

DAC Recommendations to the Japanese Government

- Strategy**
- In implementing the ODA Charter, Japan should highlight that the primary objective of ODA (Official Development Assistance) is for the development of the recipient country and should ensure that narrower national interests do not over-ride this objective.
- Volume**
- Japan should develop a government-wide approach to mainstream crosscutting issues, rather than treating them as separate sectors, particularly concerning poverty reduction as part of achieving the Millennium Development Goals.
 - Japan should make every effort to increase ODA levels as economic conditions improve, building broad-based public support to facilitate this.
 - Lessons learned from the provision of loans to indebted poor countries that resulted in large debt relief should be factored into future lending policies.
 - The development of a clearer policy on how Japan intends to focus on poor countries or poor populations within countries should be considered.
 - Japan should strive to achieve a more balanced sector portfolio in line with new ODA Charter directions, by focusing more investment in basic health and education services to reduce poverty.
- Policy Coherence**
- The government of Japan should make a policy statement on coherence for development and seek ways to educate the public on this issue.
 - The Japanese government should enhance analytical capacity on policy coherence for development in order to improve its ability to take appropriate policy decisions.
 - Japan should establish a system for monitoring the environmental, social and governance aspects of foreign direct investment and of regional economic co-operation agreements.
- Management**
- Japan should consider moving away from an instrument based co-operation system to a more country-based approach, as well as establishing country budget envelopes. Japan should replicate more broadly its decentralisation pilot efforts, such as that of Vietnam and Tanzania, with special emphasis on an effective use of a country-based, all-Japan team and strategy approach.
 - The Ministry of Foreign Affairs should consider delegating most grant management to the Japan International Co-operation Agency and

focussing its own energies on strategy, policy development and system co-ordination.

- More development co-operation staff are needed across the system, particularly if decentralisation is to succeed. An integrated ODA personnel policy should be established that includes planning and analysis of development staff levels and skills.
- Japan should work with the DAC on identifying concrete measures to untie progressively the use of grant funds for primary contractors in the spirit of the Recommendation on untying ODA to the least-developed countries.