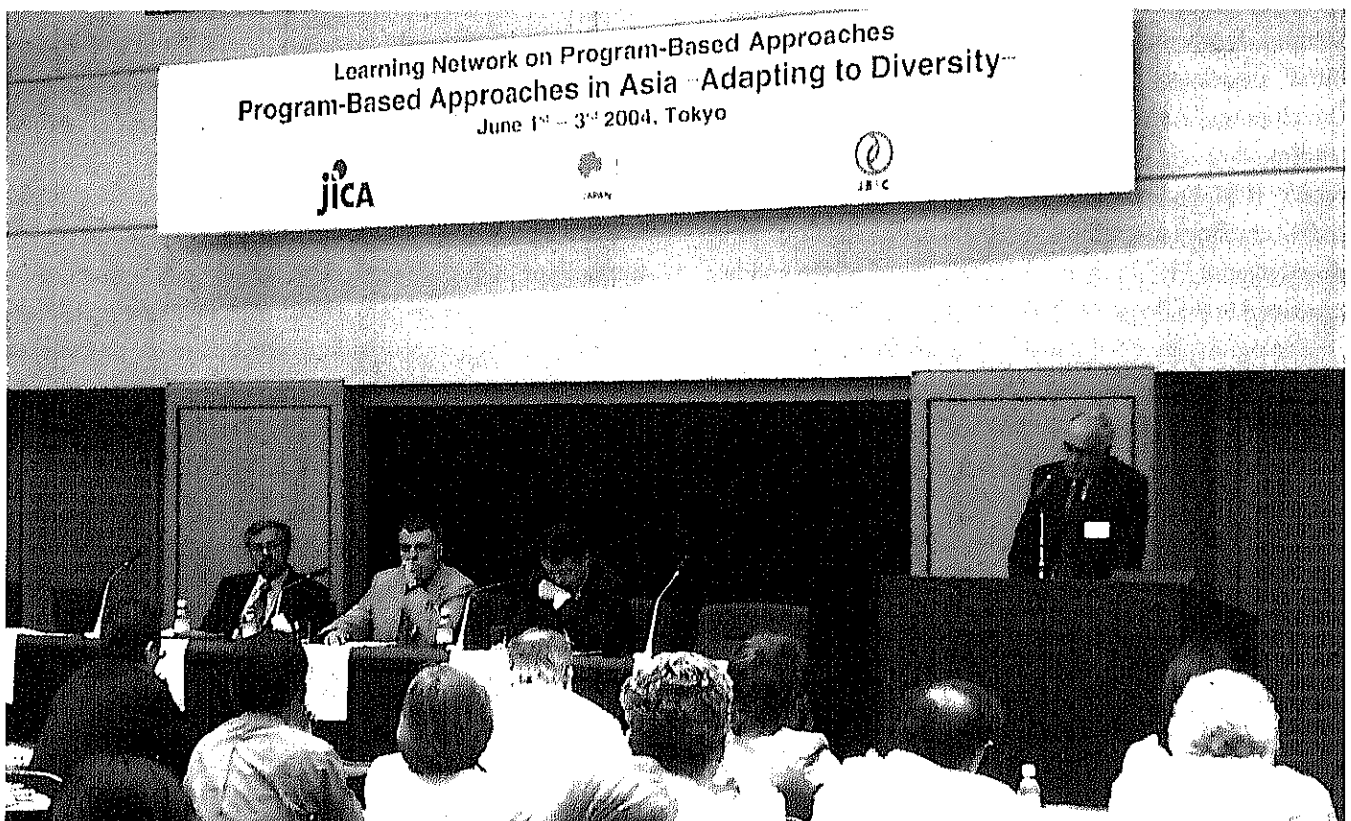
The concept of aid is being reviewed in the donor community. An increasing number of people contend that aid does not simply end when technology is transferred. It should be reconsidered as support for capacity development, which enables the self-help and self-sustaining potential of the developing countries. Thus, the modality of future technical cooperation is being discussed.

Capacity development is defined as the development process by which individuals, organizations, institutions and societies develop their abilities, individually and collectively,

JICA's Contribution to the Development Assistance Committee (DAC)

The Development Assistance Committee (DAC) of the Organization of Economic Co-operation and Development (OECD), whose headquarters are in Paris, is an international forum where major contributors to ODA (23 countries as of 2004) gather. Active discussions take place on important agenda involving development issues, including the definition and evaluation of ODA, governance, poverty reduction, conflict and ODA, gender, and the environment. JICA actively participates in the DAC conferences to transmit the experience and opinions of Japan as well as understand the trend discussions in the international arena.

Specifically, JICA sends a Vice Chair to the Working Party on Aid Effectiveness and Donor Practices, where topics such as harmonization and alignment of assistance (see the text) and results-based management are discussed in order to improve the effect of assistance on the developing country. JICA thus makes substantial contributions to help the discussions proceed in line with the needs of the developing countries, while coordinating opinions of donor countries.



Symposium on Program-based approaches in Asia

to perform functions, solve problems and achieve objectives (definition of UNDP). Since this concept of capacity development has something in common with the efforts in human resources development and institutional building that JICA has long provided through technical cooperation, we have been working on reforms to implement more effective assistance by systematizing JICA's experience under the concept of capacity development. At the same time, JICA transmits the importance of capacity development throughout Japan and to the world, and greatly contributes to the establishment of a framework of assistance that reflects this concept.

As a part of these efforts, in February 2004 JICA co-hosted "the International Symposium on Capacity Development—From Concept to Practice Exploring Productive Partnerships" at the JICA Institute for International Cooperation with UNDP, the World Bank Institute (WBI), CIDA, and German Technical Co-operation (GTZ). Using actual cases, JICA transmitted its message to Japan and the world that we should put the concept of capacity development into practice, and gained support from both developing countries and donors.

As far as the discussions on the aid modalities concerned, JICA actively takes part in the DAC and other international forums. In fiscal 2004, JICA co-hosted "the Program-based Approaches in Asia" with the Japan Bank for International Cooperation (JBIC)* in Tokyo. This provided an opportunity to discuss the ideal attributes and the potential of the program approach, which has been the agenda of the international conferences in the diversified Asian region. It also raised a question about the aid modalities that tended to rely on the experience in Africa.

Aid Coordination at Country and Sector Levels

JICA actively deals with PRSPs and Sector Programs at all stages, including formulation, implementation and monitoring. For example, JICA supports PRSP formulation through the use of local consultants. JICA office staff, experts, and project formulation advisors* actively participate in various donor meetings held by sector, or sub-sector. PRSP and Sector Programs are currently regarded as the policy and implemen-

Support for Agriculture in Tanzania

Agriculture is one of the priority development sectors in the PRSP of Tanzania. Since 2000, in the sector of agriculture JICA has assisted Tanzania in the formulation, implementation, and monitoring of various documents in association with policy and implementation plans: Local Development Strategy Report, Agriculture Sector Development Strategy Report, and Agriculture Sector Development Program (ASDP). In particular, ASDP is a medium-term development framework targeting the whole agricultural sector over the five-year period, and it carries significance in terms of translating the Agricultural Development Strategy Report adopted by the government in 2001 into action.

When providing support for this framework, JICA acts as a liaison between the governments, secretariats of coordinating organizations, and donor groups in relation to the formulation of the ASDP through (1) dispatch of project formulation advisors, (2) implementation of development studies, (3) employment of local and international consultants, etc. Also, we have provided policy and technical support in the details of the framework. When implementing the ASDP, we will assist in the efforts of Tanzania through continuation of development studies and dispatch of project formulation advisors.

tation plans that are the core of development assistance, and donors move toward the implementation of assistance in line with these plans. Thus, it has become increasingly necessary also for JICA to place its projects as a part of such plans. As countries start poverty alleviation based on PRSP, it is important to respond with a focus on the goals specified in PRSP while applying JICA's cooperation schemes.