

OECD

Development
Co-operation
Review Series

Japan

Development Assistance Committee

1996
No. 13

Development Co-operation Review Series

Japan

1996 No. 13

Development Assistance Committee

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Pursuant to Article 1 of the Convention signed in Paris on 14th December 1960, and which came into force on 30th September 1961, the Organisation for Economic Co-operation and Development (OECD) shall promote policies designed:

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

The original Member countries of the OECD are Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The following countries became Members subsequently through accession at the dates indicated hereafter: Japan (28th April 1964), Finland (28th January 1969), Australia (7th June 1971), New Zealand (29th May 1973), Mexico (18th May 1994) and the Czech Republic (21st December 1995). The Commission of the European Communities takes part in the work of the OECD (Article 13 of the OECD Convention).

In order to achieve its aims the OECD has set up a number of specialised committees. One of these is the Development Assistance Committee, whose Members have agreed to secure an expansion of aggregate volume of resources made available to developing countries and to improve their effectiveness. To this end, Members periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies.

The Members of the Development Assistance Committee are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities.

Publié en français sous le titre :

SERIE DES EXAMENS EN MATIÈRE DE COOPERATION POUR LE DEVELOPPEMENT
JAPON

© OECD 1996

Applications for permission to reproduce or **translatc** all or part of this
publication should be made to:

Head of Publications Service, OECD
2, rue André-Pascal, 75775 PARIS CEDEX 16, France.

Foreword

The Development Assistance Committee (DAC) conducts periodic reviews to improve the individual and collective development co-operation efforts of DAC Members. The policies and efforts of individual Members are critically examined approximately once every three years. Some seven programmes are examined annually.

The peer review is prepared by the Secretariat. The Member under review provides a memorandum setting out the main developments in its policies and programmes and the Secretariat visits the capital to interview officials, parliamentarians, and NGO representatives of the donor country to obtain a first-hand insight into the current issues surrounding the development co-operation efforts of the Member concerned. Brief field visits investigate how Members have absorbed the major DAC principles and concerns and examine operations in recipient countries, particularly with regard to sustainability, environment, women in development, participatory development, and local aid co-ordination.

Putting all this information and analysis together, the Secretariat prepares a draft report on the Member's development co-operation which is the basis for the DAC review meeting at which senior officials from the Member under review discuss a series of questions posed in a brief document: "Main issues for the Review". These questions are formulated by the Secretariat in association with officials from two other DAC Members acting as "examiners", who have also visited the donor capital to investigate trends and issues in the programme. The main discussion points and operational policy recommendations emerging from the review meeting are set out in the Summary and Conclusions section of the publication.

This publication contains the Summary and Conclusions as agreed by the Committee following the review on 14 November 1995 in Paris and the Report prepared by the Secretariat for the DAC's Review of the development co-operation policies of Japan. The report is published on the authority of the Secretary-General of the OECD.

James Michel
DAC Chair

List of Acronyms

ADF	Asian Development Fund	~~MAI~~	Multilateral Aid Initiatives
AIDS	Acquired immune deficiency syndrome	MDI	Multilateral development institutions
APEC	Asia-Pacific Economic Co-operation	MITI	Ministry of International Trade and Industry
AsDB	Asian Development Bank	MOF	Ministry of Finance
ASEAN	Association of South-East Asian Nations	MOFA	Ministry of Foreign Affairs
BHN	Basic human needs	MSACs	Most seriously affected countries
CCPAP	Co-ordinating Council of the Philippines Assistance Program	KEDA	National Economic and Development Authority
CEECs	Central and Eastern European Countries	NCO	Non-governmental organisation
DAC	Development Assistance Committee	NIS	New Independent States
EBRD	European Bank for Reconstruction and Development	NTT	Nippon Telephone and Telegraph
EC	European Community	ODA	Official development assistance
EPA	Economic Planning Agency	OECF	Overseas Economic Co-operation Fund
FAO	Food and Agricultural Organisation	OIC	Okinawa International Centre
FILP	Fiscal Investment Loan Programme	OTCA	Overseas Technical Co-operation Agency
FY	Fiscal year	PAP	Philippines Assistance Programme
GG	Good governance	PTTC	Project-Type Technical Co-operation
GII	Global Issues Initiative	SAF	Special Assistance Facility
GNP	Gross national product	SAPI	Special Assistance for Project Implementation
HICs	High-income countries	SAPROF	Special Assistance for Project Formation
ICB	International Competitive Bidding	SAPS	Special Assistance for Project Sustainability
ICC	Investment Co-ordinating Committee	SMP	Social Marketing Project
ICORC	International Committee on the Reconstruction of Cambodia	SPA	Special Programme of Assistance to Africa
ICPD	International Conference on Population and Development	RIDA	Research Institute for Development Assistance
ICRC	International Committee of the Red Cross	TC	Technical co-operation
IDA	International Development Association	TCDC	Technical Co-operation among Developing Countries
IFAD	International Fund for Agricultural Development	TICAD	Tokyo International Conference on African Development
IFIC	Institute for International Co-operation	UMICs	Upper middle-income countries
ILANUD	United Nations Latin American Institute for Crime Prevention and Treatment of Offenders	UN	United Nations
ILO	International Labour Organisation	UNCED	United Nations Conference on Environment and Development
IMF	International Monetary Fund	UNCTAD	United Nations Conference on Trade and Development
IPPF	International Planned Parenthood Federation	UNDCP	United Nations Drug Control Programme
JDR	Japan Disaster Relief Teams	UNDP	United Nations Development Programme
JEXIM	Export-Import Bank of Japan	UNESCO	United Nations Educational, Scientific and Cultural Organisation
JICA	Japan International Co-operation Agency	UNFPA	United Nations Fund for Population
JICE	Japan International Co-operation Centre	UNHCR	United Nations High Commissioner for Refugees
JICS	Japan International Co-operation System	UNICEF	United Nations Children's Fund
JOCV	Japan Overseas Co-operation Volunteers	UNIFEM	United Nations Development Fund for Women
JOICFP	Japanese Organisation for International Co-operation in Family Planning	UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
JWIDF	Japanese Women-in-Development Fund	US	United States
KfW*	Bank for Reconstruction (Germany)	USAID	United States Agency for International Development
LICs	Low-income countries	WHO	World Health Organisation
LLDCs	Least developed countries	WET	World Food Programme
LMICs	Lower middle-income countries	WID	Women in development

Signs used

{ }	Secretariat estimate in whole or in part
- or 0.00	Nil or negligible
	Not available
...	Not available separately but included in total
n.a.	Not applicable

Slight discrepancies in totals are due to rounding

* Denotes acronym in original language.

Table of Contents

Summary and Conclusions	7
--------------------------------------	---

Chapter I

Recent Trends and Future Orientations of Japanese Aid	11
A. The special roles of ODA for Japan	11
B. A major programme in transition	12
C. ODA Charter built on four decades of aid experience	15
D. Improved planning of aid	18
E. Financing and allocating the ODA budget	18
F. Aid instruments and their combinations	20
G. Public and parliamentary opinion	20

Chapter II

Aid Effectiveness and Evaluation	23
A. Evaluation and the project cycle	23
B. Highlights of the two most recent annual evaluation reports and follow-up	23

Chapter III

Aid Organisation and Management	25
A. Aid organisation and internal co-ordination	25
B. OECF and JICA	25
C. OECF/JEXIM merger	26
D. Multilateral assistance	28
E. Staffing	28
F. Ancillary programme resources	28
G. Fieldpresence	31
H. Country programming	31
I. Aid co-ordination	32

Chapter IV

Selected Issues	33
A. South-South co-operation and newly emerging donors	33
B. Global Issues Initiative (GII) – population and AIDS	34
C. Environment	34
D. Poverty alleviation and social justice	35
E. Non-governmental organisations (NGOs)	35
F. Participatory development and good governance	36

G. Local government initiatives – decentralised co-operation	36
H. WID and gender considerations	37
I. Tying and procurement problems	37

Chapter V

ODA Volume and Main Outline of the Programme	39
A. Volumetrends	39
B. Main categories of the programme	39
C. Geographical distribution	40
D. Sectoral distribution	44
E. Financial terms	44
F. Contributions to multilateral organisations	45
G. Total financial flows	48

Chapter VI

Aid to CEECs/NIS	49
-------------------------	-----------

Annexes

1. Japan's Official Development Assistance Charter	51
2. The Fifth Medium-Term Target of Official Development Assistance	54
3. Target and Achievements for Japan's ODA	55
4. South-South Co-operation	56
5. Note on the Field Mission to the Philippines	58
6. Note on the Okinawa International Centre	63

Tables

1. Main ODA volume indicators	13
2. Comparative summary data – Japan and total DAC, 1994	14
3. Japan's ODA budget in FY 1994 and 1995	17
4. Evolution of staff resources in Japanese ODA	29
5. Tying status of bilateral ODA commitments	38
6. ODA net disbursements by main categories	40
7. Allocable ODA net disbursements by major groupings, regions and main recipients	41
8. Major recipients of bilateral ODA net disbursements	43
9. Distribution of bilateral ODA commitments by major purposes	45
10. Allocable ODA commitments by sectors and main recipients in 1993	46
11. Contributions to multilateral agencies	47
12. Japan's share in multilateral development banks	48
13. Total financial flows	48

Graphs

1. ODA net disbursements, 1983-94	14
2. ODA operating budget by source and aid type	19

Charts

1. Economic Co-operation Bureau of the Ministry of Foreign Affairs	26
2. Actors in Japanese bilateral development co-operation	27

Press Release of the DAC Aid Review of Japan	65
--	----

Summary and Conclusions

A programme in transition

Japan's official development assistance (ODA) programme is undergoing a series of major transitions, and the outcome will have vital impacts on the global effort for development co-operation. ODA has become a central priority for the entire foreign policy of Japan – a major economic power – and internationally the country's leadership in volume and advocacy of development co-operation has contributed to maintaining the overall commitment and momentum among the Development Assistance Committee (DAC) Members. Support remains strong for ODA in Japan even as domestic claims compete for attention and resources. The question is whether Japan will be able to maintain such growth now that its leading volume position has been secured.

Relatedly, changes are underway in the content and quality of Japanese co-operation. Japan adopted an ODA Charter in 1992 and attempted to match self-help and good governance on the recipient side by a predictable flow of resources on the Japanese side, guided by ODA spending targets. Moreover, in recent years Japan has made major new commitments to aid for global issues such as environment, population and the acquired immune deficiency syndrome (AIDS). Without abandoning the long-standing emphasis on infrastructure in its programme, Japan is increasingly committed to expanding its "software" type aid in the social sectors, human resources development and institution building. Finally, Japan has set out to exercise a leadership role in a number of areas of international policy co-ordination and in proposing new initiatives, such as South-South co-operation and engaging new donors.

ODA Charter and medium-term targets

ODA is a central pillar of Japan's foreign policy and with disbursements of \$13.2 billion in 1994, Japan is the largest donor in absolute terms among DAC Members, and has held that position for the past four years. Japan's development co-operation has a forty-year history, dating from its participation in the Colombo Plan in 1954. Volume growth has been guided by targets set, and usually met, and Japan now accounts for nearly 23 per cent of total disbursements by DAC Members. On the scale of relative effort, Japan's ODA/GNP ratio rose in 1994 to 0.29 per cent, compared to the DAC average of 0.30 per cent for the year. Japan's ODA volume is projected to maintain its high absolute levels, and to increase further in real terms in the next few years.

Adoption of the ODA Charter by Japan's Cabinet in June 1992 was probably the most significant policy measure taken in respect of foreign aid since Japan launched its first medium-term target for aid in 1978. According to the ODA Charter, Japan's ODA is to be subject to four basic principles:

- pursuing environmental conservation and development in tandem;
- avoidance of ODA for military purposes;
- paying attention to recipient countries' practices in relation to military expenditures, production of mass destruction weapons and arms export; and
- paying attention to progress in democratisation, human rights, and the market-orientation of the economy.

The ODA Charter makes clear that Japan attaches central importance to the self-help efforts of recipients, and gives priority to working with the Association of South-East Asian Nations (ASEAN). The Fifth Medium-Term Target (1993-97) calls for disbursements of between \$70 and \$75 billion during the period, further improvement of the ODA/GNP ratio, and an increase of the grant share with a special increase going to least developed countries (LLDCs). Japan relies more on loans and less on grants than most donors, so that in 1993 it had the lowest grant element among DAC donors of 79 per cent grant element of ODA commitments, the norm being 86 per cent. In keeping with the targets of Medium-Term Plans, overall terms of Japanese aid have been softening. This trend is expected to continue.

About 35 per cent (some \$24.5 billion) of the Fifth Medium-Term Target was disbursed in 1993-94 which means that in the three years remaining, 1995-97, disbursements will have to reach almost \$15.2 billion on average to attain the total target of \$70 billion. Japanese authorities have reiterated the ~~firm~~ intention of their government to reach the announced target.

Japanese policy-makers do not take Japan's achievements in ODA for granted and they stress that other donors' performance has a bearing on their ability to maintain support at home. The government conducts annual opinion polls and as of 1994 these show that there was a solid current of opinion (about 46 per cent) supporting present levels of ODA and many who favour more aid (about 33 per cent). Nonetheless, needs at home (*i.e.* the Kobe earthquake in January 1995 and an ageing population) have begun to call into question for some the long-standing priority accorded to ODA. Public support has tended to decline perceptibly over the years. With this fact in view, the government supports a strong programme for development education, working with non-governmental organisations (NGOs) and other organisations.

Policy formulation, organisation and staffing

Japan's ODA is composed of three schemes:

- grant aid;
- yen loans; and
- technical assistance.

ODA policies concerning grant aid and technical co-operation are formulated primarily by the Ministry of Foreign Affairs (MOFA). Policies concerning yen loans are formulated by MOFA, which consults with the Ministry of Finance (MOF), the Ministry of International Trade and Industry (MITI) and the Economic Planning Agency (EPA). Some 17 other ministries and agencies are closely involved in the ODA programme. MOFA formulates grant aid policy and is in principle responsible for its implementation. The Japan International Co-operation Agency (JICA), which is under supervision of MOFA, does basic design studies, expedites execution of grant aid, and carries out follow-up co-operation ("aftercare"). Technical co-operation is implemented mainly by JICA.

Implementation of the loan programme is the responsibility of the Overseas Economic Co-operation Fund (OECF) which provides ODA loans to governments, governmental institutions, and other eligible organisations in developing countries, and private sector investments for corporations in Japan or in developing countries to undertake projects in developing countries. Contributions to international financial institutions and development banks, to which Japan is generally either the first or second largest subscriber, are primarily the responsibility of MOF, while MOFA is responsible for Japan's participation in United Nations (UN) agencies.

The last DAC Aid Review of Japan (April 1993) pointed out that Japan's development co-operation programme would be ranked among the most thinly-staffed among DAC Members. Given the total size and continuing growth of the programme, this under-staffing continues to be a source of major concern, particularly given Japan's welcome intentions to continue to move strongly to expand its social development and participatory programmes, which are staff-intensive. In view of Japan's established leadership in aid volume, and its objective of achieving commensurate leadership in aid quality, the skills and specialisation of its staff resources require strengthening in parallel with staff numbers. This would particularly apply to cross-cutting issues such as women in development (WID), population, participatory development and the social sectors.

Field representation and country strategies

Japan's ODA programme remains a centralised system with decision-making being tightly held in Tokyo. Representation in the field, in addition to economic co-operation sections of MOFA diplomatic missions, consists of 16 OECF field offices, 52 JICA overseas offices, and a number of co-ordinators for the Japan Overseas Co-operation Volunteers (JOCV). Considering the size of Japan's development co-operation operations and in comparison with tested international practice, the Japanese field presence is relatively thin. Better integration of Japan's ODA country policies in developing countries will require a strengthening of field resources and authorities.

Japan takes a differentiated approach to programming its aid to each recipient country depending on its level of economic and social development. Programming is conducted by different types of government missions dispatched from headquarters. Annual missions for major recipients are dispatched for capital grants and

technical co-operation, and for yen loans. Periodic high level missions at four- to live-year intervals conduct long-term overall policy dialogues with host countries and set the major strategic directions for country programmes. Starting in 1993 Japan began to publish its annual "State of Implementation" report for the Cabinet on Japan's development co-operation, including ODA country policies to major recipients. This report goes beyond JICA and OECF country and regional studies that have been conducted for many years. The overall approach seems to provide a balance between continuity and flexibility. By all evidence it is functioning satisfactorily and country strategies could be developed further as a basis for dialogue with recipient countries. Moreover, in order to improve the focus and coherence of certain aspects of the programme, in particular technical assistance programmes provided by some ministries which operate outside the JICA framework, additional efforts in country programming and strengthening of co-ordination of such programmes, will be necessary. This would also support the efforts Japanese authorities accord to improving the linkages among different aid schemes in the country's whole development co-operation system.

OECF-JEXIM merger

A prominent organisational change now taking place in Japan's development co-operation system is the Cabinet decision of March 1995 to merge OECF with the Export-Import Bank of Japan (JEXTM). This major change, projected to be carried out over a four-year period, will result in an organisation with combined annual disbursements of \$18.5 billion at today's levels, to be supervised by MOF and EPA. The government has stressed the need to clarify the distinction that will be drawn between the ODA and non-ODA accounts in the new institution, in order to respond to a concern that this merger could be interpreted as a reversal of Japan's efforts over the past 15 years to untie its aid and keep it distinct from commercial and export-promotion operations. The government has indicated that it intends to keep OECD and other international organisations informed on the merger process.

Geographical and **sectoral** structure

As prescribed in the Charter, the major recipients of Japanese aid are in Asia. China, Indonesia, the Philippines, India and Thailand received 53 per cent of bilateral Japanese ODA in 1993/94. Asia has consistently received above 65 per cent, double the DAC average, of Japanese bilateral ODA (except during the Gulf Crisis of 1991). Japan's bilateral disbursements in 1994 went to Asia (65.8 per cent), Sub-Saharan Africa (13.9 per cent), Latin America and Caribbean (9.9 per cent), Middle East and North Africa (8.6 per cent), Oceania (1.5 per cent) and Europe (0.2 per cent). The largest share of Japan's ODA, about 40 per cent over the past decade or twice the DAC average, has been provided for economic infrastructure, especially in transport, energy and other areas, and mainly financed by ODA loans.

Evaluations, effectiveness and follow-up

Evaluation has become increasingly important in the Japanese ODA system in recent years. MOFA's Evaluation Division sets evaluation policy, reviews results and manages MOFA's evaluation programme, which includes about 140 projects each year in 50 countries. In addition to MOFA, JICA, OECF and other ministries conduct evaluations on their ODA activities. Since 1982 MOFA has published an annual report which in recent years highlighted lessons learned, such as: the importance of implementing aid projects which are suitable to the economic development policy, the technological resources, and the stage of economic development of the recipient country; the importance of South-South co-operation; strengthening preparedness for policy changes made by recipient countries; the importance of preliminary surveys; and the need to consider recurrent costs in project preparation.

Pew, if any, DAC Members have as strong an institutional capacity as Japan to follow-up on evaluations and actually to remedy the problems identified. JICA has "aftercare", while OECF has a facility called the Special Assistance for Projects Sustainability (SAPS). Through these mechanisms, Japan can, and when possible does, take remedial action with respect to particular issues or problems raised in evaluations.

International role

In line with its volume growth Japan has begun to play more of a leadership role in a number of areas of international policy co-ordination. In the G-7 Japan consistently presses for enhanced efforts in development assistance. In 1993 Japan hosted the Tokyo International Conference on African Development (TICAD) and has been active in organising aid groups (Mongolian Assistance Group Meeting, International Committee on Rehabilitation and Reconstruction of Cambodia, and the Comprehensive Development Forum on Indochina). Japan has advocated increased South-South co-operation, both to draw upon relevant experience and to transform past North-South confrontations into constructive partnerships. This concept encourages developing countries which have achieved a certain level of development to assist other developing countries. Japan is also encouraging the emergence of new donors such as Korea and Thailand by providing them with technical assistance and training.

Population and AIDS

Japan is the largest contributor to the United Nations Fund for Population (UNFPA) and the International Planned Parenthood Federation (IPPF), but in the past its bilateral assistance in the field of population and family planning was relatively small by DAC standards. At the last Aid Review in 1993 DAC urged Japan to increase its bilateral activity in this field. Since then Japan has been strengthening its bilateral capabilities and expanding its programmes. In February 1994 Tokyo announced the Global Issues Initiative (GII) pledging \$3 billion over seven years from FY 1994 to FY 2000 to help respond to the challenges of population and AIDS. In these fields, as in some other cross-cutting issues, Japan will need to continue to strengthen its in-house capabilities to plan and implement programmes, if it is to successfully carry out the announced programme.

Environment

The ODA Charter calls for environmental conservation and development to be pursued in tandem. At the United Nations Conference on Environment and Development (UNCED), Rio de Janeiro, June 1992, Japan pledged to expand its bilateral and multilateral ODA in the field of environment to between Y 900 billion and Y 1 trillion (between \$7 billion and \$7.7 billion as of June 1992) during the five-year period starting FY 1992. By 1994 Japan had disbursed almost 80 per cent of the target, some Y 700 billion. Japan is also sending out policy dialogue missions on the environment and encouraging recipients to put more emphasis on environment projects.

NGOs

NGOs have historically played a smaller role in Japan's ODA than most other DAC Members, but the situation may be evolving. Both through foundation grants and grants for NGO projects in development countries, as well as grants for grassroots projects, managed by local MOFA missions in the field, more NGO activity is being promoted in Japan's ODA system. In FY 1994 MOFA created an NGO assistance Division. One impediment to increased NGO activity is the question of the unclear legal status of NGOs in Japan, for most of whom registration procedures are beyond their means. Active examination and remedial measures by the government to resolve these problems would be helpful in promoting and facilitating NGO activity, which has the potential to become a more important and constructive element in Japan's ODA programme.

Gender

Japan participated actively in the Fourth World Conference on Women in Beijing (September 1995) and expressed the intention of implementing projects beneficial to women and to make further efforts to incorporate gender concerns in all ODA projects at every stage of the project cycle. A number of post-Beijing follow-up activities are planned. Looking at Japanese programmes over several years, there has been a significant increase in WID activity. However, it is important to keep the momentum going. In order to do so, gender awareness among all staff working in development co-operation needs to be increased, and WID capacity in the aid delivery system requires expansion.

Chapter I

Recent Trends and Future Orientations of Japanese Aid

A. The special roles of ODA for Japan

Japan's programme of development co-operation is a central priority for the entire foreign policy of this major economic power. This fact explains much, including Japan's lead in absolute volume of official development assistance and its widely-supported objective of continuing to improve qualitative performance. The importance of development co-operation for Japan also merits explanation, both as to how the strong roots for this national effort have been established and maintained, and as to how they shape Japan's activities.

Many aspects of Japan's programme have been distinctive, if not unique, over the thirty years in which it has grown from the fifth among DAC Members to the largest. There is widespread confidence in Japanese society that aid work has had worthwhile results, particularly in contributing to the economic and social progress of many Asian countries. This experience has much to teach other existing and emerging donors. But the Japanese approach has also undergone qualitative change, has learned from experience in the field and now confronts special new challenges and responsibilities of leadership in the global effort.

This DAC Review was carried out at a time when the transition in the world's largest programme of development co-operation was well underway. It is exciting and important for the whole direction of co-operation for sustainable development, and thus for the future of all countries and their citizens. It is now even more important than in the past to understand Japan's development co-operation properly, on its own terms, to give realism and value to an international comparative perspective. Its organisation, content, conduct and base of national support all have special characteristics.

The priority now enjoyed by development co-operation in Japan is the result of a long succession of both natural evolution and conscious choices. In neighbouring countries of clear economic and political importance, the progression from post-war reparations work to a growing development programme made basic sense given the structure of the Japanese economy. Given the normal modes of action in Japan, the endeavour naturally involved a multitude of private sector actors and the various ministries that work closely with them. It was a major, strategic policy commitment. However, for Japan to adopt ODA as a main pillar of Japan's action in the world, "ODA" is now a common word in Japanese as the result of two decades of intensive education and action at all levels.

Japan's starting point for this campaign was basically different from that of most, though not all, other DAC donors. The principal foreign policy preoccupation for most had been direct military containment of the Soviet Union and its allies. As Japan's capacity and responsibility for international action strengthened in the 1970s and 1980s, the non-military strategy consistently prevailed in the debate in Japan over how to exercise a growing role, and ODA was steadily strengthened as one of its most important and visible components.

As this report shows, the broad consensus for rapidly-growing ODA has not been maintained automatically. Deliberate and sustained political leadership has been deployed, from the very top, to explain and justify this role. Extensive public involvement has been promoted by the network of special training centres for developing-country participants across Japan, which serve as active poles of professional linkage and community awareness, helping to reinforce the wider campaign to further "internationalise" the island nation. Japan's own burgeoning prosperity provided a solid base for ODA growth, and the rapid progress among many of Japan's neighbours bolstered confidence that the effort was bearing fruit. In the wider economic context, a large, and increasingly, "untied" Japanese ODA programme was one instrument for the "recycling" required by Japan's sustained trade surpluses. Finally, a substantial political impetus seems to have come with the recognition that development co-operation was a domain of international responsibility where Japan could, with determined effort, realistically aspire to a position of leadership. There is clearly a sense of national achievement that the country has become the top donor in volume and that a great deal has been done, in active co-operation with other donors, to strive to become a leading donor in qualitative terms.

The Japanesc programme still faces substantial tasks in improving the quality of its activities. Paradoxically, having achieved the goal of a position of leadership in absolute aid volume, the Japanese authorities may now confront the special problem of "success". Since the absolute volume performance of other major donors has tended to be weak, in recent years, some Japanese have begun to question whether the country's share of the total donor effort should rise further. By the same token, real leadership in the field would be best defined in relation to the "high-performing" donors – those which have maintained much higher proportions of ODA to their gross national product (GNP).

Sustained progress by Japan in the "high performance" direction would continue to serve the wise strategic goals and interests which have sustained Japan's impressive rise in the past. It might also have the potential, in the current international circumstances, to lead all donors back to stronger commitment to development co-operation in a period when this investment could help to spread the benefits of sustainable development to many more parts of the world.

B. A major programme in transition

In recent years Japan has not only become the leading provider of ODA among DAC Members, but has been acting in a leadership capacity on a range of issues, proposing ideas and initiating action with recipient countries and other donors. Japan has made ODA a central pillar of its foreign policy in the post-Cold War period and says that it will be used as a major instrument for pursuing the goals of peace, freedom and prosperity in the international community. ODA is considered in Japan as a valuable tool to support democratisation and economic liberalisation in partner countries. Moreover, ODA is seen as contributing to stability and economic development in developing countries, which in turn helps to promote the world economy and peace. Donors' own prosperity and stability, thus, benefit indirectly from ODA.

Japan's development co-operation programme is in transition and is evolving in a number of ways. Some of the salient points, which together indicate the directions in which Japan's ODA programme is evolving, are:

- **Volume.** In 1994 Japan was the largest donor in volume terms with disbursements of \$13.2 billion in 1994, of which 72 per cent were bilateral and 28 per cent multilateral. On the scale of relative effort, Japan's ODA/GNP ratio rose two percentage points in 1994 to 0.29 per cent, which was the DAC average for the year (see Tables 1 and 2 and Graph 1). As noted below, Japan's ODA volume is expected to maintain its high absolute levels, and the Secretariat projects that it is most likely to increase in real terms in the next few years.
- **The ODA Charter and ODA targets.** By instituting a system of ODA targets since 1978 and adopting an ODA Charter at a Cabinet meeting in June 1992, Japan anchored its ODA programme more firmly. These actions provide Japan's ODA programme with a clear philosophy and principles based on self-help efforts and good governance on the recipient side, to be matched on the Japanese side by a predictable flow of resources to be programmed over time. The ODA Charter clearly identifies military expenditure as an issue to be considered in providing ODA. Because the Fifth Medium-Term Target (FY 1993 through FY 1997) calls for total spending of \$70-\$75 billion, it can be asserted with relative confidence that Japan's ODA levels will probably rise and will most likely be on a magnitude of \$14-\$15 billion per year until 1997. See Annexes 1-3.
- **Global issues.** As befits the largest volume donor, Japan has set its sights high. At the 1992 UN Conference on Environment and Development in Rio de Janeiro, Japan proposed 900 billion yen to 1 trillion yen (\$7 billion to \$7.7 billion at June 1992 rate) in environmental assistance over five years and is in the process of fulfilling that pledge. Japan has also stepped up its efforts to promote WID. In addition, the Global Issues Initiative (GII) announced by Japan involves a programme of around \$3 billion for the seven-year period from FY 1994 to FY 2000 to help deal with two global issues – population and AIDS.
- **Infrastructure ("hardware") and social development ("software").** For many years Japan has financed major infrastructure projects mainly through yen loans, but also some with grant aid, mostly in Asian partner countries. Many of the projects are beginning to have notable pay-offs and are contributing to the economic progress of those countries. This type of activity will clearly continue. At the same time, Japan is strengthening the "software" side of its programme. Considerable efforts have been made for many years in human resource development and in training, both in Japan in JICA centres, in recipient and third countries, and through the provision of technical assistance. Japan has made clear its intention in the future to put greater priority on "software" type aid in the social sectors, human resources development and institution-building. This means stepping up activities in such areas as education, health, population, WID, sanitation and water supply, and in grassroots co-operation areas with NGOs and local governments.

Table I. Main ODA volume indicators

i) Disbursements and commitments						
	Two-year averages over ten-year period			1992	1993	1994
	1983/84	1988/89	1993/94			
ODA net disbursements						
Current prices and exchange rates (\$ million)	4 040	9 049	12 249	11 151	11 259	13 239
Bilateral	2 426	6 600	8 801	8 385	8 044	9 558
Multilateral	1 614	2 449	3 448	2 766	3 215	3 681
1993 prices and exchange rates (\$ million)	9 886	11 717	11 704	12 831	11 259	12 149
Bilateral	5 942	8 554	8 407	9 648	8 044	8 771
Multilateral	3 944	3 163	3 296	3 183	3 215	3 378
National currency (Y billion)	959	1 204	1 302	1 413	1 252	1 353
Bilateral	576	879	936	1 062	894	977
Multilateral	383	325	367	351	358	376
GNP ratios (%)	0.33	0.31	0.28	0.30	0.27	0.29
Bilateral	0.20	0.23	0.20	0.23	0.19	0.21
Multilateral	0.13	0.09	0.08	0.07	0.08	0.08
ODA commitments						
Current prices and exchange rates (\$ million)	5 327	11 988	17 971	14 501	18 238	17 705
Bilateral	3 726	10 098	14 709	11 646	15 111	14 307
Multilateral	1 601	1 891	3 262	2 854	3 127	3 397
GNP ratios (%)	0.44	0.42	0.41	0.39	0.43	0.38
Bilateral	0.31	0.35	0.33	0.32	0.36	0.31
Multilateral	0.13	0.07	0.07	0.08	0.07	0.07
ii) Average annual growth rates of ODA disbursements in real terms						
	1983/84- 1988/89	1988/89- 1993/94	1983/84- 1993/94	For reference: Total DAC		
				1983/84- 1988/89	1988/89- 1993/94	1983/84- 1993/94
Percentages						
Total ODA	3.5	-0.0	1.7	2.3	0.5	1.4
Bilateral	-7.6	-0.3	-3.5	-3.3	0.4	-1.8
Multilateral	-4.3	0.8	-1.8	0.0	0.8	0.4
For reference:						
GNP growth in real terms	4.7	2.6	3.7	3.7	2.2	2.9
iii) Share in total DAC						
	Two-year averages over ten-year period			1992	1993	1994
	1983/84	1988/89	1993/94			
Percentages						
Total ODA	14.7	19.5	21.4	18.3	20.0	22.9
Bilateral	13.2	20.3	21.9	20.3	20.4	23.2
Multilateral	17.9	17.6	19.7	14.1	18.8	20.6
Gross national product	15.1	20.4	23.2	20.1	22.9	23.4

Source: OECD.

Table 2. **Comparative summary data – Japan and total DAC**

1994

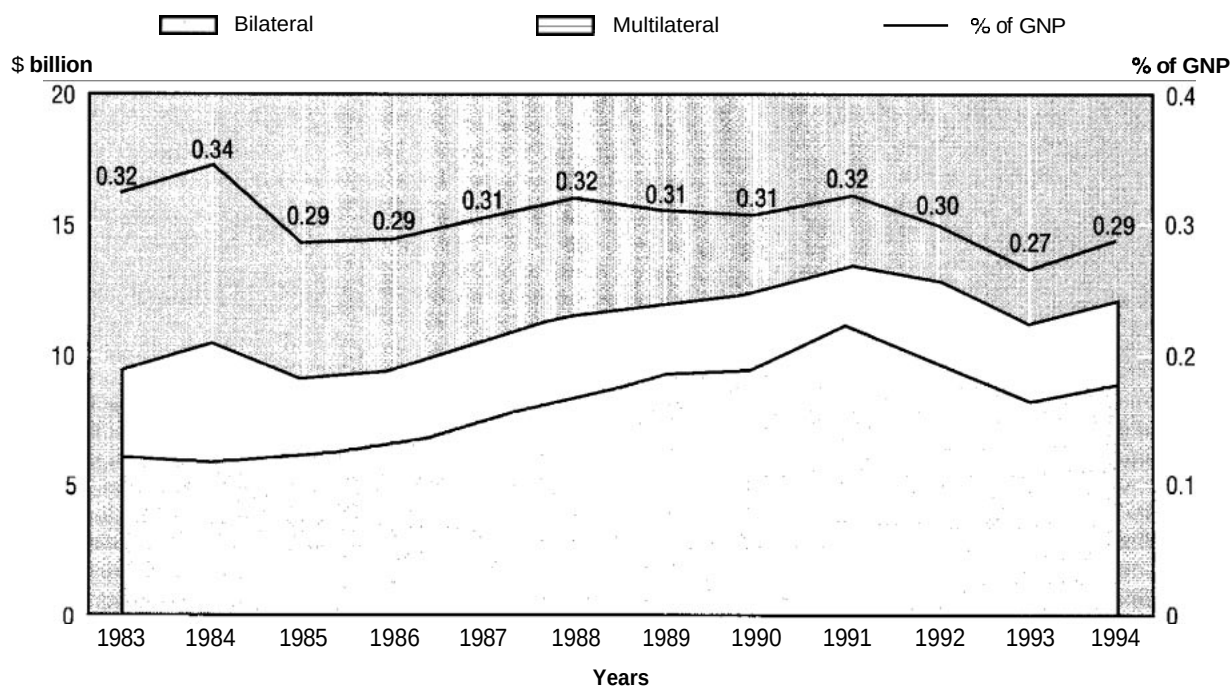
	Japan	Total DAC countries
Net disbursements		
Total ODA (\$ million)	13 239	57 928
(as a per cent of total DAC)	22.9	100.0
Net disbursements as a per cent of GNP		
Total ODA	0.29	0.29
Multilateral ODA	0.08	0.07 ^a
Aid to LICs	0.13	0.10
Aid to LLDCs	0.03	0.05
Aid through NGOs	0.00	0.01
Percentage of total net disbursements		
Bilateral ODA	72.2	69.5
ODA to multilateral organisations	27.8	30.5
Percentage of bilateral allocable disbursements		
Aid to Sub-Saharan Africa	13.9	31.0
Aid to Asia	65.8	31.4
Aid to Oceania	1.5	4.8
Aid to Middle East and North Africa	8.6	16.9
Aid to South America and Caribbean	9.9	11.1
Aid to Europe	0.2	4.8
Aid to LICs	70.3	60.5
of which: Aid to LLDCs	17.7	28.0
Aid to LMICs	26.3	29.5
Aid to UMICs	3.0	5.0
Aid to HICs	3.4	5.0

a) Including net disbursements to the EC, the total is 0.09 per cent.

Source: OECD.

Graph 1. **ODA net disbursements, 1983-94**

At constant 1993 prices and as a share of GNP



- **International initiatives.** Japan has become one of the leading advocates for development co-operation on the international scene. At G-7 meetings Japan presses for the enhancement of efforts in development assistance. Japan has begun to play a leadership role in areas of international policy co-ordination, such as the hosting of TICAD in October 1993 and in the organisation of aid groups such as the Mongolian Assistance Group Meeting, International Committee on Rehabilitation and Reconstruction of Cambodia, and Comprehensive Development Forum on Indo-China.
- **Initiatives in South-South co-operation and engaging new donors.** Japan has advocated increased South-South co-operation both to draw upon relevant experience and to transform a fruitless North-South confrontation into constructive partnerships. In this concept, developing countries which have achieved a certain level of development can be encouraged to assist other developing countries. Several examples of the use of Japanese technical co-operation to promote South-South co-operation already exist. In addition, Japan is exploring creative ways to engage new donors, which could expand the base for additional development resources – Japan itself started providing aid to other countries when it was still a recipient country. Several approaches to move this idea forward are being pursued, such as third-country training programmes in new donor countries and encouraging relatively advanced developing countries to embark on their own aid programmes through cost sharing arrangements and the joint dispatch of experts. Japan has also provided technical assistance and training to aid institutions in new donor countries. See Chapter IV for further description and Annex 4 for examples of South-South co-operation.
- **Untying.** By 1994 Japan had almost completely untied its ODA loans (98.3 per cent untied) and is taking steps to become more transparent and open in its procurement systems, both for loans and grants. Instances of irregularities in procurement have occurred in some grant and technical assistance areas and have been publicised. These problems are being dealt with legally, where necessary, and procedures are being improved and tightened for technical assistance and grant aid to prevent future instances of abuse.

Generally, Japanese policy makers and opinion leaders realise that without a strong ODA programme and the organisation to carry it out, Japan could not have contributed so significantly to the economic growth of so many countries, especially in Asia, growth in which Japan itself has a large share. Moreover the ODA structure and programme has helped Japan to play a major world-wide role in a number of fields. This realisation has stimulated Japanese policy makers and managers to continue to build upon the ODA programme and to steer it in new directions, in particular by increasing its capacity to respond to needs in the social sectors.

C. ODA Charter built on four decades of aid experience

The Japanese aid system is based on legislation establishing aid related ministries, agencies, and executing agencies. Japan does not have a basic law dealing with ODA. However, the philosophy and objectives of Japan's foreign aid, as it has evolved over the years, were set out in Japan's ODA Charter, adopted by the Cabinet on 30 June 1992.

The ODA Charter was prepared against a background of nearly forty years of experience. Japan's economic assistance to developing countries began in the mid-1950s with post-war "reparations" and "quasi-reparations" grants to Asian countries. Grant aid, as well as export credits at market terms, took the form mainly of capital assistance. Technical co-operation remained modest, although Japan joined the Colombo Plan in 1954. JEXIM, set up in 1950 to assist Japanese exporters, dealt with both developed and developing countries.

The early 1960s were a turning point in the evolution of the aid programme. Japan became active in the international aid effort as a founding Member of the DAC (1961), a contributor to the establishment of the International Development Association (IDA) in 1960, and a Member of the World Bank-led Consortia for India (1958) and Pakistan (1960).

An institutional structure for the aid effort was created by establishing OECF in 1961 to provide resources to developing countries on softer terms than JEXIM (not all OECF lending was on ODA terms but some JEXIM funding was, a situation which lasted into the 1970s). Yen loans on a government-to-government basis were started in 1958 and have remained a major component of bilateral aid. In 1962 the Overseas Technical Co-operation Agency (OTCA) was created to manage most technical assistance, formerly dispersed among several ministries.

By 1970/71 the volume of ODA disbursements had multiplied almost three times in a decade. Japan's share in total DAC ODA rose from 3.5 per cent in 1960/61 to 9 per cent in 1970/71 to become the fourth largest in the DAC. The ODA/GNP ratio remained about 0.23 per cent, virtually the same as ten years earlier. This ratio began to increase when medium-term planning of ODA was introduced in the late 1970s.

As Japan progressed as a major donor, its ODA programme took on many of its current features:

- Multilateral contributions in total ODA, by the late 1970s, reached about the DAC average (slightly under one-third of ODA).
- In spite of linguistic difficulties, technical co-operation grew, but remained somewhat below the DAC average.
- The share of grants has remained among the lowest in the DAC.
- The geographic scope of the programme widened gradually from the Far East to the Indian subcontinent and then, with the first oil crisis in 1973-74, ODA to the Middle East, including Egypt, was increased. Japan's involvement in Sub-Saharan Africa began in the late 1970s and ODA to Latin American began to rise in the 1980s.
- ODA became more diversified, particularly as aid to agriculture expanded in the 1970s, but economic infrastructure in transport, energy, and communications remained the principal areas of concentration.
- The administrative structure changed in the 1970s as OTCA and other agencies were transformed into JICA in 1974 with responsibility for technical co-operation and supervision of volunteer programmes. In 1975 the roles of JEXIM and OECF were defined, with OECF being entrusted with ODA lending and JEXIM dealing with non-concessional lending.
- OECF now provides ODA loans and private sector investment finance. ODA loans provided by OECF are intended to provide governments, governmental institutions and other eligible organisations in developing countries with funds for their economic and social development and economic stability. Private sector investment finance provides funds for corporations in Japan or in developing countries to undertake projects in developing countries. In 1994 OECF provided almost 49 per cent of Japan's total bilateral ODA.
- The institutional policy making structure has been stable. Policies concerning grant aid and technical co-operation have been formulated primarily by MOFA. Policies on yen loans have been formulated by MOFA, which consults with MOF, MITI, and EPA. Implementation of aid is carried out primarily through OECF and JICA, although a large number of ministries and agencies (some 18 at present) receive ODA budget allocations which they implement (see Table 3). MOFA itself is, in principle, responsible for the implementation of grant aid.
- Procurement policies changed as commodity aid was untied in 1972 and, starting in 1978, ODA loans began to be untied. All of OECF's FY 1994 ODA loans were untied as in FY 1993.

The adoption of the ODA Charter by Japan's Cabinet in June 1992 was probably the most significant policy measure taken in respect of foreign aid since Japan launched its first medium-term plan or target for aid in 1978. The ODA Charter based its underlying philosophy on humanitarian considerations, recognition of the interdependence of nations, environmental conservation, and support of self-help efforts of recipient countries. It provides that Japan's ODA will be subject to four basic principles:

- pursuing environmental conservation and development in tandem;
- avoidance of ODA for military purposes;
- paying full attention to recipient countries' practices in relation to military expenditures, production of mass destruction weapons and arms export; and
- paying full attention to progress in democratisation, human rights, and the market-orientation of the economy.

The Charter also provides a reference for a range of actions in support of the ODA programme. Its chapter headings include basic philosophy, principles, priority regions and issues, measures for effective implementation, promoting understanding and support, and the ODA implementation system. The Charter has evidently proven helpful in guiding Japan's programme, while allowing flexibility to meet changing situations.

The Charter makes clear that Japan attaches central importance to the self-help efforts of recipients. It gives particular priority to working with the group of ASEAN countries. Japan's objective of pursuing environmental conservation and development in tandem has been intensified in the wake of UNCED (Rio de Janeiro, 1992) as has the programming for environmental programmes alongside other development activities in a host of country programmes and in global action. Another example is found in China on the question of weapons of mass destruction. In view of China's nuclear testing programme, Japan, in principle, suspended grant aid to China in August 1995 unless a suspension of nuclear tests is confirmed. In the field of promoting democratisation, for example, Japan played an important role through its policies in Myanmar (Burma) to work for the release in July 1995 of Aun San Su-Chi, the Nobel Peace Laureate, held by the authorities.

Like any living document, the ODA Charter is subject to continual interpretation. For instance in the introduction to the principles it asserts the "request basis" for Japan's ODA. This idea has meant that Japan will not proceed with a project or programme unless it is considered of sufficient priority by the recipient country and

Table 3. Japan's ODA budget in FY 1994 and 1995

Yen million

	ODA general account budget			ODA operating budget ^{a)}		
	1995	% of total	1994	1995	% of total	1994
Foreign Affairs	553 703	50.1	534 185	566 634	28.2	546 056
Finance	387 049	35.0	371 809	1 243 470	61.6	1 195 810
International Trade and Industry	52 248	4.7	48 565	53 451	2.7	49 842
Economic Planning Agency	43 714	4.0	42 977	43 714	2.2	42 977
Sub-total (the Four Ministries)	1 036 714	93.7	997 536	1 907 269	94.8	1 834 685
Education	42 006	3.8	39 093	53 262	2.6	49 177
Agriculture	10 453	0.9	10 056	29 666	1.5	36 383
Health and Welfare	6 732	0.6	6 854	9 869	0.5	8 386
Labour	3 822	0.3	3 778	6 398	0.3	6 314
Management and Co-ordination Agency	1 872	0.2	1 722	1 872	0.1	1 722
Transportation	905	0.1	872	905	0.0	872
Posts and Telecommunication	753	0.1	710	769	0.0	724
Construction	730	0.1	685	730	0.0	685
Environment Agency	684	0.1	561	684	0.0	561
Science and Technology Agency	643	0.1	649	643	0.0	649
Justice	603	0.1	700	603	0.0	700
National Police Agency	135	0.0	125	135	0.0	125
National Land Agency	47	0.0	40	47	0.0	40
Home Affairs	27	0.0	26	27	0.0	26
Total, gross	1 106 128	100.0	1 063 407	2 012 880	100.0	1 941 048
Recover	-	-	-246 337	-	-	-
Total, net	1 106 128	1 063 407	1 766 543	1 730 947	100.0	1 730 947

a) The operating budget mainly consists of general account budget appropriations (=ODA general account budget), borrowings from the Fiscal Investment and Loan Programme, which is the main source of ODA loans, government bond payments to international organisations, and the special account budgets of individual ministries.

Source: Ministry of Foreign Affairs

that an appropriate request for the project emanates from that country. In recent years this concept has been redefined to include the idea that Japan can and will actively seek projects that fit into the philosophy and principles of the Charter. Japan may also encourage recipient countries to request such projects and will encourage the use of Japan's project study facilities to analyse projects that meet these goals.

The ODA Charter is meant to be interpreted as a whole. The principles are not self-executing or automatic. They are elements, among others, to take into consideration in establishing policies applicable to specific cases. Moreover, the ODA Charter can be applied to negative cases (*i.e.* withholding aid, other than humanitarian, such as has been the case in some African countries like Sudan) or in a positive fashion to encourage democracy through the use of aid (*e.g.* Haiti).

Much of Japan's programming in major recipient countries is done through high level missions, annual consultations on grant aid and technical co-operation, and government missions on yen loans. Normally such missions are sent to major partner countries to work out in strategic terms the direction that the programme will take. Lists of key projects have normally been prepared prior to such missions and these are screened to focus on those projects of high mutual interest. Through this process and the dialogue that is part of it, Japan arrives at the broad agreements on which projects it is prepared to finance. However, Japan also carries on a continual identification and study of projects through a number of instruments: JICA studies, OECF studies, dialogue by embassy staff (including sector specialists), and visiting missions. In general, Japan is undertaking higher-profile activity in seeking projects which fit into the ODA Charter and into country programmes as defined by high-level missions and other programming processes.

D. Improved planning of aid

The multi-year planning of aid spending has had a profound positive impact on Japan's ODA programme. Japan launched its first medium-term plan or target in the period 1978-80, which was followed by a second plan (1981-86), a third (1986-92) which was superseded by a fourth (1988-92), followed by a fifth (1993-97). See Annex 3 for a presentation of past plans and their results.

The striking growth of absolute ODA volume is a reflection of the success of nearly two decades of ODA planning. Between 1978 and 1994 Japan's ODA in real terms grew at an average annual rate of 5.0 per cent. This growth added \$6.57 billion at 1993 prices and exchange rates to Japan's ODA or 38.7 per cent of total DAC ODA growth over the period.

The record of relative effort, measured by the ODA/GNP ratio, is less striking. The ratio rose as high as 0.34 per cent in 1984, then dipped for several years, before reaching the DAC average of 0.29 per cent in 1994. Most ODA/GNP growth took place during the First Plan (1978-80) and the closing of the gap between the Japanese and DAC ratios was due to some extent to the slowing of other countries' efforts.

The series of Japanese ODA plans noted above were formulated in terms of US dollars during a period of fluctuating exchange rates. Appreciation of the yen *vis-à-vis* the US dollar eased the budgetary burden somewhat for the period as a whole, although during the First Plan period the yen depreciated. Certainly the appreciation of the yen during subsequent plans helped in achieving targets.

Qualitative improvements in Japan's ODA programme have been important alongside the quantitative targets, in particular the strengthening of the aid management and evaluation systems. While such improvements can never be measured precisely, there is no question, based on an analysis of past Aid Reviews and the evolution of the ODA system documented in those reviews, that marked improvements have been made in aid management. Project analysis and the project cycle have been strengthened, staff has been trained, consideration of upstream factors such as the economic context and the environment has been sharpened, as has the evaluation system. Procedures to improve the efficiency, transparency and fairness of procurement in ODA-financed projects have been put in place. Japan's procedures for follow-up and "aftercare" of projects are among the most innovative and practical among DAC Members. All of these factors contribute to improving the quality of aid.

E. Financing and allocating the ODA budget

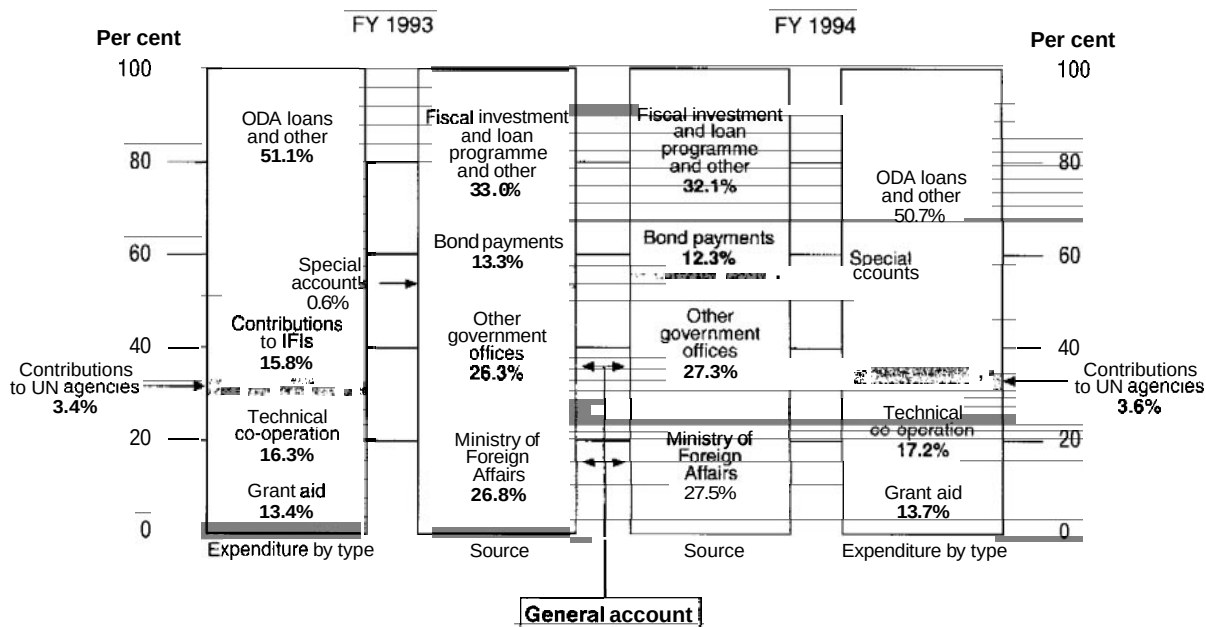
Resources for Japan's ODA programme consist of appropriated funds and borrowed funds. While borrowing funds to finance the ODA budget is not unique among DAC countries, no other DAC Member relies on borrowed funds to the extent that Japan does. The Government of Japan does not have any overall budget allocation specifically called "the ODA budget". Rather, total ODA budget is an aggregate of items in various budget

accounts that are accepted as ODA expenditures under DAC definitions. The so-called ODA operating budget includes:

- general-account budget appropriations;
- borrowings from the Fiscal Investment and Loan Programme (FILP) – a major and distinctive source of ODA loans;
- government bonds to provide support to international organisations; and
- the special account budgets of individual ministries.

See Graph 2.

Graph 2. ODA operating budget by source and aid type
Gross basis



Source: Japan's ODA annual report, 1994.

Borrowings from the FILP are used to finance that part of OECF's ODA lending that is not covered by government capital subscriptions derived from the budget (about half of OECF's resources have come from such subscriptions). This mechanism has been used to expand OECF's resources since 1965. The FILP, sometimes referred to as the "second budget", is normally used to finance revenue-generating public activities. Its resources are derived mainly from postal savings and pension funds administered by a bureau of the MOF. Major expansions of bilateral ODA have usually stemmed from increased borrowing from the FILP. The need to extend additional subsidies from the budget to cover OECF operations has arisen because of the gap between the cost of capital to OECF and the average interest carried by its loans (2.65 per cent in 1993). OECF is permitted to borrow up to three times the sum of its authorised capital and reserve fund (until 1979 the ratio was one to one).

Japan's fiscal year runs from 1 April to 31 March. Unspent General Account appropriations lapse at the end of each year (although the Diet may authorise the carry-over of unspent funds for another year).

ODA appropriations continued to receive preferential treatment in the General Account of the Japanese Government budget. They have risen consistently more rapidly than other items of expenditure and more rapidly than the General Account as a whole. With 1985 as a base year, the ODA general account rose steadily to an index of 183 in 1994 while the general account rose to 149.

F. Aid instruments and their combinations

Japan's ODA is basically composed of three schemes:

- grant aid;
- yen loans; and
- technical assistance.

Japan takes a differentiated approach to programming its aid to each recipient country depending on its level of economic and social development. As is discussed below, MOFA has primary responsibility for grant aid and technical assistance and entrusts implementation partly for grant aid and exclusively for technical assistance to JICA. Policy on yen loans is made in consultation among MOFA, MOF, MITI and the EPA. Implementation is conducted by OECF which is under the EPA.

At present Japan is putting greater emphasis on establishing linkages between the different instruments and strengthening co-ordination. For instance JICA has an instrument known as "project type technical co-operation" which combines technical training in Japan (see Annex 6) with the dispatch of Japanese experts and the provision of equipment and materials. It is also encouraged for a JICA activity, such as a master plan survey or feasibility study, to be used for financial co-operation. In selecting development projects for future studies, more priority will be given to those which involve Japan's financial co-operation. Japanese authorities intend to continue to strengthen linkages among different aid schemes.

G. Public and parliamentary opinion

Japan's recently-won rank as the largest donor is an achievement that Japanese policy-makers do not take for granted. Annual opinion polls conducted by the government show a tendency for public support to decline somewhat over the years although they show that as of 1994 there was a solid current of opinion supporting present levels (about 46 per cent) and many who favour more aid (about 33 per cent). Nonetheless, needs at home, such as the Kobe earthquake in January 1995 and the long-term problems of an ageing population tend to call into question the priority accorded to ODA, especially when the goal of volume leadership has been achieved. The need to retain wide public understanding and support for the ODA programme alongside competing demands is therefore greater than ever. This is particularly so because ODA projects are difficult for the general public in any donor country to understand, since they are implemented abroad and are not "visible". Japan is making a concerted effort to overcome that problem by providing the public with education and information on ODA.

Starting in 1979, largely through NGOs, a programme for development education was introduced into Japan. Through grants, the government helps NGOs to promote development education. A Development Education Directory with easy-to-use information and references has been compiled by the Development Education Council. A "Plaza for International Co-operation" was set up in Tokyo and provides a forum for exchange of information on development education and a place of destination for students to visit. The private sector also contributes and has set up the Development Education Information Centre to disseminate and implement development education. The Centre collects data and makes information available to the general public.

MOFA has published teaching materials, comic book presentations on ODA, videos and wall posters for use in schools and lecture meetings. MOFA has been organising Private-Sector Aid Support Seminars designed to train and inform people who will play a central role in local-level development education. In 1995, MOFA conducted a contest and, from among nearly 5 000 entries, selected a logo to symbolise Japan's ODA. The logo will be placed on Japanese ODA projects to make them more visible to people in recipient countries and to the Japanese themselves.

The government has an active information policy towards the Diet and the general public. Indeed, the annual report prepared by MOFA on Japan's ODA is probably the most comprehensive and handsome publication of its kind prepared by any DAC Member. In addition, JICA and OECF prepare annual reports, and the MOFA prepares a series of information pamphlets and publications designed to provide information about various aspects of Japan's ODA (WID, population and AIDS, environment, ODA summary, and so on). This is in keeping with the ODA Charter's call for the promotion of information disclosure. Recently, MOFA started sending the latest information on ODA to all Parliamentarians directly by telefax. It is noteworthy that much of the copious literature is available not only in Japanese, but also in English. For most project-type technical co-operation, JICA has a support committee in Japan for technical back-up, to recruit experts, and to send trainees. A support committee for a medical co-operation project, for example, might include the heads of the supporting

hospital, a medical research institute, and the responsible division of the health and welfare ministry. Since support committees are established for almost all such projects, which are numerous, this scheme has no doubt helped to enhance public awareness for development co-operation.

As noted in Annex 6 concerning the Review Team's visit to the JICA training centre in Okinawa, there are currently eleven such JICA centres throughout Japan. In addition to their primary training functions, these centres also provide a platform for outreach activities to the local communities in the areas near such centres. These programmes can reach a large number of people at the local level. MOFA, JICA and OECF also sponsor an International Co-operation Festival, an annual event open to the general public, which is jointly organised by the government and the private sector. In 1993 when the TICAD was held, it was tied into International Co-operation Day. Clearly, the government is making continuous, high visibility efforts to inform the general public about ODA and to encourage support for ODA as a pillar of Japan's foreign policy.

Chapter II

Aid Effectiveness and Evaluation

A. Evaluation and the project cycle

Evaluation has become increasingly important in the Japanese ODA system in recent years, becoming an integral part of the aid implementation cycle. In that cycle, evaluations can be conducted at various stages, and even well after the conclusion of the project financing by Japanese ODA. In recent years MOFA has started to carry out evaluations on a **sectoral** and country basis.

Evaluations are conducted regularly by MOFA, JICA and OECF. MOFA's Economic Co-operation Bureau has an Evaluation Division with six professionals. It sets evaluation policy, reviews results, and manages MOFA's evaluation programme. MOFA evaluates about 140 projects each year in 50 countries and has published an annual report on the results since 1982. JICA and OECF, as executing agencies, conduct evaluations on their own programmes and each has an evaluation unit. Other ministries (MITI, Transport, Construction, etc.) also conduct evaluations on their ODA activities. Members of the Council of Foreign Economic Co-operation (an advisory body to the Prime Minister) have also made inspections of projects.

MOFA has defined a number of different types of evaluations: country evaluations, evaluations covering a **sector/theme**, joint evaluations conducted with another donor or an international organisation, third-party evaluations (commissioned to independent experts, academics or NGOs), **ex post** evaluations by diplomatic missions, and recipient country evaluations. JICA and OECF normally focus evaluations on individual projects, but sometimes they cover regions, sectors or themes.

B. Highlights of the two most recent annual evaluation reports and follow-up

The most recent annual evaluation report (1995) highlights the following points:

- the importance of implementing aid projects **which** are suitable to the economic development policy, the technological resources, and the stage of economic development of the recipient country;
- evaluation methods are diversified depending on the purpose (country evaluation, infrastructure, disaster relief, project, programme);
- the importance of South-South co-operation;
- strengthening preparedness for policy changes made by recipient countries;
- the necessity of international co-operation and co-ordination on development assistance;
- the doubtful wisdom of untied aid (while untying loans is a desirable policy for enabling inexpensive procurement of quality goods and services and for achieving more efficient allocation of resources, there are signs that untied loans tend to undermine the presence of Japan's ODA making it less "visible");
- promoting projects in which local inhabitants co-operate and participate in line with DAC's participatory **development/good governance** (PD/GG) orientations;
- the importance of preliminary studies of local conditions;
- the difficulty of expropriating **land** (relates to infrastructure projects);
- the need to improve maintenance, management, and follow-up, and use NGOs.

The second most recent annual evaluation report (1994) highlights the following lessons:

- The importance of preliminary surveys and correct understanding of the needs of the recipient country to help ensure the adequacy and appropriateness of proposed development projects.
- Recurrent costs. Japan encourages self-help and expects recipients to assure recurrent costs. Often they do not do so. Therefore, when projects are formulated, the reduction to a minimum of maintenance and operational costs must be considered and special analysis directed to making projects sustainable.

- Special attention needs to be paid to:
 - shortages of spare parts and maintenance;
 - customs clearances during project implementation;
 - the lack of managerial skills on the part of local counterparts;
 - improper selection of project sites;
 - under-utilisation of facilities provided; and
 - inadequacy of public relations activities.

Few, if any, DAC Members have as strong an institutional capacity as Japan to follow-up on evaluations and actually remedy the problems identified. JICA terms this type of activity "aftercare", while OECF has a facility called SAPS. Through these mechanisms, Japan can and often does take remedial action whenever possible, with respect to particular issues or problems raised in evaluations. Most other donors would do well to study or emulate this valuable feature of Japan's system. It is worth noting that SAPS is part of the Special Assistance Facility (SAF) that also includes Special Assistance for Project Formation (SAPROF) and Special Assistance for Project Implementation (SAPI), which along with SAPS are administered by OECF. Also, since 1986 OECF has extended rehabilitation loans to repair or renovate ageing social and economic infrastructures which were constructed in the past with assistance from Japan or other donors.

On the macro level, Japanese activity has helped contribute to considerable success in ASEAN countries and other Asian countries, some of which have enjoyed healthy rates of growth over the past ten to fifteen years. The construction of infrastructure, including electricity-generating capacity, communications and transportation systems, were seen as bottlenecks to development in the 1970s and 1980s. Rapid economic growth, particularly since the mid-1980s, has led to many situations where infrastructure cannot keep pace with growing demand, which is additional evidence of the need for such infrastructure.

Of course, Japan would not claim to have brought about this record of regional success single-handedly, but it is clear that its ODA has contributed to a considerable extent at key points. Japan has taken a comprehensive approach in which ODA and other instruments are designed to stimulate exports, induce foreign direct investment, and to contribute to a debt-reducing strategy. In so doing, Japan has tried to maintain a balance between economic infrastructure and new types of aid (environment? population, AIDS, WID, democratisation and so on), a balance between hardware (infrastructure) and software (human resource development), and a balance between large-scale development projects and small-scale (grassroots) projects. Simply looking at infrastructure alone, the contribution has been massive. In Indonesia, for instance, 12 per cent of today's railways, 15 per cent of total express highways and 30 per cent of power-generating facilities were financed by OECF. In the Philippines 5 per cent of installed electric power capacity, 10 per cent of all-weather national roads and 11 per cent of all telephone circuits outside of Metro-Manila were OECF-financed. In Thailand 16 per cent of installed electric power, a high per cent of the transportation network (including Bangkok International Airport and eight of the major bridges), and 5 per cent of telephone circuits in the capital were OECF-financed. In Malaysia 46 per cent, 92 per cent and 98 per cent respectively of installed electric power capacity in Malaysian peninsula, Sabah State and Sarawak State, as well as 20 per cent of all express highways were OECF-financed. All of the foregoing statistics were as of 1994.

This is only a partial presentation of the immense amount of infrastructure Japan has financed in the region, to which could be added the software components contributed by JICA and other forms of ODA assistance. Few question that this massive aid contributed to the economic growth performances in the ASEAN countries and a number of other Asian countries, while noting, of course, that the conversion of such investments into enduring growth always depends on the capacity of the host country to use and sustain them well. It is not clear to what extent the same formula will work in other regions. Consequently, Japan has been exploring how to adapt its programme modalities and approaches to other regions, as was done in TICAD (October 1993).

Aid Organisation and Management

A. Aid organisation and internal co-ordination

MOFA is responsible for foreign policy in Japan's government. Within MOFA, the Economic Co-operation Bureau (see Chart 1) has primary responsibility for ODA. With a key objective of Japan's foreign policy being to influence and contribute to world prosperity, MOFA has a central role in Japan's development co-operation. At the same time, a number of other ministries and agencies play very important roles. Notably, in financial terms, the Ministry of Finance (MOF) is responsible for more than 60 per cent of the ODA operational budget, twice that managed directly by MOFA (see Table 3). MOF responsibilities include the budget for the fiscal investment and loan programme (which covers the fund for ODA loans) and government bond payments to multilateral development banks.

ODA policies concerning grant aid and technical co-operation are formulated primarily by MOFA. Policies concerning yen loans are formulated by MOFA, which consults with MOF, MITI and EPA. MOFA also manages consultations with partner-country authorities. In general terms, there is no single ministry which directly manages all three main instruments of Japanese ODA – loans, grants, and technical co-operation – for a given country. In the Japanese system, a number of ministries and agencies are closely involved in the ODA programme, as shown in Chart 2.

Grant aid policy is formulated by MOFA which is also in principle responsible for its implementation. With respect to grants projects, JICA does basic design studies, expedites execution, and carries out follow-up co-operation ("aftercare"). Japan has nine categories of grant aid: general project, debt relief, non-project grants for structural adjustment support, grassroots projects, fisheries, culture, emergency relief, food aid and increased food production. Grants for grassroots projects and emergency relief grants are the two items which have significantly increased in the FY 1955 budget (up 100 per cent and 21 per cent respectively from the previous year).

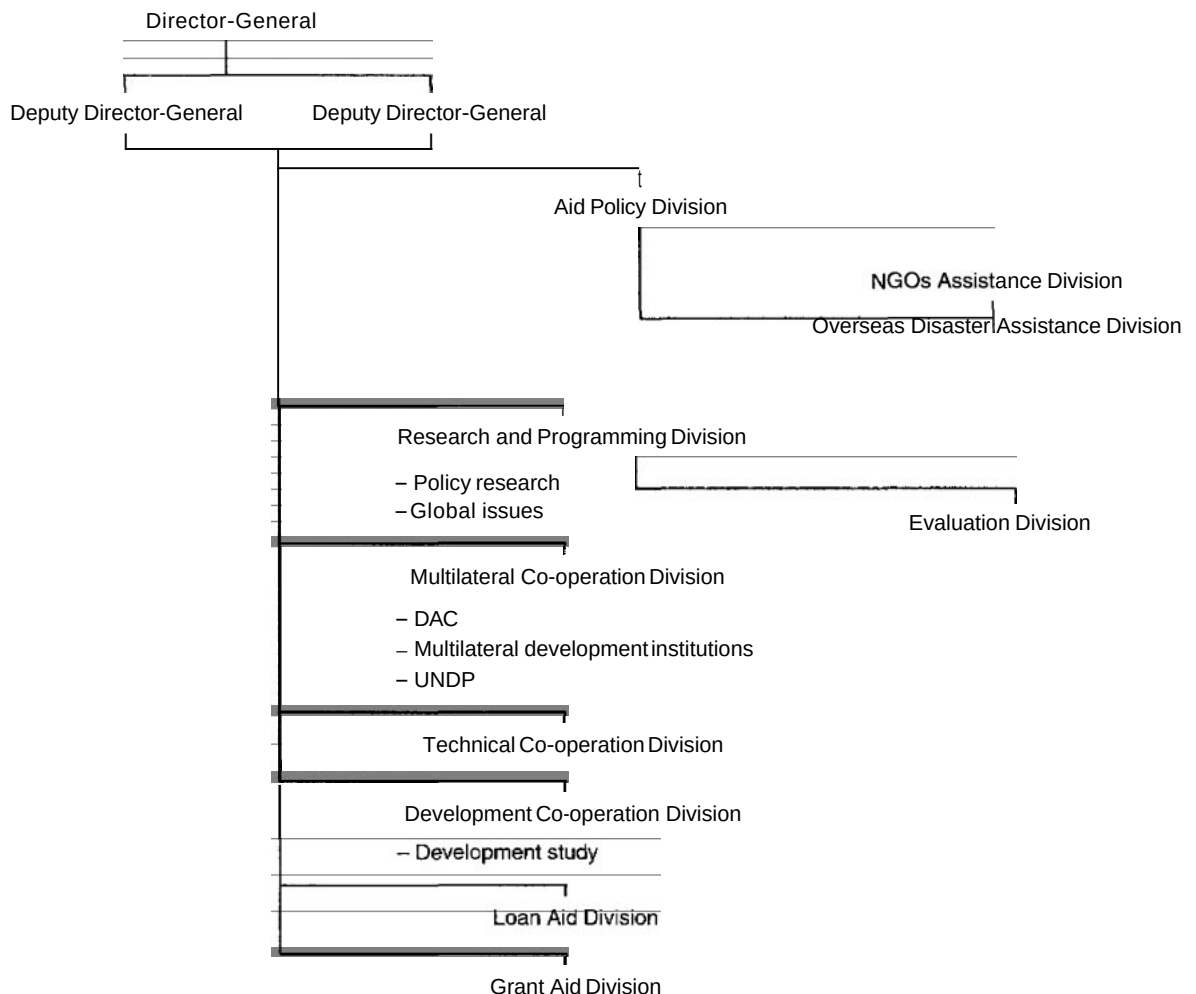
Technical co-operation is implemented mainly by JICA, a government agency under the supervision of MOFA. JICA has been given effective responsibility for the implementation of most grant aid by MOFA. In April 1955 an administrative inspection on grant aid and technical co-operation by the Management and Co-ordination Agency recommended that more implementation of the grant aid programme be delegated to JICA. Other ministries or agencies are involved depending on the nature of the aid activities and expertise required. JICA provides long-term, low-interest loans to Japanese enterprises that invest in developing countries. This assistance is provided for projects that do not qualify for loans from the OECF or JEXIM due to risk, low profitability, or technical problems. This minor portion (0.8 per cent) of JICA activity is in two categories: development project investment and financing, and surveys and technical guidance. JICA, under the JOCV programme created in 1965, also dispatches Japanese volunteers to 63 developing countries, to assist in the socio-economic development of local communities. JOCVs also work in Japanese assistance projects to assist dispatched experts. As of August 1954, the number of volunteers totalled more than 14 000. JICA has three training facilities for JOCVs in Japan where intensive courses are held before their departure.

Policy on **bilateral loans** is jointly formulated by MOFA, MOF, MITI and EPA. Implementation of the loan programme is the responsibility of OECF, a government agency under the official supervision of EPA.

B. OECF and JICA

Several years ago the then Japanese Socialist Party envisaged the introduction of a new comprehensive bill on international co-operation and the establishment of a single aid agency with a subordinate implementing

Organisation Chart 1. Economic Co-operation Bureau of the Ministry of Foreign Affairs



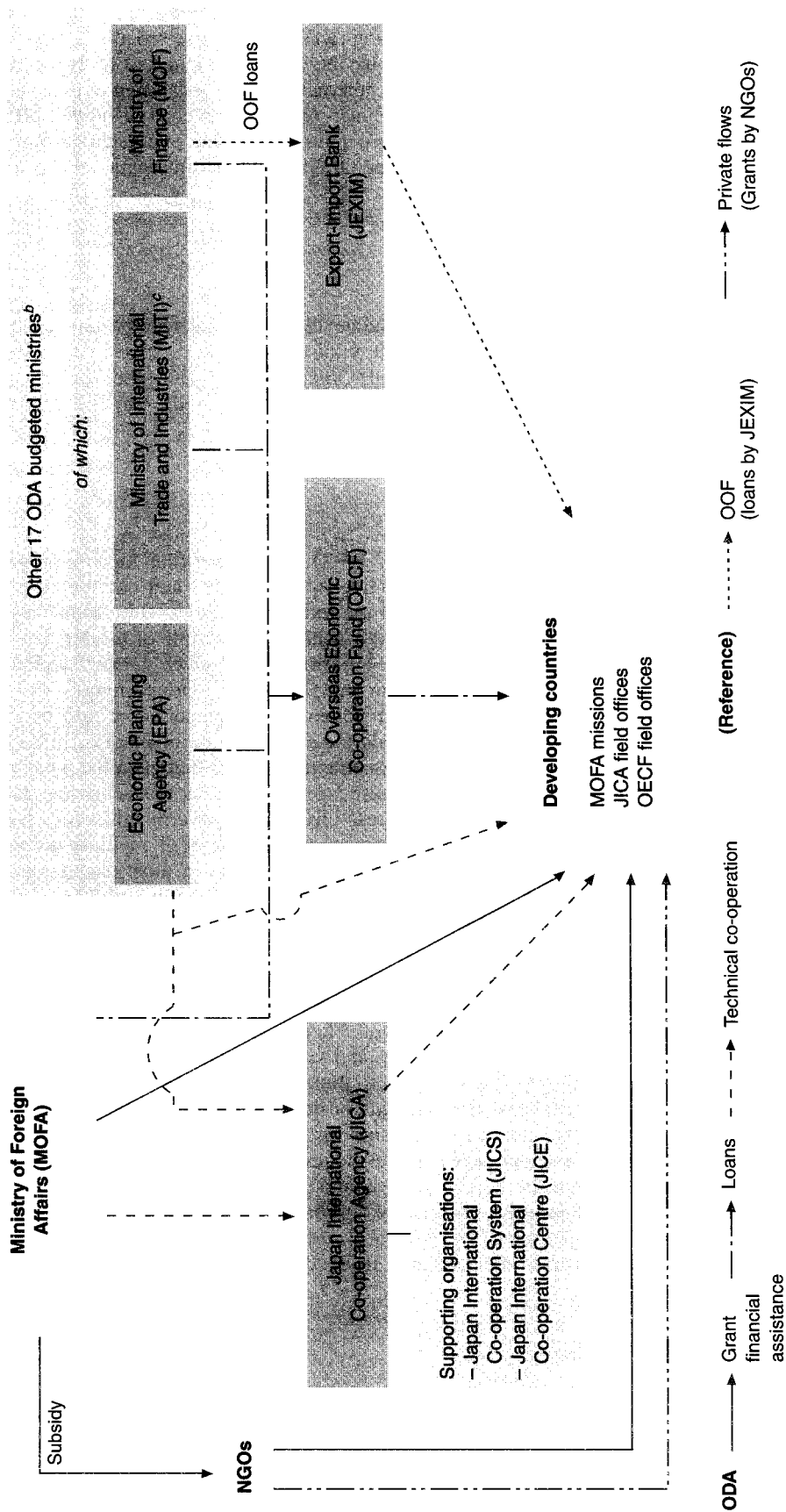
agency combining JICA and OECF. This proposal was not followed up and now seems to have been set aside. In the 1994 annual report on ODA the MOFA states:

"As each of these aid agencies has a different mandate and performs different functions, consolidation of the two agencies into a single body would merely create a bloated machinery and could lower the efficiency of its operations as a whole. It is important to assign specialised functions to each of them and encourage co-ordination between them."

C. OECF/JEXIM merger

A recent development, whose possible implications for the aid programme will not be clear for some time, is the Cabinet decision in March 1995 to merge OECF with the Export-Import Bank of Japan (JEXIM). This major change, projected to be carried out over a four-year period, will produce an organisation (with combined disbursements of \$18.5 billion at today's levels) to be supervised by MOF and EPA. The text of the Cabinet decision, and the merger process being followed, indicate **that** the government sees a need to manage with care sensitive policy issues (domestic and international) triggered by the merger plan.

Organisation Chart 2. Actors in Japanese bilateral development co-operation^a



a) NGOs and Keidanren assume a consultative role from time to time, but they are not institutional parts of the ODA system.

b) Includes Education, Agriculture, Health and Welfare, Labour, Management and Co-ordination, Transport, Posts, Construction, Environment, Science and Technology, Justice, Police, Land, Home Affairs.

c) Has supporting organisations such as Association for Overseas Technical Scholarship (AOTS) and Japan Overseas Development Corporation (JODC).

Senior-level committees are supervising the preparatory process, which includes case studies of organisations abroad (including Germany's Bank for Reconstruction (KfW), which has broadly similar elements). On the policy front, the government has stressed the need to clarify the distinction that will be drawn between the ODA and non-ODA accounts in the new institution, and to seek international understanding of the changes being made. This is in response to the concern that the merger may be interpreted as a reversal of Japan's efforts over the past 15 years to untie its aid, and to keep it distinct from commercial and export-promotion operations. The government has indicated specifically that it intends to keep OECD and other international organisations informed on the merger process.

D. Multilateral assistance

Contributions to international financial institutions and development banks are primarily the responsibility of MOF while MOFA is responsible for UN agencies. Some ministries also have specialised responsibilities, such as the Ministry of Health and Welfare for the World Health Organisation (WHO), the Ministry of Agriculture for Food and Agriculture Organisation (FAO) and the Ministry of Labour for the International Labour Organisation (ILO).

E. Staffing

An analysis in the last DAC Aid Review (in April 1993) pointed out that Japan's programme would be ranked among the most thinly-staffed DAC Members. Given the total size and continuing growth of Japan's programme, this under-staffing raised serious concerns at the time about the capacity to manage the programme effectively. Under-staffing continues to be a source of major concern at the time of this Review, in spite of some staff expansion over the intervening period (see Table 4). Particularly, given Japan's welcome intentions to continue moving strongly to expand its social development and participatory programmes – which are even more staff-intensive – substantial further strengthening of the government's personnel would be required to bring Japan's staff numbers to prevailing international standards for a programme of its size. Indeed, in the past the staff gap has been so large as to lead some observers to assume the worst – that even the most basic capacity for management and supervision must be lacking in the Japanese programme. That this is not the case is explained by two factors: first, the very heavy work-load carried successfully by the government's core staff involved, and second, by the administrative and implementing support provided by a number of ancillary resources. These latter elements of the Japanese system have generally not been well understood in most discussions of the Japanese programme in the past, and they are thus briefly described in the next section of this Report. Considering Japan's intention to increase ODA volume and improve the quality of aid, further effort to increase the number of staff is required.

In view of Japan's established leadership in aid volume, and its clear objective of achieving commensurate leadership in aid quality, the skills and specialisation of its staff resources require strengthening in parallel with staff numbers. As noted in the last Secretariat Report, most officials in both JICA and OECF make their careers in those organisations, and the agencies can call on wide and varied experience in implementation. Because of Japanese ministries' tradition of rotating officials at two- to three-year intervals, staff in MOFA and some other ministries, including high ranking officials, have often had considerable experience in development co-operation in their past assignments in the ministry. As in other donors' programmes, Japanese authorities will continue to seek the appropriate balance between the advantages of development specialisation and other types of knowledge and experience in their officers. Given the higher relative importance of development co-operation in Japan's foreign policy, and the demands and promise of the new approaches to the field as outlined in the 1995 DAC statement on *Development Partnerships in the New Global Context*, there appears to be potential for the Japanese Government to further strengthen a career specialisation in development.

F. Ancillary programme resources

Ministry "windows"

Each of the ministries receiving an ODA allocation has an organisational entity or window for managing its portion of ODA. Aid related staff at MOF, MITI and EPA are indicated in Table 4 as staff of other ministries.

Table 4. Evolution of staff resources in Japanese ODA

	1st plan (1978-80)				2nd plan (1981-85)					3rd plan (1986-92), 4th plan (1988-92)							5th plan (1993-97)		Average annual growth rate	
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1984-94	1989-94
MOFA^a	151	154	173	183	197	205	213	224	236	251	270	285	305	329	348	371	387	405	6.1	5.8
<i>of which: overseas^b</i>	54	58	70	78	90	97	105	113	122	134	146	157	170	186	202	218	228	240	7.8	7.1
Other ministries^{a, c}	98	96	98	96	98	99	99	98	98	98	100	101	103	103	104	107	107	111	1.3	1.5
JICA	579	621	670	689	723	741	766	801	838	848	867	885	912	951	986	1 023	1 052	1 110	3.3	4.0
<i>of which: overseas</i>	57	76	84	93	104	111	119	124	139	147	156	164	175	202	228	260	283	297	9.1	11.2
OECD	186	199	215	226	235	242	239	242	245	248	252	261	267	274	285	297	309	327	3.1	4.1
<i>of which: overseas</i>	15	16	19	20	21	22	24	24	25	27	33	36	40	44	47	49	49	52	8.0	5.4
Total staff	1 014	1 070	1 156	1 194	1 253	1 287	1 317	1 365	1 417	1 445	1 489	1 532	1 587	1 657	1 723	1 798	1 855	1 953	3.6	4.2
<i>of which: overseas</i>	126	150	173	191	215	230	248	261	286	308	335	357	385	432	477	527	560	589	8.5	8.9
Share of field staff in total staff in per cent	12.4	14.0	15.0	16.0	17.2	17.9	18.8	19.1	20.2	21.3	22.5	23.3	24.3	26.1	27.7	29.3	30.2	30.2	4.7	4.4

a) Numbers indicated are those who are directly in charge of each ministry's ODA budget, while other bureaus of the ministry occasionally are involved

b) Attachés to MOFA missions from other ministries are counted as MOFA mission members.

c) Numbers indicated are those of aid-related staff of MOF, MITI and EPA.

Source: Ministry of Foreign Affairs.

Each such unit can draw on other parts of its ministry in a collaborative fashion if necessary in implementing ODA activities and this provides an additional support system for managing ODA. Moreover, by providing a large number of ministries with ODA allocations, a team approach is encouraged on the part of the entire government in support of ODA. As noted in Annex 5 concerning the mission to the Philippines, various ministries provide officers to staff the economic sections of Embassies in the field, so that a number of ministries beyond the "big four" are intensively involved in the ODA programme, bringing with them their range of sectoral contacts in Japan and in partner countries.

JICA experts and policy advisers

JICA experts stationed in almost all of the recipient countries of Japanese assistance play an important role in Japan's development co-operation. Moreover, they can assist in the identification and design of specific projects for eventual financing by Japan and other donors. JICA dispatches "policy advisers" to recipient countries to work in policy-making ministries and to assist in preparing and implementing national development plans in fields such as irrigation, agricultural development, environmental administration, or the overall economy. In FY 1994 JICA dispatched 104 policy advisers to 29 countries and plans to increase the number. In recent years there has been an increase in requests from countries in Indochina and from central and eastern European countries and the New Independent States (CEECs/NIS) for policy advisers on introducing a market economy.

Development specialists

With the rapid expansion of the technical co-operation programme the demand for experts in various fields has been growing. On the other hand, it has been increasingly difficult for JICA to recruit competent experts on a timely basis from government ministries and agencies, local municipalities and the private sector. Therefore, in 1983 JICA created an in-house expert programme, whereby a "development specialist" or a "life-work specialist" can be commissioned by the President of JICA. In the field, a development specialist functions as a project leader, a JICA expert or a long-term researcher, whereas in Japan he/she is on standby to give technical advice on various JICA activities on request. Sectors involving development specialists, which number 83 as of May 1995, now include almost every field of Japan's development co-operation. JICA also recruits associate specialists with three-year contracts – one year working at JICA headquarters to get a basic knowledge of aid administration, and then two years assigned as an expert abroad. Some development specialists are assigned to JICA field offices for project identification and design tasks.

Japan International Co-operation System (JICS)

JICS is a non-profit foundation established in 1989, whose staff numbered 114 in September 1994. JICS plays a supporting role in implementing grant aid and technical co-operation on a contract basis to MOFA and JICA. More specifically, in the field of grant aid JICS executes services like preliminary studies, implementation support for some grant aid, support for the procurement of materials and equipment, follow-up surveys, and equipment "after-care". In the field of technical co-operation JICS prepares equipment specifications, purchases and delivers equipment and dispatches experts.

Japan International Co-operation Centre (JICE)

JICE is also a non-profit foundation established in 1977. JICE has 143 regular staff and 128 contracted technical personnel, and has 510 firms and organisations as supporting members. JICE's main activity is to co-ordinate training in Japan. JICE provides a wide range of services to ensure effective training in Japan for participants from developing countries by JICA and its related organisations. Examples of its services include an initial orientation on Japan on their arrival, co-ordination with national ministries, regional bodies, private firms, universities and other institutions accepting participants, interpreting service and travel arrangements. JICE's other activities include public relations (ODA-related publications, symposia), health and welfare of development co-operation personnel. JICE has a number of registered interpreters and translators including some minor languages, used by JICA and other ODA-related bodies.

Local staff

Japan has been hesitant about hiring local professionals at the missions in developing countries partly because of problems of confidentiality and language. However, an evolution has been observed in both OECF and JICA. The OECF Manila office has a local professional who has a thorough knowledge of the programme (see Annex 5, Note on the field mission to the Philippines). In 1991 JICA also introduced a system to hire local professionals as overseas survey specialists, and in 1992 as advisers to resident representatives, now totalling 134 staff. More hiring of local professionals would accelerate capacity building in developing countries, in accordance with the ODA Charter, and would help in the effective implementation of Japanese assistance.

G. Field presence

Japan's ODA programme remains a centralised system with major decisions being made in Tokyo. Representation in the field, in addition to economic co-operation sections of MOFA diplomatic missions, consists of 16 OECF field offices, 52 JICA overseas offices, and a number of co-ordinators for JOCV. Neither JICA nor OECF field offices have significant authority in approving project identification and design. However, some devolution of responsibility to field missions has been observed in terms of grant assistance for grassroots projects run by the MOFA mission. It should also be noted that OECF field offices have in recent years begun to assume more responsibility than before in each stage of the project cycle, particularly in project findings, its formation, procurement and supervision.

Two types of annual government missions from headquarters (one for capital grants and TC, the other for yen loans) composed of members from relevant ministries and agencies are responsible for a large part of the programming in major recipient countries. Periodic high-level missions from Tokyo at four or five-year intervals conduct long-term overall policy dialogues with host countries. For an example of such a high-level mission see Annex 5 concerning the Katori mission to the Philippines.

A counsellor or a first secretary from the foreign ministry usually heads an economic co-operation section of the MOFA mission in a developing country. The section consists of diplomats from MOFA and *attachés* from line ministries concerned with development co-operation (see Annex 5, Note on the visit to the Philippines). Under leadership of the section head, co-ordination among staff from different backgrounds and interests is assured. Better integration of the ODA country policy in practice may be a task of Japanese field representation in the future, but to do this properly would require strengthening of field resources and authorities.

H. Country programming

One of the two fundamental principles of Japan's aid philosophy is changing. Japan has attached and will continue to attach central importance to the support for the self-help efforts of developing countries. On the other hand, as the 1994 annual ODA report states, it has become inappropriate to use the term "request basis principle", the other principle, to express Japan's attitude toward development co-operation. These two principles have been closely linked to ensure that unwelcome aid is not imposed on recipient countries and aid is only provided for projects assigned a high priority by the recipient country. In the past it had been pointed out that these elements would be difficult to reconcile with the idea of country programming which calls for somewhat more activism in planning and carrying on a policy dialogue with recipient countries over the content of aid programmes. As Japan becomes more pro-active in policy dialogue and project identification, there is a corresponding de-emphasis of the request basis principle.

In 1993 Japan began to publish its annual "State of Implementation" report for a Cabinet meeting on Japan's development co-operation. This report contains "ODA country policies" to major recipients (eleven in Asia, one in North Africa and Middle East, three in Sub-Saharan Africa and three in America as of June 1995) formulated on the basis of the past trends of ODA flows and the result of various policy dialogues. The country policy describes the position of the recipient of Japanese aid, priority areas or sectors and matters to be noted. Inasmuch as this report presents country policies, it goes beyond the JICA and OECF country and regional studies that have been conducted for many years, but did not have the standing of official country policies.

As stated above JICA and OECF have been accumulating experience in country and regional studies. JICA and OECF have their own research institutes, namely the Institute for International Co-operation (IFIC) and the Research Institute for Development Assistance (RTDA, established in 1993) respectively. Under the direction of MOFA, IFIC has organised country studies for fourteen countries and four regions since 1986 and five sectoral studies since 1988. JICA also prepares "country aid implementation guidelines", updated every year for some 40 countries, and maintains "country co-operation information files" on some 103 countries.

RIDA prepares "Country Reports" mapping out a country assistance strategy for OECF for major recipients every year and for other recipients on an *ad hoc* basis. RIDA also prepares "Regional Reports" and "Country Sector Studies", the latter of which compile recommendations and findings of detailed macroeconomic and sector-wise studies on a selective basis.

On the whole, the Japanese system for country strategies appears to be better defined than in the past. Integrating all of the instruments of development co-operation is a persistent difficulty for all donors. In the Japanese system, additional efforts may be necessary to improve the focus and coherence of technical assistance programmes provided by some ministries which operate outside the JICA framework. Efforts may also be necessary to improve the coherence of programmes implemented through bilateral and multilateral aid. However, the Japanese approach, based primarily on High-Level Missions for major recipients, supplemented by the additional elements noted above, seems to provide a balance between continuity and flexibility, and by all evidence is functioning satisfactorily.

I. Aid co-ordination

Japan has begun to assume an active, and sometimes leading, role in donors' efforts to improve aid co-ordination. Japan categorises aid co-ordination on several levels as follows:

Policy level

- multilateral: World Bank Consultative Groups, Multilateral Aid Initiative for the Philippines, International Committee on Reconstruction of Cambodia, Mongolian Assistance Group Meeting, United Nations Development Programme (UNDP) round tables;
- bilateral: aid policy consultation with the United States, the United Kingdom, France and other donors.

Project level

- multilateral: initiatives by the World Bank or United Nations in a specific sector like population, environment, flood control;
- bilateral: Joint projects or joint evaluations with other donors.

Japan pursues co-ordinated initiatives in some key areas, while recognising that joint or parallel projects with other donors may require more time and labour than a bilateral effort because of differences in budget policy approaches, aid administration, and management. Nonetheless, there is a growing list of such projects. Some examples of this type of project co-ordination are:

- the Batarn refugee centre in the Philippines (Japan/United States/United Nations High Commissioner for Refugees);
- the agricultural development project in North-East Thailand (Japan/US);
- the higher education development support project in Indonesia (Japan/US);
- the Bangladesh flood action plan (Japan/United Kingdom);
- a project to improve international telecommunications facilities in Comoros (France/Japan); and
- a health promotion project in Fiji (Australia/Japan), among others.

The Japanese authorities are also conscious of the overriding need for recipient countries to co-ordinate aid, a point emphasized in the DAC Principles for Effective Aid.

Chapter IV

Selected Issues

A. South-South co-operation and newly emerging donors

In 1993 Prime Minister Miyazawa launched a "South-South initiative" on the occasion of a meeting with the ASEAN countries. Japan has supported the idea actively since that time. Under this concept, less developed countries can benefit particularly from help by the developing countries which have attained a relatively higher level of development, and donors should seek ways to encourage and support this process.

A rationale for Japan's particular interest in promoting South-South Co-operation can be found in Japan's ODA Charter (Chapter IV, Measures for the effective implementation of ODA) which says:

"In order to contribute to the transfer of technology suitable for the level of the development of the recipient countries, Japan will promote the development of relevant technologies and will provide such assistance as will enable the adequate utilisation of the knowledge and technologies possessed by other developing countries."

The idea could be traced back to the Technical Co-operation among Developing Countries (TCDC) programme promoted by UNDP some years ago. Japan has become interested in new claimants for development assistance in Asia, such as Viet Nam, Cambodia, Laos, and Central Asian Republics. The fact that ODA disbursements of DAC countries have not kept pace with needs is another reason for seeking alternative or additional solutions to meet these needs. South-South co-operation is a concept which is appealing because it also relates to the idea of regional co-operation within Asia, although it need not be limited to Asian countries.

Japan's support for South-South Co-operation is currently operating in several ways. One approach is through third-country training programmes, wherein a "third" country, which was originally or still is a recipient of Japanese assistance, can offer facilities to train personnel of other neighbouring countries in order to transfer experience and technologies of both the third country and Japan. Japan will assist the third country by dispatching lecturers and subsidising part of the expenditure. One of the benefits of this programme is that participants can usually stay in the same region with similar social and cultural life as their own and learn the technologies applicable to their own country. In FY 1993 more than 20 "third" countries, such as Chile, Costa Rica, Egypt, Jordan and ASEAN countries, received participants from more than 100 countries. Japan's Partnership Programme Agreement aims at fleshing out the idea of South-South Co-operation in terms of increasing third-country training, cost-sharing and other partner involvement. Such agreements have been concluded with Singapore and Thailand.

In another type of South-South co-operation, Japan has been carrying out what is called "triangular co-operation" in Cambodia together with ASEAN countries. This arrangement provides technical assistance to promote the resettlement of Cambodian refugees who have returned home. Experts from Indonesia, Malaysia, the Philippines, Thailand and Japan are taking part along with JOCV to consolidate agricultural infrastructure and promote rural development. The project is funded by earmarked parts of Japan's contribution to UNHCR and UNDP, together with Japanese grants.

A programme called "the third-country expert" was launched in 1995. One example is the dispatching of a Singaporean expert in mechanical engineering to teach at the University of Indonesia, funded by Japan.

Japan has also supported technical co-operation extended by specialised international organisations to certain developing countries with the co-operation of more advanced developing countries, the latter dispatching experts. In this connection Japan has helped to reactivate the Colombo Plan to transform it into the co-ordinating body for South-South co-operation.

As South-South co-operation proceeds and expands, a number of more advanced countries are being encouraged to increase their donor activities. Japan has also provided technical assistance and advice to newly emerging donors and encouraged them to expand their programmes. Examples are Korea and Thailand which have been provided opportunities for exchange of information and training.

B. Global Issues Initiative (GII) – population and AIDS

At its last review in 1993 the DAC urged Japan, the largest contributor to UNFPA and IPPF since the mid-1980s, to increase its bilateral assistance in the field of population and family planning. Since that time there has been considerable movement and Japan has been working to strengthen its bilateral capabilities and expand its programmes. In February 1994 Japan announced the GII on population and AIDS, pledging \$3 billion over the seven years from FY 1994 to FY 2000 to help respond to these challenges.

GII was formulated as part of a Japan/United States co-operation effort called the "common agenda" in conjunction with the International Conference on AIDS in Yokohama and the International Conference on Population and Development in Cairo both in 1994. Twelve countries were chosen as priority partners for this initiative: six in Asia, five in Africa, and one in Central America.

Japan classifies its assistance in the field of population and family planning into two categories: direct and indirect. Direct co-operation is aimed at reducing the population growth rate by promoting family planning. Indirect co-operation reflects the idea that closely related areas, such as primary health care, medical services for women and children, elementary education, particularly for girls, and women's empowerment can have an important impact on the overall population problem and help to provide a comprehensive solution, in conjunction with direct family planning programmes. Bilateral assistance is implemented mainly through project-type technical co-operation (the aggregate comes to 20 projects in 14 countries), training in Japan, grassroots grants, and grants for NGOs. The Japanesc Organisation for International Co-operation in Family Planning (JOICFP), known in the international community for its effective client programmes, is active in this programme.

WHO's Global Programme on AIDS has been a main vehicle for Japan to contribute to international efforts against AIDS. Japan contributed \$5.5 million to the Programme in FY 1994. On the bilateral side, with rather limited expertise available domestically, the grassroots grant programme mobilises the efforts of NGOs. The Philippines field visit for this Review allowed for some assessment of progress on the Japan/US joint project on population and AIDS in that country (see Annex 5).

C. Environment

As a basic principle in the ODA Charter, environmental conservation and development are to be pursued in tandem. Japan has worked to introduce this goal into its programmes over several years. The Basic Environmental Act of Japan, which came into effect in November 1993, includes the promotion of international collaboration. At UNCED in Rio de Janeiro in June 1992, Japanese Prime Minister Miyazawa pledged to expand Japan's bilateral and multilateral ODA in the field of environment to between Y 900 billion and Y 1 trillion (\$7 billion to \$7.7 billion at June 1992 rate) during the five-year period starting FY 1992. Japan had disbursed almost 70 per cent of the target, some Y 700 billion, in the three-year period FY 1992 to FY 1994.

Japan has dispatched 11 policy dialogue missions on environment since 1989. High-level missions on economic co-operation and annual consultation with major recipients also provide opportunities to pursue Japan's goals for ODA in the field of environment. For example, on the occasion of its annual consultation on the fourth yen loan package to China, Japan put top priority on the environment and related projects. During the field visit to the Philippines, the Review Team learned that Japan also worked with Filipino authorities to increase the priority in environment, introducing a project identification study on environmental projects in 1993 (see Annex 5).

Japan has financed the establishment of environmental conservation centres in China, Indonesia and Thailand. Capital grants were provided for buildings and equipment, while project-type co-operation is provided to the centres to assist the partner countries in developing human resources in the environmental field.

Another tool is the use of two-step loans to help small- and medium-sized industries and local governments to introduce necessary environmental measures. Assistance to improve the living environment such as water supply, sewerage system, and waste disposal facilities have accounted for more than 50 per cent of Japan's environmental aid. Japan is also active in forest preservation, pollution control and disaster prevention.

JICA's guidelines for environmental coverage in development studies include 20 sectors, and JICA has been conducting country-by-country environmental profile studies since 1992. In August 1992, OECF started preparing country environment profiles and revised its environment guidelines covering 17 sectors. Participation of environmental specialists in preliminary surveys is generally practised in both agencies. Finally, MITI launched the Green Aid Plan in 1992 to tackle energy and environmental problems in some developing countries.

D. Poverty alleviation and social justice

Japan's approach to social development and poverty alleviation starts from the premise that it is necessary to combine aid in basic human needs (BHN) and economic infrastructure in a balanced manner, along with the self-help efforts of the recipient, so as to produce a cumulative effect. Japan believes that a demonstration of how this approach can have impact is suggested by the economic success of certain East Asian countries where Japan has provided bilateral ODA for BHN in education, health and population, along with its heavy involvement in economic infrastructure in transport, communication and energy and other areas.

Various ingredients in this programme for social development include:

- training (see Annex 6 on the Okinawa Training Centre) where Japan receives trainees and students from developing countries and also dispatches experts and volunteers to help build up human resources;
- social sector assistance in education, health, and agriculture (raising productivity of agriculture being essential to reduce malnutrition);
- working to help reduce regional disparities through a multifaceted approach through such measures as income policies, increasing the food supply, improving the living environment;
- environmental issues (water supply, waste disposal, deforestation, population pressure) aiming at sustainable development; and
- grassroots work through NGOs.

One of the key stated Japanese approaches for assisting developing countries is to combine aid in the areas of economic infrastructure and BHN in order to produce a cumulative effect. Japan emphasizes the need to lay the basis for economic expansion by financing infrastructure (electricity, transport and communications and other areas) and fostering small and medium-sized enterprise and stimulating basic industries in agriculture, forestry and fisheries. At this point human resources are the key to development, which is why education and vocational training have been increasingly important in Japan's ODA strategy. Finally, South-South co-operation can play a role in the effort to promote the use of appropriate technology, transfer of experience as well as mobilising financial resources from advanced developing countries for the betterment of other less-developed countries.

The ODA Charter calls for full attention to be paid to democratisation efforts and basic human rights in recipient countries. Women's status, as well as the situation of others socially disadvantaged (disabled, children, aged, and ethnic minorities) are all elements to be included within the idea of democratisation and basic human rights and various aspects of the ODA programme are related to these efforts.

In sum, the Japanese approach to social development and poverty alleviation is composed of a number of elements working together, with the balance at any time depending on the situation in the recipient country. There does seem to be a movement towards greater emphasis on social development in Japan's total bilateral ODA (see sectoral analysis below). Moreover, Japanese authorities expressed to the Secretariat on several levels their intention to continue to seek ways of intensifying and expanding the "software" aspects of the programme and social development activities. It is clear that this will be done without abandoning support for basic infrastructure, which Japanese authorities believe is also essential for economic development.

E. Non-governmental organisations (NGOs)

Japan's network of development NGOs is not as strong as in many DAC countries and there has been a history of some tension between government and NGOs. On the other hand, as was pointed out in the OECD Development Centre Study "Non-Government Organisations and Governments: Stakeholders for Development" (1993), p. 117: "Many organisations that would elsewhere be regarded as parastatals or government creations have, at least until recently, been categorised as NGOs." Increasingly, all parties now seem to see potential for mutual benefits from further co-operation. Significantly, Japanese NGOs for the first time were included in Japan's official delegation to ICPD, Cairo, in 1994, to the Copenhagen Social Summit (1995), and to the World Conference on Women, Beijing, in 1995.

Japan has three instruments to promote NGO activities with ODA funds, two of which are managed by MOFA in headquarters, namely: non-profit foundation subsidy and subsidy system for NGO projects in developing countries. The latter enables an NGO activity to be funded up to half of the project cost. The third instrument to support NGOs is grant assistance for grassroots projects, mainly under the responsibility of local MOFA missions. The grassroots programme can provide up to Y 10 million per project for activities of entities in developing countries such as local government and Japanese and foreign NGOs. Since its commencement in 1989 grassroots assistance has been highly appreciated in the field and has grown considerably. For FY 1995

Y 3 000 million was appropriated for this purpose, six times more than in 1989. In terms of its share in total ODA, Japan's assistance through NGOs has been modest but steadily increasing up to 1.2 per cent in 1993. Japan has also introduced a system in which the government shares the cost for insurance premiums for development volunteers working abroad.

In FY 1994 MOFA created an NGO Assistance Division. This Division and some Japanese NGOs engaged in foreign assistance, co-ordinate and consult with each other. Some NGOs have recommended that, in addition to financial support, they be more involved in the ODA process in terms of preliminary surveys, project implementation and evaluation. Expanding the partnership with NGOs is part of the government's future work programme. Further, granting of legal status and tax exemption/deductibility to NGOs is an important issue, particularly to smaller and medium-sized NGOs, whose legal status at present is unclear and for most of whom registration procedures are beyond their means. It appears that these issues are being examined by the government.

F. Participatory development and good governance

The rapidly increasing support being given to NGOs and efforts to involve municipalities in aid activities have – to the extent that these organisations tend to work more closely with local bodies – facilitated more decentralised forms of co-operation under Japanese ODA and thus contributed to the promotion of participatory development. Moreover, participatory development has become a theme across-the-board in many Japanese projects and is increasingly taken into consideration in the design and implementation of projects. Japanese authorities are intent on increasing the attention paid to social type projects in the future and these will undoubtedly require a high participatory content.

Japan's ODA Charter prescribes that full attention be paid to every recipient country's record in relation to excessive military expenditure, arms trade, promotion of market economy and democratisation, and securing human rights. There have been a number of cases (Haiti, Kenya, Nigeria, Malawi, Sierra Leone, Myanmar, etc.) where Japanese authorities have applied those principles on a case-by-case basis.

One noteworthy case of applying the ODA Charter followed the testing of a nuclear device by China in August 1995, whereafter Japan announced that it would, in principle, suspend grant aid unless the suspension of nuclear tests is confirmed.

Although Japan's position with respect to aid for democratisation was cautious in the past, Japan has been increasingly active since the ODA Charter adopted in 1992. Steady effort, for instance by Japan, and other members of the international community, no doubt contributed to the release of the Nobel Peace Prize Laureate, Aun San Su-Chi, in Myanmar.

Japan decided in 1995 to tap the budget for emergency assistance to support democratisation in developing countries. As a first case, Japan decided in May 1995 to contribute \$504 000 to the Trust Fund for Electoral Assistance of the UN to assist the parliamentary and local elections in Haiti. The telecommunications equipment and vehicles needed for the elections were financed by this grant. Japan also decided in August 1995 to contribute \$509 000 to the Government of the United Republic of Tanzania to assist the presidential and parliamentary elections in Tanzania. Ballot boxes, election complaint forms, and installation and rental charges for a telex communication system were financed by this grant.

Japan has also contributed to the reconstruction and democratisation of such countries as Cambodia, El Salvador, Mozambique, Nicaragua, Palestinian-administered areas, and Viet Nam by providing technical co-operation in public administration and law, as well as capital assistance.

G. Local government initiatives – decentralised co-operation

As noted in the ODA Charter, Japan sees benefits in co-operating with local governments from the viewpoint of increasing public support and taking advantage of local expertise. Much expertise in such sectors as agriculture, sanitation, water supply and sewerage, and pollution control exists within local governments. Dispatch of local officials as experts and receiving trainees in local institutions in these specific fields have been increasing. Japan's Ministry of Home Affairs wishes to promote development co-operation by local governments and extends grants for this purpose. One of the challenges in this respect will be to enhance local government capacity to plan, implement and evaluate aid activities.

H. WID and gender considerations

Japan participated at the Fourth World Conference on Women in Beijing in September 1995 and announced the "Initiative on Women in Development". Special attention will be paid to the three priority areas in this initiative, namely "education", "health" and "economic and social participation" for sustainable economic and social development. Japan expressed the intention to make further efforts to incorporate gender concerns in all ODA projects at every stage of the project cycle (formulation, implementation, and evaluation). Throughout the process Japan intends to seek co-operation from other donors, international organisations, and NGOs. In FY 1993, WID-related project commitments amounted to about \$600 million. As a follow-up to Beijing, Japan will hold several WID seminars and workshops drawing on the Japanese Women-in-Development Fund (JWIDF), started in FY 1995 with initial funding of \$1 million. The fund will be administered by UNDP to finance projects that the Government of Japan and UNDP deem appropriate. Two activities already identified are:

- Indochina regional WID seminar in Hanoi, Viet Nam in late 1995 or early 1996 to provide a framework for action on WID in the region; and
- Africa regional WID seminar in 1996 to focus on the specific difficulties that women in Africa face.

Since the adoption of the revised DAC's WID Guiding Principles in 1989 Japan has greatly strengthened its efforts in WID. One step was the decision to appoint WID co-ordinators in local MOFA missions located in all the recipient countries of Japanese aid. JICA and OECF each have their own WID guidelines and a division for the administration of WID related projects. MOFA has designated WID officers in all divisions of its Economic Co-operation Bureau. In FY 1995 funding is assured for several project identification missions for WID projects and to contribute to WID funds in multilateral organisations (UNDP, IFAD).

At the Japan-US Summit Meeting in January 1995, WID entered as one of the co-operative areas of "the Common Agenda for Co-operation in Global Perspective", which is a bilateral co-operative framework for global issues established in 1993. In the first working group meeting in May 1995, both governments discussed concrete co-ordinated efforts and decided to start with co-operation in two areas: girls' education and microenterprise development. A joint planning mission was sent to Guatemala in July 1995 on girls' school participation.

Medical and health sector projects, such as maternal health and family planning, represented two-thirds of the WID-related project-type technical co-operation projects in FY 1993. Development studies and capital grants are being conducted in fields like rural development, water supply and education. In addition, some grant assistance for grassroots projects are related to this type of activity. Looking at Japanese programmes over several years, there has been a significant increase in WID activity and emphasis both in the overall administration of ODA and in projects. However, they would benefit from further progress in this field, especially in relation to increasing gender awareness among all staff working in development co-operation and further expanding WID capacity in the aid delivery system.

I. Tying and procurement problems

Japan began to untie ODA loans in the late 1970s. Since then, Japan has made progress towards untying as is shown in Table 5. The share of untied lending in bilateral ODA loan commitments has been increasing, reaching 98.3 per cent in 1994. No fully tied loans have been extended since 1988.

Grant procurement is limited to Japanese firms but not to Japanese goods and services, with non-project grant aid being untied. Technical co-operation, which represents some 15 per cent of total bilateral commitments in 1992/93, is almost fully tied, although some foreign consultants and experts are employed usually as sub-contractors.

During the 1980s, private companies tended to show less interest in ODA-related projects. The Japanese Government decided to move towards more untying of aid to a point of almost complete untying of ODA loans by OECF. The result has been to expose Japanese companies to international competitive bidding and they have received less yen loan project orders in recent years. With the recession in Japan, some domestic commercial interests have begun to question this situation. However, DAC tying statistics show that total Japanese ODA has become increasingly untied going from 28 per cent untied in 1972 to 84 per cent in 1993. According to OECF statistics, Japanese enterprises accounted for 27 per cent of the total value of all contracts receiving OECF approval in FY 1994. Developing countries' enterprises accounted for 57 per cent, enterprises in industrial countries other than Japan accounted for 16 per cent.

In the mutual scrutiny of procurement records, other exporting countries have expressed interest in the extent to which contract-winners in developing countries themselves may have been Japanese subsidiaries or affiliates. In a Japanese Government-sponsored "Survey on Japanese Yen Loan (Local Contractor Study)"

Table 5. Tying status of bilateral ODA commitments

	1982/83		1987/88		1992/93		For reference : total DAC 1992/93 ^a
	Current \$ million	Per cent of total	Current \$ million	Per cent of total	Current \$ million	Per cent of total	Per cent of total
Directly financing imports	2 289	83.1	7 059	73.6	7 030	54.7	39.0
<i>of which:</i>							
a) Untied	1 427	51.8	5 140	53.6	6 253	48.6	19.9
b) Partially untied	570	20.7	1 723	18.0	760	5.9	6.0
c) Tied	292	10.6	196	2.0	17	0.1	10.7
Aid in kind	—	—	—	—	—	—	2.9
Not directly financing imports	98	3.5	1 417	14.8	3 954	30.7	34.1
<i>of which:</i>							
a) Budget and balance-of-payments support	—	—	33	0.3	860	6.7	10.4
b) Local cost	66	2.4	685	7.1	1 181	9.2	5.4
c) Debt relief	31	1.1	686	7.2	1 602	12.5	14.0
d) Other	1	0.0	13	0.1	310	2.4	4.4
Technical co-operation	369	13.4	1 118	11.7	1 875	14.6	23.9
<i>of which:</i>							
a) Untied	—	—	—	—	—	—	3.4
b) Partially untied	—	—	—	—	—	—	2.4
c) Tied	369	13.4	1 118	11.7	1 875	14.6	15.8
Total bilateral commitments	2 755	100.0	9 593	100.0	12 858	100.0	100.0
<i>of which:</i>							
a) Untied	1 524	55.3	6 556	68.3	10 206	79.4	57.5
b) Partially untied	570	20.7	1 723	18.0	760	5.9	8.4
c) Tied	661	24.0	1 314	13.7	1 892	14.7	33.6

^a Secretariat estimate based on incomplete reporting

Source: OECD.

(November 1994) in India, Indonesia, Malaysia, the Philippines and Thailand, 31 contractors (45 contracts) for orders of Y 1 billion from FY 1991 to FY 1993 under yen loans were surveyed. It was found that none of the surveyed companies was a Japanese affiliate/subsidiary. During the Aid Review mission to the Philippines, a random sample survey by the team found that local suppliers appeared to dominate with some participation by both Japanese and other foreign subsidiaries.

Japan's procurement practices for loans and grants differ. Loans implemented by OECF are generally untied globally and are subject to International Competitive Bidding (ICB) under the responsibility of the recipient country. Some partially untied loans are still provided on a case-by-case basis, essentially on recipient request. In 1994 ODA loans were 98.3 per cent untied. Grant assistance implemented by MOFA is reported as 96.7 per cent untied. Technical co-operation is normally tied.

Since the last DAC Review of Japan, significant procurement irregularities or abuses have come to light. The legal and administrative system for correcting these problems seems to have functioned properly in Japan. In one highly-publicised case, MOFA and JICA took action against 39 companies accused of forming cartels in supplying equipment for Japanese technical assistance and capital grants. The Fair Trade Commission of Japan uncovered this bid rigging in March 1995. Offenders, including some of Japan's major trading groups, were banned temporarily from tendering for foreign aid contracts.

In order to enhance transparency, equality and competitiveness, in FY 1994 JICA moved to complete competitive bidding (from its previous limited system) for any contract of more than Y 100 million for equipment related to technical co-operation. It plans to lower the limit to Y 25 million in FY 1995. At the same time, JICA strengthened its internal inspection facility and promoted information disclosure on tenders and successful bidders. For capital grants, complete competitive bidding has often been practised in line with the relevant procurement guidelines. In addition to this, with respect to grant aid Japan has decided to ease the restrictions on a company's qualification for bidding, to strengthen JICA's capacity to examine documents, and to disclose information on tenders and successful bidders.

Chapter V

ODA Volume and Main Outline of the Programme

A. Volume trends

With net ODA disbursements of \$13.24 billion in 1994 (see Tables 1 and 2), Japan has consolidated its position as the leading donor in volume terms, ahead of the United States, France and Germany. The Japanese aid effort has made the largest contribution to net DAC ODA growth over the past 15 years and accounted for nearly 23 per cent of total disbursements by DAC Member countries in 1994. If its Fifth Medium-Term Plan (disbursements of \$70-75 billion in 1993-97) is to be achieved, Japan will need to increase its ODA level over the period 1995-97 to an average of \$15.2 billion per year.

At constant prices and exchange rates, Japan's GNP rose by 0.4 per cent from 1993 to 1994, while ODA increased by 7.9 per cent over the same period. In terms of growth between 1983¹⁸⁴ and 1993¹⁹⁴, ODA rose by 1.7 per cent on average annually, falling well short of the average annual GNP growth rate of 3.7 per cent. These rates compare favourably, however, with the corresponding DAC average figures of 1.4 per cent annual growth in ODA ranged against an annual average increase in GNP of 2.9 per cent.

On the relative performance scale, after having registered an ODA/GNP ratio of 0.27 per cent in 1993 – its lowest level since 1979 – Japan's ODA as a share of GNP went up to 0.29 per cent in 1994 (see Graph 1). This was equal to the average of the 21 DAC countries and placed Japan fourteenth amongst DAC donors and fifth amongst the G7 countries. Japan has never exceeded the DAC ODA/GNP average and has not yet reached half the UN 0.7 per cent target. This target was most recently affirmed by the Japanese Delegation at the 1992 Rio Summit.

At \$9.56 billion in 1994, bilateral disbursements increased by 9.0 per cent in real terms over the previous year while contributions to multilateral organisations progressed 5.1 per cent to \$3.68 billion. From 1983¹⁸⁴ to 1993¹⁹⁴, average annual bilateral growth was 3.5 per cent, double the 1.8 per cent rate recorded by the DAC, while Japanese multilateral ODA declined by 1.8 per cent on average annually, compared with an average annual growth of 0.4 per cent for DAC countries.

B. Main categories of the programme

At 72.2 per cent, the **bilateral** share of total Japanese ODA in 1994 was only slightly higher than the DAC average of 69.4 per cent (see Table 6). However, at 40.0 per cent of total ODA, the **share of grants** in the Japanese programme is significantly lower than the DAC average of 60.7 per cent while the **proportion of loans**, 32.2 per cent of total Japanese ODA, is dramatically higher than the DAC average of 8.7 per cent. Over recent years and in keeping with the targets of recent Mid-Term Plans, the share of grants in the Japanese programme has been increasing, and the share of loans decreasing, with a consequent softening of overall terms. Grants represented 51.5 per cent of the ODA operational budget for FY 1995.

Technical co-operation continues to be a relatively small part of the Japanese programme, constituting 16.6 per cent of total ODA in 1994 compared with the DAC average of 22.3 per cent. The share of technical co-operation has, however, been increasing over recent years.

Bilateral food aid and emergency aid are relatively small components of the Japanese programme (0.4 per cent and 0.2 per cent respectively). Japan provides grant aid for emergency assistance either directly to the country affected or through such organisations as UNHCR. In FY 1994, Japan disbursed more than \$70 million for China, Ex-Yugoslavia, Haiti, Rwanda and other affected countries and areas. As a form of technical co-operation, JICA dispatches the Japan Disaster Relief Teams (JDR) to provide emergency relief operations in response to requests from disaster-affected countries, and/or international organisations. JDRs can be dispatched within 24 hours and a medical team within 48 hours.

Table 6. ODA net disbursements by main categories

	At constant 1993 prices and exchange rates \$ million				% of total net ODA				For reference : Total DAC: ■ of total net ODA			
	1988/89	1992	1993	1994	1988/89	1992	1993	1994	1988/89	1992	1993	1994 ^{a)}
Bilateral	8 554	9 648	8 044	8 771	73.0	75.2	71.4	72.2	70.0	68.7	69.7	69.4
Grants	3 852	4 330	4 499	4 863	32.9	33.7	40.0	40.0	54.5	55.5	59.2	60.7
Development projects and programmes	1 721	1 566	1 568	1 644	14.7	12.2	13.9	13.5	20.2	15.2	14.9	3.6
Technical co-operation	1 444	1 788	1 871	2 013	12.3	13.9	16.6	16.6	20.6	21.7	23.0	22.3
Food aid	97	65	43	50	0.8	0.5	0.4	0.4	3.8	2.8	3.0	3.0
Emergency aid (other than food aid)	19	17	40	29	0.2	0.1	0.4	0.2	1.6	4.1	5.7	6.3
Debt forgiveness	127	237	266	377	1.1	1.8	2.4	3.1	1.0	4.8	4.8	0.3
Support through NGOs	95	140	142	155	0.8	1.1	1.3	1.3	1.9	1.6	1.9	0.8
Administrative costs	346	514	564	584	3.0	4.0	5.0	4.8	3.7	3.9	4.5	0.7
Other grants	3	3	4	12	0.0	0.0	0.0	0.1	1.6	1.3	1.4	0.3
Loans	4 702	5 318	3 545	3 908	40.1	41.4	31.5	32.2	15.5	13.3	10.5	8.7
<i>For reference:</i>												
Associated financing	—	—	—	—	—	—	—	—	1.0	1.0	0.9	0.3
Multilateral	3 163	3 183	3 215	3 378	27.0	24.8	28.6	27.8	30.0	31.3	30.3	30.5
UN agencies	572	693	593	622	4.9	5.4	5.3	5.1	7.5	7.5	7.3	7.0
<i>of which:</i>												
WFP	104	106	89	94	0.9	0.8	0.8	0.8	1.6	1.3	1.4	0.5
UNDP	106	112	103	141	0.9	0.9	0.9	1.2	2.0	1.7	1.6	0.5
UNICEF	33	32	30	28	0.3	0.3	0.3	0.2	0.7	0.7	0.6	0.2
UNFPA	69	68	63	62	0.6	0.5	0.6	0.5	0.4	0.4	0.4	—
World Bank group	1 604	1 476	1 603	1 618	13.7	11.5	14.2	13.3	10.6	11.2	9.6	1.5
<i>of which:</i> IDA	1 361	1 312	1 414	1 411	11.6	10.2	12.6	11.6	9.3	10.0	8.8	1.5
Regional development banks	900	837	892	1 024	7.7	6.5	7.9	8.4	4.4	3.8	4.4	4.6
Other multilateral	87	177	127	114	0.7	1.4	1.1	0.9	7.5	8.7	9.0	8.9
Total ODA net disbursements	11 717	12 831	11 259	12 149	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>of which:</i> Food aid	126	65	43	50	1.1	0.5	0.4	0.4	7.6	5.3	5.4	3.1

a) Secretariat estimate based on incomplete reporting.

Source: OECD.

Japanese legislation and regulations do not permit debt forgiveness as such, which makes it difficult for Japan to respond flexibly to international concerns on this matter. Instead, Japan makes use of "equivalent action" when extending debt relief. Action takes the form of untied debt relief grants which have been extended to LLDCs and the most seriously affected countries (MSACs) since 1978 in pursuance of United Nations Conference on Trade and Development (UNCTAD) TDB Resolution 165. In FY 1994 Japan disbursed about \$20 million under this scheme.

C. Geographical distribution

The geographical allocation of Japanese assistance is reflected in Tables 7 and 8, which show bilateral geographical distribution of Japanese aid and major recipients. These are China, Indonesia, the Philippines, India and Thailand. These five countries received 53 per cent of bilateral Japanese ODA in 1993/94. In 1993, Japan was the largest donor in 34 recipient countries.

Asia continues to be a priority region for Japan's ODA as specified in the ODA Charter. This pattern arises from the recognition that further economic growth of East Asian countries is essential for Japan and the region, whereas some other Asian countries have large segments of the population who still suffer from extreme poverty. The former is full of vigour in demanding ODA loans to finance large infrastructure for economic take-off although some began suffering from the recent rapid yen appreciation for repayments.

Table 7. Allocable ODA net disbursements by major groupings, regions and main recipients

i) Summary table

	ODA disbursements at constant 1993 prices and exchange rates				Average annual change in real terms		Share of bilateral ODA				<i>For reference:</i> Total DAC: share of bilateral ODA			
	\$ million				Per cent		Per cent				Per cent			
	1983/84	1988/89	1993	1994	1983/84 1988/89	1988/89 1993/94	1983/84	1988/89	1993	1994	1983/84	1988/89	1993	1994 ^a
Sub-Saharan Africa	644	1 311	978	1 067	15.3	-4.9	11.4	16.6	13.7	13.9	29.2	34.5	32.6	31.0
Low-income countries	599	1 167	866	946	14.3	-4.9	10.6	14.8	12.1	12.4	24.3	28.9	25.1	23.1
Other	45	144	112	121	26.3	-4.2	0.8	1.8	1.6	1.6	4.9	5.6	7.5	7.8
North Africa and Middle East	407	417	493	660	0.5	6.7	7.2	5.3	6.9	8.6	22.7	15.1	14.9	16.9
Low-income countries	184	224	312	194	4.0	2.5	3.3	2.8	4.4	2.5	9.8	6.1	6.4	7.5
Other	224	193	181	466	-2.9	10.8	4.0	2.4	2.5	6.1	12.9	9.0	8.5	9.4
Asia	3 895	5 308	4 801	5 038	6.4	-1.5	69.0	67.1	67.1	65.8	27.9	32.2	30.6	31.4
Low-income countries	2 543	4 021	3 640	4 095	9.6	-0.8	45.1	50.9	50.9	53.5	21.9	26.2	23.6	25.5
Other	1 352	1 287	1 160	943	-1.0	-4.0	24.0	16.3	16.2	12.3	6.1	6.0	7.0	5.8
America	572	624	734	759	1.7	3.6	10.1	7.9	10.3	9.9	12.6	12.3	12.2	11.1
Low-income countries	44	76	82	95	11.5	3.0	0.8	1.0	1.2	1.2	1.9	2.1	1.8	3.6
Other	528	548	651	664	0.7	3.7	9.4	6.9	9.1	8.7	10.8	10.2	10.4	7.5
Oceania	52	112	135	115	16.6	2.3	0.9	1.4	1.9	1.5	5.7	4.7	4.4	4.8
Europe	73	135	14	17	12.9	-35.0	1.3	1.7	0.2	0.2	1.7	1.2	5.3	4.8
Total bilateral allocable	5 644	7 906	7 155	7 656	7.0	-1.3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Memo items:</i>														
Least-developed countries	1 074	1 633	1 196	1 353	8.7	-4.8	19.0	20.7	16.7	17.7	27.8	31.4	27.4	27.9
Other low-income countries	2 312	3 895	3 754	4 027	11.0	-0.0	41.0	49.3	52.5	52.6	30.5	32.4	29.9	32.3
Lower middle-income countries	1 598	1 975	1 952	2 017	4.3	0.1	28.3	25.0	27.3	26.3	25.6	24.5	31.3	29.3
Upper middle-income countries	613	373	220	226	-9.5	-9.8	10.9	4.7	3.1	3.0	6.2	5.6	6.1	4.9
High-income countries	47	30	32	26	-8.4	-1.0	0.8	0.4	0.4	0.3	9.8	6.2	5.2	5.0
Unallocated (additional to total shown)	298	646	889	1 115	16.7	9.2	5.3	8.2	12.4	14.6	18.1	22.9	24.7	23.7

a) Secretariat estimate based on incomplete reporting.

Source: OECD.

Table 7. Allocable ODA net disbursements by major groupings, regions and main recipients (continued)

ii) Detailed table

	1993 \$ million				Japan's ODA as a share of total DAC ODA (%)			
	1983/84	1988/89	1993	1994	1983/84	1988/89	1993	1994 ^a
Sub-Saharan Africa	644	1 311	978	1 067	5.8	11.1	9.5	11.6
Low-income countries	599	1 167	866	946	6.4	11.8	11.0	13.8
of which: Ghana	24	105	83	124	12.8	27.4	26.9	40.7
Kenya	101	189	142	118	13.0	23.8	33.1	33.2
Tanzania	69	103	89	96	6.7	10.8	13.7	18.9
Zambia	30	99	91	98	6.6	21.3	17.8	25.6
North Africa and Middle East	407	417	493	660	4.7	8.1	10.5	13.1
Low-income countries	184	224	312	194	4.9	10.8	15.5	8.7
of which: Egypt	161	161	275	173	4.6	8.8	15.1	8.2
Lower middle-income countries	151	173	156	446	9.2	11.9	11.4	27.9
of which: Syria	22	96	76	303	21.0	53.8	67.3	91.4
Asia	3 895	5 308	4 801	5 038	36.6	48.2	49.8	54.0
Low-income countries	2 543	4 021	3 640	4 095	30.5	44.9	48.9	54.0
of which: Bangladesh	278	462	185	209	18.1	37.4	27.7	27.2
China	905	978	1 351	1 358	74.3	55.5	60.3	66.3
India	187	284	296	814	10.9	20.8	35.6	64.7
Indonesia	495	1 382	1 149	813	34.5	66.5	59.7	58.8
Myanmar (Burma)	256	211	69	123	57.3	78.3	88.7	93.7
Nepal	70	91	111	109	27.3	29.5	45.2	44.7
Pakistan	171	308	188	249	25.1	28.4	38.4	54.1
Sri Lanka	168	249	147	196	20.6	46.2	53.8	64.1
Lower middle-income countries	964	1 159	1 169	1 004	55.8	65.6	57.2	63.3
of which: Philippines	376	605	758	543	43.0	60.6	56.7	64.3
Thailand	588	552	350	351	68.9	72.5	61.8	71.1
Upper middle-income countries	345	104	-37	-82	67.5	55.1	-35.0	-72.0
of which: Malaysia	411	69	-22	5	76.1	45.7	-25.1	8.3
America	572	624	734	759	11.9	14.8	19.1	23.0
Lower middle-income countries	334	331	421	376	10.4	12.6	19.4	24.4
of which: Bolivia	79	84	61	74	26.5	23.7	14.9	22.5
Upper middle-income countries	194	217	231	289	22.7	25.0	20.9	41.1
of which: Brazil	77	124	79	82	26.9	49.4	53.4	45.8
Mexico	95	41	81	168	36.7	27.7	21.3	72.6
Oceania	52	112	135	115	2.4	7.0	9.8	8.0
Europe	73	135	14	17	11.1	33.3	0.8	1.2
Total bilateral allocable	5 644	7 906	7 155	7 650	14.8	23.1	22.7	25.9
<i>Memo items:</i>								
Least-developed countries	1 074	1 633	1 196	1 353	10.1	15.3	13.8	16.3
Other low-income countries	2 312	3 895	3 754	4 027	19.8	35.1	39.8	42.0
Lower middle-income countries	1 598	1 975	1 952	2 017	16.3	23.6	19.8	23.1
Upper middle-income countries	613	373	220	226	25.8	19.4	11.4	15.5
High-income countries	47	30	32	26	1.3	1.4	1.9	1.7
Unallocated (additional to total shown)	298	646	889	1 115	4.3	8.2	11.4	15.8

b) Secretariat estimate based on incomplete reporting

Source: OECD.

Table 8. Major recipients of bilateral ODA net disbursements

Rank	1983/84				1988/89				1993/94			
	Recipient	Constant 1993 \$ million	% of bilateral allocable	Cumulative % of bilateral allocable	Recipient	Constant 1993 \$ million	% of bilateral allocable	Cumulative % of bilateral allocable	Recipient	Constant 1993 \$ million	% of bilateral allocable	Cumulative % of bilateral allocable
1	China	905	16.0	16.0	Indonesia	1 382	17.5	17.5	China	1 354	18.3	18.3
2	Thailand	588	10.4	26.5	China	978	12.4	29.9	Indonesia	981	13.2	31.5
3	Indonesia	495	8.8	35.2	Philippines	605	7.7	37.5	Philippines	651	8.8	40.3
4	Malaysia	411	7.3	42.5	Thailand	552	7.0	44.5	India	555	7.5	47.8
5	Philippines	376	6.7	49.2	Bangladesh	462	5.8	50.3	Thailand	351	4.7	52.5
6	Bangladesh	278	4.9	54.1	Pakistan	308	3.9	54.2	Egypt	224	3.0	55.6
7	Myanmar (Burma)	256	4.5	58.6	India	284	3.6	57.8	Pakistan	219	3.0	58.5
8	India	187	3.3	61.9	Sri Lanka	249	3.2	61.0	Bangladesh	197	2.7	61.2
9	Pakistan	171	3.0	65.0	Myanmar (Burma)	211	2.7	63.6	Syria	190	2.6	63.7
10	Sri Lanka	168	3.0	67.9	Kenya	189	2.4	66.0	Sri Lanka	172	2.3	66.1
11	Egypt	161	2.9	70.8	Egypt	161	2.0	68.1	Kenya	130	1.8	67.8
12	Kenya	101	1.8	72.6	Nigeria	144	1.8	69.9	Mexico	124	1.7	69.5
13	Mexico	95	1.7	74.3	Turkey	129	1.6	71.5	Nepal	110	1.5	71.0
14	Peru	86	1.5	75.8	Brazil	124	1.6	73.1	Ghana	103	1.4	72.4
15	Bolivia	79	1.4	77.2	Ghana	105	1.3	74.4	Myanmar (Burma)	96	1.3	73.7
16	Brazil	77	1.4	78.5	Tanzania	103	1.3	75.7	Zambia	94	1.3	74.9
17	Turkey	76	1.4	79.9	Zambia	99	1.3	77.0	Tanzania	92	1.2	76.2
18	Nepal	70	1.2	81.1	Syria	96	1.2	78.2	Peru	90	1.2	77.4
19	Tanzania	69	1.2	82.4	Nepal	91	1.1	79.3	Brazil	81	1.1	78.5
20	Sudan	66	1.2	83.5	Bolivia	84	1.1	80.4	Jordan	72	1.0	79.5
	Total bilateral allocable	5 644	100.0	100.0	Total bilateral allocable	7 906	100.0	100.0	Total bilateral allocable	7 405	100.0	100.0
	Unallocated (additional to total shown)	298	5.3		Unallocated (additional to total shown)	646	8.2		Unallocated (additional to total shown)	1 002	13.5	
	Memo item: Total number of recipients	132			Memo item: Total number of recipients	139			Memo item: Total number of recipients	155		

Source: OECD.

Asia has consistently received more than 65 per cent, more than double the total DAC average, of Japanese bilateral ODA annually with the exception of 1991, the year of the Gulf Crisis. The main recipients in Asia have been Bangladesh, the Philippines and China for capital grants, and Indonesia, China, India, Thailand and the Philippines for ODA loans.

Japan extended some 14 per cent of bilateral ODA to Africa in 1994, compared to the DAC average of 31 per cent. Ghana, Kenya, Tanzania and Zambia are the main recipients. In the past five years Japan's ODA has provided about one-quarter to one-third of the total receipt from all DAC countries to the first two countries.

To assist the historic transition in South Africa, Japan decided in 1994 to extend some \$300 million in ODA, \$500 million in JEXIM loans and \$500 million worth of credit lines in foreign trade and overseas investment. ODA loans will be provided for economic and social infrastructure, with technical and grant co-operation for human resources development and basic human needs. Prime Minister Murayama confirmed further assistance to the country on the occasion of President Mandela's visit to Japan in July 1995, with reference to Japan's initiative to hold a Regional Workshop for Southern and Eastern Africa in Harare.

The Japanese share to **North-Africa and Middle East** was some 9 per cent of bilateral ODA in 1994 with \$720 million net disbursements, with Syria and Egypt being the main recipients. On the occasion of the 1993 agreement between Israel and the Palestinians on self-rule in parts of the Israeli-occupied territories, Japan announced some \$200 million support over two years for the Palestinian-administered areas and is implementing it through multilateral channels.

Japan allocated 10 per cent of its ODA to **Central and South America** in 1994. A large increase is observed for Peru in 1993 with \$131 million, representing more than 25 per cent of the total receipt from DAC countries. Up to 1993, more than 90 per cent of Japan's assistance to **Europe**, 1 to 2 per cent of total bilateral ODA, has been traditionally allocated to Turkey. In 1994, Albania received some \$9 million, which is equal to Turkey's receipt.

The Fifth Medium-Term Target emphasizes the particular attention to be paid to the increase in the grant assistance to least developed countries (LLDCs). However, at 17.7 per cent, the share of LLDCs in Japan's bilateral ODA in 1994 still remained below the DAC average of 27.9 per cent of net allocable disbursements. However, the share of low-income countries (LLDCs plus other low-income countries) in bilateral ODA (70.3 per cent) was above the DAC average of 60.2 per cent in the same year. The share of LLDCs in Japan's total bilateral grant assistance reached a new record of 45.3 per cent in 1993. Total ODA to LLDCs, including imputed multilateral contributions, amounted to 19.4 per cent of ODA in 1993, below the DAC average of 25.3 per cent.

D. Sectoral distribution

A salient feature of sectoral allocation is the emphasis on economic infrastructure, especially in transport and energy, mainly financed by ODA loans. These sectors have consistently accounted for the largest share of Japan's ODA (about 40 per cent over the decade, roughly twice the DAC average).

Based on the ODA Charter, Japan has made efforts to increase the share of assistance to so-called BHNs which in Japanese classification corresponds to social infrastructure and services, agriculture, food aid and emergency aid in DAC statistical definition. As Tables 9 and 10 show, Japan increased aid in social infrastructure and services by 83 per cent in the five-year period (1987/188 to 1992/193) which rose to 20.4 per cent of total bilateral commitments. Traditionally education and water supply/sanitation have occupied a large part of Japan's social sector assistance being largely extended by grants and technical co-operation.

Programme assistance decreased sharply in 1992/193, down to 7 per cent of bilateral ODA or half the level in 1987/188.

E. Financial terms

With a 79.0 per cent grant element of ODA commitments in 1993, the lowest among DAC Members, Japan was still not in compliance with the DAC Terms Recommendations, *i.e.* norm of 86 per cent, but it is steadily improving as a result of Japan's efforts to increase significantly the share of grants in ODA and to soften loan terms.

The Japanese Government decided in July 1995 to lower the interest rate of its yen loans to an average of 2.3 per cent, corresponding to the lower interest rate level of the Fiscal Investment and Loan Programme. This decision was appreciated by the borrowing countries which had been experiencing the rapid appreciation of the

Table 9. Distribution of bilateral ODA commitments by major purposes

	1982/83		1987/88		1992/93		bar reference: Total DAC 1992/93 ^{a)}
	\$ million	% of total	\$ million	% of total	\$ million	% of total	% of total
Social infrastructure and services	464	13.1	1 502	15.3	2 746	20.4	24.6
Educational services and investments	163	4.6	513	5.2	805	6.0	9.5
Health	134	3.8	206	2.1	294	2.2	3.3
Water supply and sanitation	78	2.2	455	4.6	853	6.3	4.4
Population programmes	—	—	8	0.1	14	0.1	0.9
Public administration	15	0.4	8	0.1	13	0.1	2.0
Development and planning services	—	—	42	0.4	126	0.9	1.0
Other social infrastructure and services	75	2.1	271	2.8	640	4.8	3.5
Economic infrastructure and services	1 556	43.8	4 235	43.1	4 392	32.7	17.6
Transport	787	22.2	1 602	16.3	2 045	15.2	7.1
Communications	165	4.6	558	5.7	564	4.2	2.7
River development	—	—	57	0.6	195	1.5	0.5
Energy	604	17.0	1 480	15.0	1 520	11.7	6.6
Other economic infrastructure	—	—	539	5.5	67	0.5	0.8
Production sectors	917	25.8	1 746	17.8	2 503	18.6	14.5
Agriculture	370	10.4	898	9.1	1 411	10.5	8.2
Industry, mining and construction	448	12.6	778	7.9	833	6.2	4.5
Manufacturing	—	—	362	3.7	529	3.9	3.4
Extractive industries	—	—	85	0.9	29	0.2	0.3
Construction	—	—	155	1.6	3	0.0	0.1
Trade, banking and tourism	34	1.0	69	0.7	260	1.9	1.7
Trade and export promotion	—	—	8	0.1	27	0.2	0.3
Banking	—	—	0	0.0	196	1.5	0.6
Tourism	—	—	38	0.4	37	0.3	0.1
Multisector	51	1.4	118	1.2	149	1.1	4.1
Total sector allocable	3 010	84.7	7 601	77.3	9 790	72.8	60.8
Programme assistance	—	—	1 514	15.4	963	7.2	12.0
Debt reorganisation	42	1.2	227	2.3	1 647	12.3	8.7
Food aid	143	4.0	80	0.8	51	0.4	3.0
Emergency assistance	3	0.1	11	0.1	121	0.9	5.9
Administrative costs of donors	—	—	240	2.4	505	3.8	3.4
Support to NGOs	—	—	2	0.0	14	0.1	1.5
Unallocated	377	10.6	160	1.6	347	2.6	4.8
Total	3 553	100.0	9 834	100.0	13 440	100.0	100.0

a) Secretariat estimate based on incomplete reporting

Source: OECD.

Japanese yen. In 1994, the average interest rate on OECF loans was 2.73 per cent while the average repayment period was 29 years and one month (including an average grace period of nine years and five months). Moreover, an additional 0.2 per cent reduction in the interest rate is applied to environment-related projects. An option for commodity loans has been introduced which permits a further reduction of the interest rate if a recipient agrees to shorten its repayment period.

F. Contributions to multilateral organisations

Next to the United States, Japan is the second largest contributor to most multilateral organisations except for three to which Japan is the largest contributor [UNFPA, AsDB, and the United Nations Educational, Scientific and Cultural Organisations (UNESCO)]. Japan is also the largest contributor in absolute terms to multilateral development institutions (MDI). In 1994 multilateral contributions accounted for 27.8 per cent of total net Japanese ODA, slightly below the DAC average of 30.5 per cent [including contributions to the European Community (EC)]. Compared with the previous year, Japan's contributions to multilateral organisations increased by 5 per cent in 1994. (See Table 6.)

Table 10. Allocable ODA commitments by sectors and main recipients in 1993

US\$ million

	Education	Health	Other social infrastructure	Energy	Transport and communication	Agriculture	Industry, mining and construction	Trade, banking, tourism	Import, B.O.P. support	Other and multi-sector	Total bilateral
Sub-Saharan Africa	37	105	39	38	225	267	18	1	312	12	1 053
Low-income countries	35	72	33	37	182	221	15	1	302	10	909
of which: Kenya	9	6	6	0	25	38	2	1	74	3	163
Uganda	2	0	0	13	6	6	0	—	61	0	89
Zimbabwe	1	0	2	—	87	6	2	—	—	1	99
North Africa and Middle East	33	49	31	350	112	189	14	1	1 918	6	2 702
Low-income countries	16	29	17	0	30	30	4	0	1 896	2	2 023
of which: Egypt	15	25	11	0	22	22	3	0	1 893	1	1 992
Lower middle-income countries	12	20	11	349	82	155	5	1	23	4	662
of which: Iran	2	—	1	349	1	5	1	0	—	1	359
Morocco	2	9	2	0	0	142	2	0	23	1	179
Tunisia	1	1	4	0	79	2	3	0	—	0	90
Asia	617	882	524	1 684	3 007	1 004	134	67	898	44	8 862
Low-income countries	335	385	318	739	1 761	804	90	7	637	27	5 103
of which: Bangladesh	13	3	11	204	25	12	1	0	144	2	415
China	162	89	81	268	646	351	60	2	—	4	1 664
Indonesia	107	178	183	232	423	290	18	3	306	6	1 747
Nepal	10	22	21	11	7	25	1	0	12	1	111
Pakistan	7	1	2	—	397	44	3	1	111	1	566
Sri Lanka	5	41	7	0	235	34	2	1	1	10	335
Lower middle-income countries	144	398	192	551	1 242	172	28	56	261	11	3 054
of which: Mongolia	3	5	6	3	41	2	7	0	43	0	111
Philippines	85	41	34	174	347	62	6	16	159	5	929
Thailand	55	352	152	375	853	107	13	40	—	6	1 954
Upper middle-income countries	124	98	12	393	4	24	13	2	—	5	675
of which: Korea	98	1	3	0	0	6	2	0	—	1	111
Malaysia	26	98	9	393	4	18	11	2	—	4	564
America	55	106	63	85	64	167	38	3	111	29	719
Lower middle-income countries	20	78	33	81	44	109	16	1	88	16	485
of which: El Salvador	0	17	2	79	8	5	—	—	8	0	120
Oceania	11	9	10	10	33	43	5	0	—	3	125
Europe	2	476	1	2	4	5	2	1	—	1	494
of which: Turkey	2	476	1	2	3	5	2	0	—	1	493
Total bilateral allocable	755	1 627	667	2 168	3 444	1 675	211	73	3 238	95	13 953
Memo items:											
Least-developed countries	52	126	69	275	152	254	15	1	443	11	1 398
Other low-income countries	340	385	309	512	1 845	841	96	8	2 401	30	6 767
Lower middle-income countries	188	1 006	250	984	1 398	503	57	59	379	36	4 860
Upper middle-income countries	160	109	36	397	49	72	38	4	15	17	896
High-income countries	15	1	3	0	0	6	4	2	—	2	33
Unallocated (additional to total shown)	85	6	15	0	5	12	8	1	—	122	254

Source: OECD.

UN agencies received 5.1 per cent of Japanese ODA, compared to the DAC average of 7.0 per cent. With the normal allotment rate of 12.45 per cent in 1994, second largest after the United States' 25 per cent, Japan increased its contributions in 1993 to most major UN organisations like UNDP, United Nations Children's Fund (UNICEF), UNFPA, United Nations Drug Control Programme (UNDCP) and the United Nations Development Fund for Women (UNIFEM). Moreover, Japan has been supporting international efforts for refugees through its contribution to UNHCR, United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA), World Food Programme (WFP) and the International Committee of the Red Cross (ICRC).

Contributions to multilateral development banks, of which IDA and the Asian Development Bank (AsDB) are the two largest recipients, increased to some \$2.2 billion in 1994, 59 per cent of Japan's total multilateral contributions. In 1990 Japan established the Policy and Human Resource Development Fund in the World Bank for technical assistance and human resource development in developing countries and contributed some \$200 million in 1993.

Japan has been the largest single bilateral contributor to the Special Programme of Assistance to Africa (SPA), SPA I (1988-90), SPA II (1991-93), and for SPA III (1994-96) has made an indicative pledge of \$1.1 billion, the second largest pledge after France which pledged \$1.2 billion. For the fifth replenishment of the Asian Development Fund (ADF), which is managed by the AsDB to finance projects in poorer developing countries, the share of Japan, the largest contributor to the AsDB, is expected to be some 37 per cent, the largest share of the total replenishment (\$4.2 billion).

As the largest donor in absolute terms to MDIs, Japan is interested in enhancing multilateral co-operation and seeking ways to secure better public understanding and support for such contributions. Japan sees MDIs as sources of accumulated expertise that are politically neutral and particularly useful in case of conflicts. However, the credit for channelling aid through MDIs is more diffuse than bilateral aid and so it is more difficult to enlist public support. Japan feels that donors' policies need to be more strongly registered in MDI policy making and project-formulation processes, an example being the need to give higher profile to PD/GG and WID as discussed in the DAC.

Japan is open to the idea of contributing to multilateral trust funds because it is a way of drawing on the specialised expertise of MDIs and gives publicity to the contribution, securing better understanding and support in Japan. At the same time, Japan recognises that the excessive expansion of trust funds might have adverse budgetary effects on MDIs' effectiveness and flexibility. Japan has made contributions to such UNDP cost-sharing funds as the Human Resources Development Fund, the WID Fund, and the UN Trust Funds for South Africa and for Publicity against Apartheid, which are all related to specific Japanese concerns. Similarly, Japan has supported structural adjustment programmes with Bretton Woods institutions and regional development banks, but is particularly interested in early consultations with those institutions so that Japanese policy is reflected in the programmes and its contributions recognised, so as to maintain public support. See Tables 11 and 12 for more detailed figures on multilateral contributions.

Table 11. **Contributions to multilateral agencies**

Net disbursements at current prices

	1988/89		1991/92		1993/94	
	\$ million	% of total DAC	\$ million	% of total DAC	\$ million	% of total DAC
UNDP	82	8.9	96	9.2	128	13.9
UNICEF	25	7.3	26	6.3	30	8.3
WFP	79	10.7	84	10.7	96	11.9
UNFPA	54	27.7	58	23.4	65	25.0
IDA	1 059	24.6	1 107	20.1	1 476	30.9
AsDB (including Special Funds)	514	43.9	306	44.4	589	52.8
IDB (including Special Funds)	30	44.9	27	18.2	211	64.7
AfDB	8	9.6	10	20.0	106	87.4
AfDF	142	20.7	85	17.1	97	13.2
For reference:						
Japan's GNP (\$ billion)	2 875	20.4	3 543	20.0	4 430	23.2

■ Secretariat estimate based on incomplete reporting.

Source: OECD.

Table 12. Japan's share in multilateral development banks^a

	\$ million	Japan's share Per cent
Cumulative capital subscriptions		
World Bank	11 312	6.7
IDB	655	1.1
AsDB	8 061	26.7
AfDB	1 076	4.9
EBRD	1 045	8.5
Share of most recent concessional funds		
IDA	20 756	23.1
IFC	121	7.3
MIGA	55	5.4
FSO	223	2.6
AsDF	10 876	54.6
AfDF	1 630	14.5
For reference:		
Japan's GNP: absolute amount and share of total DAC in 1994	4 628 552	23.4
<i>a) As of September 1995.</i>		
<i>Source: OECD.</i>		

G. Total financial flows

Table 13 shows total financial flows from Japan to developing countries. From the previous year, total flows of resources from Japan to developing countries have increased from \$15.9 billion to \$26.1 billion in 1994 (in 1993 constant prices). In 1994 this represented 19 per cent of the DAC total flows and corresponded to 0.62 per cent of Japan's GNP. Private non-concessional flows have increased sharply from \$0.6 billion in 1993 to \$10.8 billion in 1994, both at 1993 constant prices, mainly because of the substantial increase of direct investment and bilateral portfolio investment.

Japan remains the major source of other official flows together with Germany, mainly extended by JEXIM, to developing countries accounting for \$3.2 billion in 1994, 38 per cent of the DAC total.

Private grants have remained modest but increasing over the decade accounting for \$213 million in 1994, 3.8 per cent of the DAC total, or 0.005 per cent of Japan's GNP compared with the DAC average of 0.03 per cent.

Table 13. Total financial flows
Net disbursements in \$ million at 1993 prices and exchange rates

	1983/84	1988/89	1992	1993	1994
ODA	9 886	11 717	12 831	11 259	12 149
Other official flows	3 320	624	3 758	3 842	2 963
Official export credits	1 182	-1 986	62	54	579
Equities and other bilateral assets	2 246	2 147	2 473	3 156	485
Multilateral	-107	464	1 223	631	1 900
Private non-concessional flows	10 730	14 058	1 780	618	10 835
Direct investment	2 361	9 669	3 174	2 356	6 753
Bilateral portfolio investment	7 100	2 640	3 233	133	5 179
Multilateral portfolio investment	4 623	1 154	-3 502	-3 809	-2 634
Private export credits	-3 355	595	-1 124	1 938	1 537
Private grants	86	149	219	159	195
Total non-ODA flows	14 136	14 831	5 756	4 619	13 993
As share of GNP (%)	0.47	0.40	0.14	0.11	0.33
Total flows	24 022	26 547	18 588	15 878	26 142
As share of GNP (%)	0.81	0.71	0.44	0.38	0.62

Source: OECD.

Chapter VI

Aid to CEECs/NIS

Most appropriations for assistance to CEECs/NIS, other than contributions to international institutions, are included in the budget of MOFA. Some other ministries receive appropriations for technical co-operation in their field of competence. Within MOFA, the Economic Co-operation Bureau is in charge of development assistance to DAC List Part I CEECs/NIS and the following six Part II countries: Bulgaria, Czech and Slovak Republics, Hungary, Poland and Romania. The NIS Assistance Division in the European and Oceanian Affairs Bureau is responsible for humanitarian and technical co-operation assistance grants to all NIS.

Japan's delivery mechanisms in its assistance to Part I countries and the six Part II countries are similar to those used for aid to traditional developing countries. Most bilateral technical assistance is implemented by JICA while OECF administers bilateral ODA loans. Humanitarian and technical assistance for those NIS for which the NIS Assistance Division is responsible is implemented by a Co-operation Committee established by an intergovernmental agreement among the NIS and Japan. The European Bank for Reconstruction and Development (EBRD) is a multilateral channel for Japan to assist CEECs.

The principal channel of communication with Part I and II countries are ten Japanese missions in the CEECs/NIS. Development personnel have been integrated into most of those missions. In addition, JICA and OECF have offices in Austria and Paris respectively which take care of projects in this area. It is noteworthy that in 1995 JICA established a branch office in Turkey which is also responsible for the five Central Asian Republics. Japan also actively participates in Consultative Group meetings and other co-ordinating bodies for assistance to CEECs/NIS.

Japan's key areas of emphasis in its assistance to CEECs/NIS are support for the development of a market economy, environmental conservation and humanitarian aid.

Japan has extended official aid of \$239 million, \$530 million and \$249 million in 1992, 1993 and 1994 respectively. The 1993 figure is exceptionally high due to the initial funding of some \$300 million for the above mentioned Co-operation Committee. Apart from debt relief based on the 1991 Paris Club Agreement for Poland and four concessional loans – one to Albania, one to Hungary and two to Kyrgyzstan – the Japanese bilateral aid programme consists of technical co-operation, food aid and humanitarian assistance.

Annex I

Japan's Official Development Assistance Charter

In order to garner broader support for Japan's Official Development Assistance (ODA) through better understanding both at home and abroad and to implement it more effectively and efficiently, the Government of Japan has established the following Charter for its ODA.

1. Basic philosophy

Many people are still suffering from famine and poverty in the developing countries, which constitute a great majority among countries in the world. From a humanitarian viewpoint, the international community can ill afford to ignore this fact.

The world is now striving to build a society where freedom, human rights, democracy and other values are ensured in peace and prosperity. We must recognise the fact of interdependence among nations of the international community that stability and further development of the developing world is indispensable to the peace and prosperity of the **entire** world.

Environmental conservation is also a task for all humankind, which all countries, developed and developing alike, must work together to tackle.

It is an important mission for Japan, as a peace-loving nation, to play a role commensurate with its position in the world to maintain world peace and ensure global prosperity.

Bearing these points in mind, Japan attaches central importance to the support for the self-help efforts of developing countries towards economic take-off. It will therefore implement its ODA to help ensure the efficient and fair distribution of resources and "good governance" in the developing countries through developing a wide range of human resources and socio-economic infrastructure, including domestic systems, and through meeting the basic human needs, thereby promoting the sound economic development of the recipient countries. In so doing, Japan will work for globally sustainable development while meeting the requirements of environmental conservation.

Such assistance is expected to further promote the existing friendly relations between Japan and all other countries, especially those in the developing world.

2. Principles

Taking into account comprehensively each recipient country's requests, its socio-economic conditions, and Japan's bilateral relations with the recipient country, Japan's ODA will be provided in accordance with the principles of the United Nations Charter (especially sovereign equality and non-intervention in domestic matters), as well as the following four principles:

1. Environmental conservation and development should be pursued in tandem.
2. Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
3. Full attention should be paid to trends in recipient countries' military expenditures, their development and production of mass destruction weapons and missiles, their export and import of **arms**, etc., so as to maintain and strengthen international peace and stability, and from the viewpoint that developing countries should place appropriate priorities in the allocation of their resources on their own economic and social development.
4. Full attention should be paid to efforts for promoting democratisation and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country.

3. Priority

1. Regions

Historically, geographically, politically and economically, Asia is a region close to Japan. East Asian countries, especially, member countries of the Association of South East Asian Nations (ASEAN) constitute one of the most economically dynamic regions in the world, and it is important for the world economy as a whole to sustain and promote the economic development of these countries. There are, however, some Asian countries where large segments of the population still suffer from poverty. Asia, therefore, will continue to be a priority region for Japan's ODA.

It is also necessary to be mindful of the poverty and the economic difficulties in the world as a whole. Japan will therefore extend co-operation, befitting its position in the world, to Africa, the Middle East, Central and South America, Eastern Europe, and Oceania. Due consideration will be paid in particular to Least Developed Countries (LLDCs).

2. Issues

a) Approach to Global Problems

Recognising that it is important for developed and developing countries to co-operate in tackling global problems such as the environment and population, Japan will support efforts being made by developing countries to overcome these problems.

b) Basic Human Needs

To help people suffering from famine and poverty, refugees and others, Japan will provide assistance to the basic human needs sector and emergency humanitarian aid.

c) Human Resources Development and Research and Other Co-operation for Improvement and Dissemination of Technologies

A priority of Japan's ODA will be placed on assistance to human resources development which, in the long-term, is the most significant element of self-help efforts towards socio-economic development and is a basic factor for the nation-building of developing countries. Japan will also promote co-operation for the improvement and dissemination of technologies, such as research co-operation which will raise the research and development as well as adaptive capabilities of developing countries.

d) Infrastructure Improvement

Priority will be placed on assisting infrastructure improvement, which is a prerequisite to socio-economic development.

e) Structural Adjustment

Japan will provide support to structural adjustment, so that the entrepreneurship and the vitality of the private sector in recipient countries can be fully exerted in the market mechanisms, and to their efforts for the solution of the accumulated debt problem.

4. Measures for the effective implementation of Official Development Assistance

1. Japan will promote intensive policy dialogues with recipient countries, with a view to collecting and analysing relevant information on these countries, and sharing with them basic perceptions on their development policies, taking into account their requests and ideas.
2. To respond to the various needs of developing countries in different stages of development, Japan's ODA will take advantage, to the maximum extent possible, of the merits of loans, grants, technical co-operation and other forms of assistance. All of these forms of assistance will be organically linked together and co-ordinated.
3. When called for, there will be appropriate communication and co-operation with aid agencies of other donor countries, United Nations agencies and international financial institutions, as well as Japanese local governments and private organisations such as labour and business organisations. In particular efforts will be made to ensure that Japan's perspective on ODA is adequately reflected in the co-operation through international organisations, while taking full advantage of the expertise and political neutrality of these organisations. There will also be co-operation with and appropriate support to non-governmental organisations (NGOs), while respecting their independence.
4. Japan's own development policies and experiences, as well as those of countries in East and South-East Asia which have succeeded in economic take-off, will be put to practical use.
5. In implementing environmental ODA, Japan will make the best use of its technology and know-how, which it has acquired in the process of successfully making environmental conservation and economic development compatible.
6. In order to contribute to the transfer of technology suitable for the level of development of the recipient countries, Japan will promote the development of relevant technologies and will provide such assistance as will enable the adequate utilisation of the knowledge and technologies possessed by other developing countries.
7. In transferring technology and know-how, Japan will make use of those possessed by the Japanese private sector as well as by the government, and provide support for technical co-operation by the private sector.
8. In order to cope with transnational regional problems, Japan will co-operate more closely with international organisations and other frameworks for regional co-operation such as the Asia-Pacific Economic Co-operation (APEC).

9. A close relationship will be maintained between ODA, direct investment and trade, so that those three can promote the development of developing countries organically. For this purpose, ODA will be more closely linked to, and be supportive of, economic co-operation in the private sector through trade insurance and such organisations as the Export-Import Bank of Japan (JEXIM).
10. Co-operation and research to find and formulate adequate development projects will be enhanced. For the future improvement of its ODA, projects evaluations, including third-party evaluations and joint evaluations with recipients and other donors and organisations will also be strengthened.
11. Regional studies of developing countries, studies of development policy, and comprehensive evaluation of ODA will be further promoted.
12. Full consideration will be given to the active participation of women in development, and to their obtaining benefits from development.
13. Full consideration will be given to the socially weak, such as the disadvantaged, children and the elderly.
14. Consideration will be given to redressing the gap between the rich and the poor and the gap among various regions in developing countries.
15. Japan's ODA activities will be conducted with full care to see that they do not lead to injustice or corruption in the recipient countries.

5. Measures to promote understanding and support at home and abroad

The following measures will be adopted to ensure that Official Development Assistance is implemented with public understanding both at home and abroad and to secure the participation of the Japanese people.

1. Making ODA Information Public
While taking into account such matters as diplomatic relations with recipient countries, more information regarding the ODA activities will be made open to the Diet and to the public.
2. Enhancement of Public Relations and Development Education
Organised public relations activities and educational programmes on development assistance will be promoted.

6. ODA implementation system

1. Recruitment, Training and Utilisation of Competent Aid Personnel
In order to recruit, train and utilise fully the talents of competent ODA personnel, training institutes of aid experts will be enhanced to foster more development specialists, private enterprise consultants and others.
2. Ensuring Effective and Efficient Mechanisms to Implement ODA
Communication and consultation between relevant ministries and agencies will be promoted for the effective and efficient implementation of ODA. In addition, co-operation between the two aid implementing organisations, the Japan International Co-operation Agency (JICA) and the Overseas Economic Co-operation Fund (OECF) will be intensified. At the same time, the ODA implementation functions of these two organisations will be improved. In order to obtain further co-operation from the private sector, efforts will be made to extend such support to this sector as will appropriately cover the related operating expenses.
3. Ensuring the Safety of ODA Personnel Dispatched Overseas
Continued efforts will be made to safeguard the lives and personal safety of ODA personnel dispatched to developing areas, and to provide necessary assistance in the event of unexpected incidents.

The Fifth Medium-Term Target of Official Development Assistance

"Official Development Assistance (ODA) constitutes an important pillar of Japan's international contribution. Continued efforts to steadily expand its ODA have brought the level of Japan's aid to the highest in the world in recent years.

The stability and sustained growth of developing countries are essential to the creation of a post-Cold War framework for peace and prosperity. The emergence of global issues, as well as a growing number of countries transforming themselves into democracies and market economies, add to the demand for concessional assistance. Under these circumstances, developing countries find themselves in a more serious situation, with their economies stagnating and their poverty spreading ever further. Against this background, we are called upon to expand ODA's quantity as well as to improve its quality, while such ODA should be based upon the basic principle of assisting the self-help efforts of developing countries towards their economic take-off.

The Government of Japan hereby lays down a new Medium-Term Target, which covers the five years from 1993 through 1997, in accordance with the basic philosophy and principles of the ODA Charter adopted by the Cabinet in June 1992. This Target is put in place to further enhance Japan's contribution to the world through the expansion of its ODA.

This Target is subject to review in accordance with changes in domestic and international situations.

1. In order to continue its contribution to the world through ODA expansion, commensurate with its place in the international community, Japan will strive to increase the aggregate volume of ODA disbursed over the five-year period (1993-97) to \$70 billion to \$75 billion. Japan will also strive to improve its ODA/GNP ratio steadily.
2. In order to improve the quality of ODA, the following measures will be taken to make certain that appropriate aid be extended, which is tailored to developing countries various needs associated with different stages of development, by the combination of various forms of aid in an organic manner.
Grant aid and technical assistance will be expanded, and efforts will be made to increase the grant portion. Particular attention will be paid to the increase in the grant assistance to Least Developed Countries (LLDCs).
ODA loans will be steadily implemented while diversifying the types of loans. Continuous consideration will be paid to the importance of socio-economic infrastructure improvement to enable the sustained growth of developing countries.
Positive measures will be taken to strengthen the financial bases of international organisations with due attention paid to their management efficiency. Manpower and intellectual contribution will also be reinforced.
Furthermore, steps will be taken to strengthen policy dialogue with recipient countries, in which Japan's experience will be shared. Efforts will be made for ODA to be organically co-ordinated with trade and direct investment, thus promoting the growth of developing countries in an overall manner.
3. In accordance with the priority items listed in the ODA Charter, emphasis will be placed on aid for (1 the solutions of global issues such as ones related to the environment and population, 2) basic human needs, 3) human resources development, and 4) infrastructure improvement. In particular, environment-related ODA will be provided to support the self-help efforts of developing countries to achieve sustainable economic development compatible with the environment. This will be done keeping in mind the target announced at the June 1992 United Nations Conference on Environment and Development (UNCED). Flexible approaches will be taken in the implementation of loans and grant aid.
4. To ensure the effective and efficient ODA implementation, the aid administration system will be reinforced, particularly through the increase in the size of personnel. Emphasis will be placed on the strengthening of project-finding and project-formulation capabilities, the upgrading of preparatory studies and other types of research, the improvement of area studies and development policy studies, and the continuous refinement of post-project evaluations. Training of aid-related personnel, such as development specialists and private-sector consultants will be enhanced, and close co-ordination with Japan's local governments, private bodies, and non-governmental organisations (NGOs) will be promoted."

Source: MOFA.

Annex 3

Target and Achievements for Japan's ODA

Target and achievements for Japan's ODA are set out below:

– First Plan (1978-80)

Target: 1980 ODA disbursements (in US dollars) double 1977 ones, *i.e.* \$2 849 million.

Outturn: \$3 353 million. Target exceeded by 18 per cent.

Growth in real terms (annual rate): 21.6 per cent.

Change in ODA/GNP ratio: +0.11 to 0.32 per cent.

– Second Plan (1981-85)

Target: Cumulative ODA disbursements (in US dollars) during 1981-85 double 1976-80 ones, *i.e.* \$21.4 billion.

Outturn: \$18.1 billion. Target shortfall: 16 per cent.

Growth in real terms (annual rate): 5.4 per cent.

Change in ODA/GNP ratio: +0.01 to 0.29 per cent.

Target: Cumulative General Account ODA budget (in yen) during 1981-85 double that for 1976-80.

Outturn: 98 per cent of target figure.

Unquantified targets: Expansion of ODA loans and contributions to multilateral development banks.

– Third Plan (1986-92), superseded before completion

Targets: a) improve the ODA/GNP ratio; b) disbursement⁵ in 1992 (in US dollars) double those in 1985, *i.e.* \$7.6 billion; and c) cumulative disbursements of more than \$40 billion during the period. A fourth, unquantified, target, was an improvement in the quality of ODA.

– Fourth Plan (1988-92) adopted in 1988

Targets: a) "raise the share of Japan's ODA in the total ODA of DAC Members to the level commensurate with the share of Japan's GNP in that of DAC Members", *i.e.* to the DAC average; and h) to disburse more than \$50 billion during the period. Further improvements in the quality of aid were also among the plan's objectives.

Outturn: \$49.3 billion. Target shortfall: 1 per cent.

Growth in real terms (annual rate): 2.8 per cent.

Change in ODNGNP ratio: -0.02 to 0.30 per cent.

– Fifth Medium-Term Target (1993-97) (the full text is in Annex 2)

Targets: a) Disburse \$70 to \$75 billion during the period; b) further improvement of ODNGNP ratio; c) to increase the grant share with special increase to LLDCs. Other targets in terms of aid effectiveness are also in the Plan.

Outturn: The amount disbursed in 1993 and 1994 is \$24.5 billion [\$11.3 billion and \$13.2 billion (preliminary) respectively], which is some 35 per cent of the target figure.

Source: MOFA.

South-South Co-operation

1. Support for South-South co-operation

South-South co-operation refers to the co-operation rendered by developing countries which have achieved a certain level of development with the aim of assisting the nation-building efforts of other developing countries. At present, South-South co-operation activities can be witnessed in South-East Asia as well as other developing countries. Japan actively supports this form of co-operation from the perspective that support for the activities of these developing countries contributes to the promotion of friendly relations between developing countries and that making full use of the knowledge and technology accumulated by other developing countries can be valuable in the effective implementation of co-operation matched to the different development stages and needs of developing countries.

2. Examples of technical co-operation

1. Rural Development and Resettlement Project in Cambodia (The Trilateral Co-operation)
 - a) Technical co-operation for the purpose of resettlement of refugees in Cambodia.
 - b) Japan operates the project by utilising the fund which Japan disbursed to UNHCR and UNDP.
 - c) This project is composed of technical co-operation in the area of rural development and agricultural infrastructure development through collaboration among Japanese experts, Asian experts from ASEAN countries, and JOCVs.

Note: In the context of this project, agricultural infrastructure development implies improvement of community roads and ponds, and establishment of a community development centre in a model area near Phnom Penh. Rural development also implies technical transfer on upland crops cultivation, horticulture and animal husbandry through collaboration between Japanese and ASEAN experts in the improved area mentioned above.
2. The third-country training programme
 - a) ASEAN Course in Specialised Diagnostic Techniques on Poultry Disease in Malaysia
Japanese experts transferred technology related to diagnostic and prevention measures for poultry epidemics as a parallel activity to Japanese project-type technical co-operation (FY 1986 to FY 1990) and grant aid (FY 1986, FY 1987). Trainees from five countries, including Indonesia, the Philippines and Thailand, took part in a seminar held at the Veterinary Research Institute of the Ministry of Agriculture in Malaysia.
 - b) Electric Power Training in Jordan
Jordan Electric Authority, under the supervision of Japanese experts, is providing technical training on electric power technology to trainees from nine countries, including Yemen, Sudan and Tunisia, at the Electric Power Training Centre established under Japanese project-type technical co-operation (FY 1986 to FY 1991). Training in the same area is being provided to approximately 20 Palestinians per year from FY 1994 to FY 1998.
 - c) Construction Equipment Training Course in Egypt
Based on Japanese Project Type technical co-operation at a Construction Equipment Training Centre established by Japanese Grant Aid, the Egyptian Government is commencing training courses for Palestinians from 1995.
 - d) Regional Seminar on Effective Countermeasures Against Drug Offenses and Advancement of Criminal Justice Administration
At the United Nations Latin American Institute for Crime Prevention and Treatment of Offenders (ILANUD) in Costa Rica, seminars have been held annually with the participation of Latin American countries under Japanese financial and technical support. Japanese experts rendered advice with regard to current features of drug crime and effective countermeasures.
 - e) Gastrointestinal science training in Chile
Training on endoscope diagnosis and X-ray photography/analysis was provided to trainees from Latin American countries, including Peru, Guatemala and Colombia, at the Stomach Cancer Testing Centre established through Japanese project-type technical co-operation (FY 1977 to FY 1982). This monumental co-operation programme involved the participation of a total of 385 trainees from 19 countries over a period of 15 years.

3. Partnership programme

This programme was established to promote the efforts of countries which are graduating from the status of recipient country as they make a gradual transition to the status of donor country. The programme consists of an increase in third-country training sponsored by Japan as well as seeking the possibility of joint implementation of technical co-operation by both countries through the dispatch of experts. At present, this programme is being implemented with Singapore and Thailand.

Source: MOFA.

Note on the Field Mission to the Philippines

I. Introduction

In preparing the Aid Review of Japan (14 November 1995), the Secretariat and the Examiners (European Commission and Italy) visited the Philippines (16-22 July 1995). The Philippines is a priority partner for Japanese aid with one of Japan's larger field mission establishments (embassy, OECF and JICA) handling what was the third largest country programme for Japan in 1993, representing \$758 million or 11 per cent of Japan's total bilateral aid. In 1992 Japan's ODA to the Philippines had been over \$1 billion. The Philippines has been a leading destination for ODA from the entire donor community, in fact, the Philippines was the seventh ranking recipient world-wide of ODA for the 5-year period from 1989-93.

Japan is clearly the Philippines largest source of ODA, providing well over half of total disbursements (*i.e.* in the years 1988-92 Japan provided between 53 per cent and 67 per cent of total disbursements). In 1994 OECF loans accounted for half (49.9 per cent) of the Philippines loan portfolio (compared to the World Bank – 28 per cent; and the Asian Development Bank – 19 per cent).

The size and sweep of Japan's programme in the Philippines and the short time available to the mission meant that its objectives had to be modest, mainly aiming at obtaining impressions of how the field operations function, relations with the Filipino partners, strategic directions, and staffing. In addition to meeting with Japanese and Philippine officials and visiting some projects in and around the capital, the mission met with other donor representatives (United States, EC, WHO, and AsDB).

II. The setting

The Republic of the Philippines has a land area of about 300 000 km², slightly more than Italy, and a population of over 70 million. It is an archipelago, composed of more than 7 000 islands, the two largest being Luzon and Mindanao (which together make up 65 per cent of the land mass). Natural disasters (typhoons, volcanic eruptions and earthquakes) frequently hit the islands. The Philippines has strong growth potential, particularly given its location between the South China Sea to the north and west, the Celebes Sea on the south, and the Pacific Ocean to the East. It is relatively rich in natural resources (timber, coal, some oil and gas, nickel, cobalt, silver, gold, salt, copper, limestone, shale clay and gypsum) and has good soils for producing rice, corn, coconut, sugar cane, bananas, and other tropical fruits and vegetables. Even more importantly, the Philippines has a strong base in human resources and a high rank in education and health (92 per cent of the adult population is literate with very little male/female discrepancy) although there are problems of unequal distribution of income, education, and health services in the country. The Philippines needs to upgrade and extend its infrastructure network (communications, land and sea transport) and electricity production capacity in order to attract investment.

The Philippines now appears to be emerging from more than a decade of low growth and instability, during which some had come to view it as the "sick man of Asia", lagging in competitiveness, amidst the dynamic changes of the Asia-Pacific region. Chronic power cuts in 1992-93 handicapped industrial activity. The Ramos Government, elected in 1992, has, however, gained considerable confidence at home and in the international donor community and the country is beginning to produce economic growth closer to that of other ASEAN countries. Japan's contribution to this evolution has been considerable and Japan plays a leading role among the Philippines' external partners, both in dialogue on policy, and in disbursement of funds.

III. Outline of Japan's ODA programme

The Philippines' national development strategy is presented in "The Vision of Philippines 2000" (September 1993) supplemented by other key papers prepared by the Co-ordinating Council of the Philippines Assistance Program (CCPAP). It has three basic themes: human development, international competitiveness and sustainable development. The main goal is to improve the quality of life of Filipinos by 1998 through GNP growth of at least 10 per cent per year, raising per capita income to \$1 000 (it was \$730 in 1993 when the strategy was adopted), and reduce poverty incidence to 30 per cent. The improvement of international competitiveness is a key factor in promoting economic progress. The government has been pursuing an economic reform programme since 1989.

Japan has strongly supported the Philippines Assistance Programme (PAP) and reform efforts, even to the point of suspending OECF yen loans for a period until the International Monetary Fund (IMF) programme was implemented. Japan's present strategy was determined through policy dialogue in a High Level Mission on Economic and Technical Co-operation (known as the "Katori Mission" – February 1994). The Katori Mission laid out a strategy based on Philippines self-help efforts, and grouped around the following areas of work:

- economic infrastructure (energy, transportation, and communications);
- support to restructure industry and develop agriculture (basic industry, export-oriented industries, small- and medium-scale industries, agriculture and agriculture related industries, with a view toward agrarian reform);
- poverty alleviation (reduce disparities and poor living conditions);
- environmental conservation (natural resource conservation, pollution control, disaster mitigation and environmental management support).

The Katori Mission also stressed self-help, more equality in wealth and regional distribution, environmental issues, human resource development, and support for the special Multilateral Aid Initiatives (MAI) effort for the Philippines, whose next meeting Japan will host. MAI was launched by Japan, United States, the World Bank and the IMF in July 1989 to support democratisation and economic reconstruction and has met regularly since.

Japan's programme in the Philippines – over the past decade the third largest recipient of Japanese ODA after Indonesia and China – amounted to a cumulative total of almost \$6.4 billion by the end of 1993. Of this, 70 per cent represented ODA loans, 19 per cent grants and 11 per cent technical co-operation.

The bulk of loan assistance (through OECF) has been channelled into basic infrastructure in transport (roads, bridges, airports, and seaports) and in productive and social sectors (power generation and transmission, irrigation, water supply and flood control). Some loans have gone into agriculture, industry and natural resources. Most JICA grants have been related to human resource development and institution building in the areas of health, family planning, education, agriculture, fisheries, and industrial development.

Filipino authorities indicate clearly that Japan's aid has been vital in helping the Philippines to spur growth and fulfil its potential among ASEAN countries, in particular by constructing infrastructure needed to support investment. Also, Japanese aid in human resource development makes a major contribution to raising living standards and helping the Philippines proceed with its social reform agenda, in addition to helping to raise agricultural productivity and creating skilled labour pools and entrepreneurs for industry.

Since Japan started its programme in the early 1970s, OECF has provided over 175 loans, more than 70 per cent of which have been for specific projects. The remainder has been for commodity imports or multiple-sector programme loans. At present there are about 70 ongoing OECF loan projects worth over \$5 billion of which 34 per cent are in the transport sector, 21 per cent in power generation and transmission, and 14 per cent in water resources (water supply, irrigation, flood control). The remaining 30 per cent is in industry and tourism, science and technology, agriculture and environment, communications and social infrastructure.

The ongoing JICA grant programme involves over \$1.6 billion, over half of which supports infrastructure projects (water supply and irrigation). Twenty-six per cent of disbursements are in health and education and 22 per cent in agriculture and food production. In addition there are 14 Project-Type Technical Co-operation (PTTC) projects in technical co-operation centres and education, industrial development, health and family planning, and agriculture and fisheries.

The Japanese programme, in particular the infrastructure portion of it, has been carefully targeted from a strategic standpoint to fill infrastructure gaps, in particular as related to growth centres. It is, thus, designed to reinforce the Philippines' efforts to improve economic performance. It is also designed to encourage investment and promote efficiency in those growth centres. Three major industrial growth corridors or centres are being boosted by the Japanese ODA programme:

- The Calabarzon industrial growth corridor radiating south from Metro Manila. Several large OECF projects are contributing to the development of that corridor such as the Calaca II Power Project adding 300 MW, the Cavite Export Processing Zone providing industrial sites, Batangas Port (to help decongest the Manila ports), and the South Luzon Expressway plus other transport projects in and around Metro Manila. These projects represent investments of well over \$200 million.
- Another growth centre is located further south in the Visayas. There Japanese ODA is building the Mactan (Cebu) international airport, the Mactan-Mandaue Bridge linking Metro Cebu with the island of Mactan (a rapidly urbanising island and site of the airport), and the Metro Cebu Development Projects (road construction, municipal markets, bus terminals). Japanese ODA invested in this growth centre will likewise be well over \$200 million.
- Finally, another growth centre is in **Mindanao** called SOCSARGEN (covering South Cotabato, Saranggani and General Santos City). Two major fishing ports (General Santos City and Davao City) are planned.

IV. Field organisation

Japan's field establishment in the Philippines consists of three main offices:

- Economic Section in the Japanese Embassy. It has a staff of 10 officers including a Section Chief (MOFA), two other MOFA officers, and officers assigned from the ministries of labour, transportation, construction, agriculture, health and welfare, MITI, and finance.

- OECF with four officers and one local professional.
- JICA with 14 officers and one local professional. There are about 120 JICA experts in the Philippines.

Even taking into account the special reinforcing linkages in the Japanese ODA system, given the size and complexity of the Japanese portfolio in the Philippines, it appeared to the Mission that the field establishment is understaffed. This impression was confirmed by discussion with several staff members and others encountered. It requires immense efforts on the part of the staff to maintain an adequate strategic dialogue and overview, quality control and policy feedback on the level justified by the expenditure. The impression of understaffing was also confirmed by a study organised by JICA in 1994 ("The Second Country Study for Japan's ODA to the Republic of the Philippines" whose findings are those of the Members of the Committee who wrote the report, not necessarily those of JICA). That report stated, under the heading "Expanding the Capability of Overseas Offices":

"Japanese aid organisations must strengthen and expand their offices in the Philippines if they are to effectively improve their information-gathering capabilities there. It would be desirable that the functions and capabilities of such offices be upgraded so that they can analyse Philippine policies more efficiently and maintain close contact with Philippine government institutions." p. 54.

The division of labour between the Embassy and OECF/JICA in the Philippines is well established. Project formulation up to the point of agreement with the Government of the Philippines is the primary responsibility of the Embassy, with back-up from the sectoral ministries in Tokyo represented in the Embassy. After a commitment is signed, implementation rests with OECF and JICA. Of course, in practice, all offices need each others' help and must work as a team. During project formulation and negotiations, the Embassy can call on OECF/JICA as necessary. During the implementation phase, the Embassy often is called on to help OECF and JICA.

V. Programming aid and aid co-ordination

To finalise Japan's annual ODA loan package, an annual mission is dispatched from Tokyo. However, this loan package mission benefits from a great deal of informal preliminary work done by the Embassy and OECF. Indeed, the Embassy carries on a continuous informal dialogue with the Philippines' National Economic and Development Authority (NEDA), which is responsible for programming and arranging for the commitment of ODA resources, dealing with all donors, and monitoring and facilitating project implementation.

The structure for managing ODA in the Philippines is shared by three government bodies: CCPAP, the Investment Co-ordinating Committee (ICC), and NEDA. CCPAP serves as the advisory body to the NEDA Board and is responsible for bringing a political consensus relating to ODA matters. The ICC approves projects based on submissions by NEDA. ICC evaluates the fiscal, monetary and balance-of-payments implications of major national projects, such as the major infrastructure projects financed by Japan.

The Philippines' main forum for integrating assistance from donors with its development strategies has been through Consultative Group Meetings of the PAP. In addition, donors carry on continuous dialogue with NEDA and other government departments. Donors meet together informally, with or without the government, every month or two, often with a presentation by one donor of a given theme. Generally, donors contacted by the Mission thought that aid co-ordination was working relatively well, with a reasonably good flow of information. NEDA's role is considered generally satisfactory in planning stages but comments were made to the Mission that better follow-up, particularly during implementation stages of projects and programmes, would be desirable. Admittedly NEDA cannot always influence the response of line ministries as quickly as donors would wish, but most donors felt that things could go more smoothly if NEDA were strengthened and had more authority to cut through red tape.

When Japanese authorities begin working on a loan package, they start by consulting with NEDA to elicit a long list of potential projects. This could include as many as 100 potential proposals. After a two-step screening process, involving a mission from Tokyo in the second step, only a few will be retained. The point was emphasized that while the partner-country's priorities are the source of the original base of potential projects, Japan takes an activist approach in encouraging and selecting projects that fit its ODA Charter. For instance, Japan has insisted on more environmental and social sector projects and has discussed its priorities and potential projects on a continuous basis with NEDA. The embassy can also rely on OECF and JICA, and technical co-operation experts in country, as well as discussions with other donors, in working with the Philippine authorities to generate and select sound projects.

Programming grant aid and technical co-operation projects operates somewhat differently from the loan package. The Embassy carries on informal consultation with government authorities and NEDA in particular, but this type of aid is not accepted as a package, but project by project. JICA has an active role in project formulation of these projects including project-type technical co-operation.

VI. Selected characteristics of Japan's ODA Programme in the Philippines

Although it remains relatively small, one of the fastest growing elements of Japan's ODA Programme in the Philippines is the Grassroots Assistance Programme (known also as small-scale grant assistance). Starting in 1989 with four projects

valued at about \$90 000 it grew to 13 projects in 1994 valued at over \$550 000. The average project cost is about \$40 000 and the largest in 1994 was \$80 000. The funds are typically used for providing facilities and equipment for job skills training or helping a local organisation or group on some specific project in environment, WID, health, agriculture, or education. This is the only portion of the ODA programme that is managed and authorised by the embassy.

Related to the foregoing point, by and large the Japanese programme seems to be centralised in headquarters with the field having relatively little authority. OECF does approve vouchers locally and JICA does the staff intensive processing of the training programme. In addition, the embassy manages the Grassroots Assistance Programme. However, most decision-making on programmes and projects is retained in headquarters.

The interaction between JICA and OECF, an issue that has raised questions in past Aid Reviews, became clearer in the light of the Philippines programme. In fact many projects eventually financed by OECF have first been studied by JICA, either in a development study or master plan. For example, Japan will be making major investments in Cebu where JICA funded an Integrated Area Development Master Plan. JICA funded the Cavite water supply development which is in the community where Japan is financing an industrial park as part of the Calabarzon corridor. JICA has also financed a number of transportation and port development studies which link into some of the industrial corridor programmes OECF will finance. One element of the Japanese ODA programme, not mentioned above, will be to help the Philippines agrarian reform programme, which Japanese authorities believe will be a long-term, difficult programme requiring patience. JICA has done or will do a number of studies either focused on agrarian reform (*i.e.* in Southern Palawan) or related to it (*i.e.* Strengthening of the Agricultural Co-operative System), and is also financing a number of projects in irrigation, agricultural production and research.

The government policy of decentralisation, embodied in the Local Government Code of 1991, authorised local government units in the Philippines to conduct direct negotiations with foreign institutions on requests for grant aid. In principle, Japan is in favour of such decentralisation and prepared to contribute to it. However, Japan feels it would be imprudent to push this programme too fast, as many local governments do not yet have the capacity to manage the activities in question and the ODA involvement.

The Mission was able to visit several projects in environmental and hygienic improvement in Metro Manila, the Agricultural Training Institute, the National Centre for Transportation Studies, a science and mathematics education manpower development project, the Metro Manila depressed area electrification project, and the out-patient department of the Philippines General Hospital. It would be difficult to generalise about these projects except to say that the Mission encountered a number of Filipino teams and Japanese experts working on projects together with commitment and professionalism. There is often a good deal of equipment provided along with the projects (*i.e.* refuse collection trucks, scientific training aids, medical testing equipment). Consequently, there are the inevitable problems of maintenance and spare parts. As a general rule, the Japanese project managers, working with their Filipino counterparts, try to take the follow-up problems into consideration and make provision to assure the sustainability of the projects. As in many other development co-operation programmes this is not always easy, but the instruments for doing so within the Japanese programme ("aftercare" in JICA and Special Assistance for Project Sustainability in OECF) provide a relatively effective way of doing so.

One promising example of an attempt to build in sustainability was in the science and mathematics education manpower development project. Japan financed a printing facility as part of the project. Arrangements are made, as time is available, to sell printing services to the University of the Philippines. In addition, Japan had constructed the handsome building where the project was based, and the project is able to generate additional resources by renting the fine amphitheatre and meeting rooms to other units of the University. These arrangements permit the project to obtain at least part of the resources it needs for sustainability, since much of the equipment provided within the project involves electronic equipment and training aids that eventually must be repaired or replaced.

On the other hand the recipient government is expected to exercise self-help and to assure that equipment provided by a donor is maintained and serviced. In some cases this can be difficult and costly. Some pieces of equipment provided to the Out-patient Department in the Philippine General Hospital are beginning to break down. No repair technicians in Manila can maintain them and spare parts may be impossible to obtain. Filipino hospital officials said that at present it is often cheaper to buy new equipment than to repair it. The hospital itself is exceptionally well maintained and clean despite the fact that it runs at far over 100 per cent capacity. By all evidence Filipino hospital officials are working exceptionally hard to maintain this asset provided by Japanese ODA. The Mission raised the question whether, given the sustainability question and the high-tech curative orientation of the project, the original investment itself had been well conceived and analysed. As in most developing countries, primary health care and preventive health investments are still the most urgent needs in the Philippines and are likely to yield the highest return for outside aid and limited local operating budgets. Filipino hospital officials thought it would be important in the future to build up primary health care facilities and lower echelon treatment centres to prevent the hospital from being swamped by a flood of patients as is the case at present. With respect to the existing maintenance and spare parts question, Japanese officials will be studying the problems with their Filipino counterparts.

Japan is working closely with other donors, and in particular with the United States Agency for International Development (USAID), in the Common Agenda for Global Issues Initiative (on population and AIDS). Officials in the Japanese and United States missions are working hard to reach operational understanding, but at the time of the Mission an agreed country plan had not been reached. Japan has taken a cautious attitude to population and family planning, particularly given the religious sensitivity of the issues in the Philippines, so that almost all of its aid is of an indirect nature. When the Mission questioned whether Japan is being sufficiently activist in GII, it was told that Japan plans to provide more direct population assistance in the future particularly in view of the immense unmet need for family planning services echoed by Filipino officials and the backing of the government for the programme. At the most recent Philippines Consultative Group Meeting (21-22 July 1994),

the Filipino Secretary of Finance, Hon. R. F. de Ocampo underlined that: "Family planning is another important area for government attention. The current contraceptive prevalence rate in the Philippines is low, at about 40 per cent; and modern methods are followed by only 10 per cent of the population. As a result, population growth is high, running at nearly 2.5 per cent. The Ramos administration is squarely facing these issues and has proposed significantly increased government investment in this area." The World Bank Press Release for the meeting stated that: "The need to increase government investment in family planning was highlighted." Given Japan's stated intentions to engage more fully on the cutting edge of social development questions (as evident in the GII) the actual pursuit and implementation of such a programme in a major partner country such as the Philippines will provide an interesting test of the readiness of the Japanese system to become a leading donor in qualitative terms, as well as a top donor in volume.

Note on the Okinawa International Centre

As part of the preparation of the Aid Review of Japan, the Secretariat and the Examiners visited the Okinawa International Centre (OIC), one of the eleven training centres run by JICA in Japan. Two additional JICA training centres will be built in the near future. A visit to one of the JICA training centres highlights the fact that JICA's participant training programme in Japan is unique.

Rather than sending participants to existing institutions or universities in Japan, which would usually be impractical due to language and adjustment problems, JICA has set up a tailor-made system to train participants from Japan's partner countries in the JICA training centres located in different parts of the country. These centres are financed by JICA, with the participation of local government structures.

For instance, the Okinawa Prefectural Government and the local Urasoe City Hall bore part of the infrastructure and land costs of OIC while JICA built the buildings. In their operations the JICA Centres interact with both local governments and nearby private and public sector entities (universities and private sector companies) in the communities where they are located, either to provide teaching staff or to conduct ancillary activities (international friendship parties, information days, open house).

The OIC, established in 1985 as the ninth JICA centre, was originally part of an ASEAN Human Resources Development Project. It is an impressive facility, perfectly maintained, on a site of more than three hectares. It has nearly 10 000 m² of floor space in four buildings including dormitories to accommodate 100 participants and commands a magnificent view of the Pacific Ocean. With a dining room, laundry rooms, medical room, personal computer room, Japanese language laboratory, library, gymnasium, swimming pool, tennis court, soccer field and other recreational facilities, the OIC has virtually everything a participant could desire for a pleasant stay. In view of Okinawa's subtropical climate the buildings were constructed in traditional Okinawan architecture. The OIC is particularly well suited for participants from countries in tropical zones.

OIC's teaching facilities are well appointed and include ample training aids adapted to the specialised missions of OIC, including, *inter alia*, information processing (PC network designs, data processing, etc.) and audio-visual technology (production of audio and video media). The training facilities are excellent with computer and terminal rooms for data processing and multipurpose studio, an audio room for mixing, a media laboratory, a photo laboratory, a video editing room and others.

In addition to courses in information processing and audio-visual technology, the OIC offers courses in agriculture and forestry (such as plant quarantine, sugar-cane cultivation, tropical agriculture, forest soils, conservation of mangrove ecosystem and coral reefs) and health and environment (public health and environmental pollution technology, clinical nursing, marine pollution surveillance and control, infectious disease control, and environmental and public health).

In 1995 about 280 participants will be trained in 28 different courses at OIC. Since 1985 nearly 3 000 participants from nearly 120 countries have been trained in OIC. OIC offers all participants the chance to learn Japanese and sometimes conducts special intensive courses in Japanese. There are also opportunities for participants to interact with the local population in various events. Some training is conducted in local institutions. For example, nurses are trained in local medical facilities on the job as part of the course work. Local universities, institutions and companies can be tapped to provide instructors. For instance, professors from the University of Ryukyus in Okinawa are used in some courses and in another, such as for computer and information processing technology, two of Japan's largest firms, Nippon Telephone and Telegraph (NTT) and Fujitsu provide instructors.

OIC not only trains overseas participants, but it provides a number of other functions, such as:

- public education and promotional activity on international co-operation through an "International Co-operation Campaign", essay contests on international co-operation by high school students, photo contest, and provision of JICA publications;
- international exchange programmes for intercultural exchange with local communities;
- screening applications of JOCVs;
- support and training to descendants of emigrants from Okinawa;
- promotion of cultural exchange through the youths invitation programme ("The Friendship Program for the 21st Century") which provides home-stay and exchange programmes for youth organisations in the prefecture; and
- management of other technical co-operation programmes (dispatch of technical co-operation experts, referral and information services).

The Secretariat has now visited two JICA training centres (Kyushu in 1993 and Okinawa in 1995 for the present Aid Review) and highlights the following points:

- JICA's training system in Japan represents a large investment in buildings and facilities (*i.e.* original investments in Kyushu Centre and OIC were on the order of Y 4 billion and Y 2.6 billion respectively plus equipment costs). Figures for the cost of all eleven centres are not available, but the infrastructure alone called for an enormous capital investment. Relying on existing institutions in Japan would have been an impractical option. JICA's training system is unique among DAC donors.
- The system was developed through a combination of central government financing by JICA, local district and city government. The participation of local universities, institutions and private sector enterprises brings a cross-section of Japan's civil society into contact with participant trainees. Indeed one of the objectives of the programme is to promote international goodwill and foster better mutual understanding with developing countries through the participants' direct contacts with Japanese society and culture. It might be noted that one room in the centres is set aside for a Japanese-style room where the traditional tea ceremony can be demonstrated to the participants.
- Whether the cost of the JICA system is comparable to other donor training systems would be an interesting question to study and might provide insights for other donors on how to organise their training systems.
- Theoretically, other donors could "buy-in" to the JICA system. For example, if a donor wished to train participants in a particular field, a JICA course might be available to meet its needs. To date this type of "buy-in" has been rare, although in some cases international organisations have financed participants.
- The potential of brain-drain from developing countries is minimised by the JICA system, which does not intermingle participants into the normal Japanese student population. JICA trains nearly 6 000 participants a year and since 1954 about 100 000 participants have been trained in Japan.
- At OIC about one-fifth of participants are counterparts in a Japanese financed project. Many of the others are related to the country strategy in one way or another.
- Evaluation of education is particularly difficult. During and at the end of courses the centre makes surveys to get feedback on how participants are proceeding in their course work. There are a number of other ways that JICA gains additional information. JICA sends out teams of experts to provide technical follow-up services (in 1993, 35 such teams were dispatched). Feedback from these teams can provide helpful information. Alumni Associations have been formed in 68 countries by ex-participants. JICA supports these associations and their activities. The participants' experiences and career evolution can be tracked through such information. JICA provides technical literature to ex-participants and publishes KENSHU-IN (a magazine of JICA on topics and information of interest to ex-participants), which is another way to be in contact with ex-participants and to solicit feedback. Finally, about one-third of the participants work in Japanese ODA-assisted projects, which themselves are evaluated. Thus, information on the success of JICA training can be gleaned from a number of sources. JICA officials are well aware of the difficulties of evaluating this type of activity and have set into place a number of ways to obtain evaluation information.

Press Release of the DAC Aid Review of Japan

The Development Assistance Committee (DAC) of the OECD reviewed the development co-operation policies and programme of Japan on 14 November 1995. Japanese development co-operation is now a pillar of the total international effort, and brings to bear Japan's distinctive regional experience and insights, as well as leading, and still-growing, resource commitments. This DAC review examined some of the contributions of Japanese and other aid to development "success stories" in Asia.

The Delegation of Japan was headed by Mr Norio Hattori, Deputy-Director General, Economic Cooperation Bureau, Ministry of Foreign Affairs. The examining Members were the European Commission and Italy.

The Chair of the DAC, Mr James H. Michel, summarised key points discussed in the review:

A. Japan's ODA Charter and current priorities

Development has become a central priority of the foreign policy of Japan. Internationally Japan's leadership in volume of official development assistance (ODA) and advocacy of development co-operation has contributed to maintaining the overall commitment and momentum among DAC Members.

In 1992 Japan adopted an ODA Charter which aims to match a set of standards of self-help and good governance on the recipient side by a predictable flow of resources on the Japanese side. The Government has set, and met, successive ODA spending targets and is pursuing ambitious new policy goals in line with its Charter:

- the discouragement of production of mass destruction weapons and the encouragement of democratisation;
- major new aid commitments on women in development and on global issues such as environment, population and Acquired Immune Deficiency Syndrome (AIDS);
- expanding "software" aid in social sectors, human resource development and institution-building, and expanded use of "grassroots" grants and NGO channels. These new directions are undertaken without abandoning Japan's long-standing emphasis on infrastructure in its programme; and
- work to exercise a leadership role in a number of areas of international co-ordination and in promoting new initiatives, such as South-South co-operation and engaging new donors.

The Committee was encouraged to hear of the openness by Japan to further expanding its assistance to other regions and notably to Sub-Saharan Africa, where its contributions as a leading donor are much needed.

B. Issues in management and effectiveness

In past reviews, the DAC has expressed concern about the capacity of the Japanese aid management system. A number of major points emerged in the 1995 Review on this front:

- Since 1993 "ODA country policies" relating to major recipient countries have been prepared and made public. This is a major step forward. The DAC found that these strategies can still be refined to take better account of the diversity of programmes involved, including the full range of Japan's technical co-operation programmes.
- The skills and specialisation of aid management staff require strengthening in parallel with staff numbers, in order to match Japan's aid volume with quality. This particularly applies to cross-cutting issues such as Women in Development, population, participatory development and the social sectors,

- Evaluation is increasingly important in the Japanese ODA system, and ~~Pew~~ DAC Members have as strong an institutional capacity as Japan to follow-up on evaluations and actually to remedy the problems identified.
- The Government has approved a merger of the Overseas Economic Cooperation Fund (OECF) with the Export-Import Bank of Japan over the next four years, specifying that distinctions between the ODA and non-ODA accounts in the new institution will be maintained.

C. ODA volume and quality, public awareness

Reflecting sustained political priority and successful medium-term targeting for ODA budgets, Japan now accounts for nearly 23 per cent of total disbursements by DAC Members. On the scale of relative effort, Japan's ODA/GNP ratio rose in 1994 to 0.29 per cent, compared with a DAC average of 0.30 per cent for the year.

- Japan's Fifth Medium-Term Target for ODA calls for disbursements of between \$70 to \$75 billion during the period (1993-97). In 1993 and 1994 some 35 per cent of the target figure was disbursed.
- The Committee noted that Japan's **loans** are now almost completely untied and that the authorities have taken substantial steps to ensure ~~that~~ its procurement systems, both for loans and grants, are more open and transparent.
- Japanese policy-makers do not **take** Japan's achievements in ODA for granted and they stress that other donors' performance has a bearing on their ability to maintain support at home. Polls show a solid **current** of opinion in Japan (about 79 per cent) supporting present or increased levels of ODA. At the same time, demands at home (*e.g.* the Kobe earthquake in January 1995 and the needs of an ageing population) have begun to call into question for some the long-standing priority accorded to ODA. The Japanese government is making redoubled, and creative, efforts to strengthen knowledge and support among parliamentarians and the public.

Japan: Comparative aid performance

	ODA net disbursements 1994		Average annual growth in real terms	Grant element of ODA commitments (%)	Aid appropriations as share of central government budget	Share of multilateral aid 1993/1994 ^a		ODA to LLDCs Bilateral and imputed multilateral 1993	
	\$ million	% of GNP				% of ODA	% of GNP	% of ODA	% of GNP
Australia	1 088	0.35	-0.6	100.0	1.2	25.4	0.09	20.3	0.07
Austria	655	0.33	9.2	88.2	..	21.1	0.07	21.1	0.06
Belgium	726	0.32	-2.0	(99.4)	..	18.9 (41.2)	0.07 (0.15)	35.9	0.14
Canada	2 250	0.43	-0.3	99.5	1.4	34.7	0.15	24.4	0.11
Denmark	1 446	1.03	3.9	100.0	2.3	37.4 (44.1)	0.39 (0.45)	37.1	0.38
Finland	290	0.31	-11.4	98.5	1.0	29.4	0.11	27.8	0.13
France	8 466	0.64	3.0	(89.8)	..	11.4 (22.1)	0.07 (0.14)	23.8	0.15
Germany	6 818	0.34	1.5	93.1	1.9	18.6 (37.1)	0.07 (0.13)	27.8	0.10
Ireland	109	0.25	11.0	(100.0)	0.6	15.9 (49.4)	0.04 (0.11)	42.8	0.09
Italy	2 705	0.27	-5.2	97.7	0.5	14.0 (34.5)	0.04 (0.10)	27.3	0.09
Japan	13 239	0.29	-0.0	79.0	1.3	28.1	0.08	19.4	0.05
Luxembourg	59	0.40	19.4	(100.0)	1.2	15.0 (34.3)	0.06 (0.13)	33.9	0.12
Netherlands	2 517	0.76	-1.2	100.0	..	20.6 (31.0)	0.16 (0.24)	27.9	0.23
New Zealand	110	0.24	1.4	100.0	..	23.6	0.06	20.9	0.05
Norway	1 137	1.05	1.4	99.6	1.9	30.9	0.32	45.7	0.46
Portugal	308	0.35	12.4	100.0	..	6.5 (27.0)	0.02 (0.09)	76.4	0.22
Spain	1 305	0.28	22.4	(84.8)	0.9	7.8 (31.3)	0.02 (0.09)	11.0	0.03
Sweden	1 819	0.96	0.7	100.0	2.6	24.6	0.24	35.0	0.34
Switzerland	982	0.36	2.8	100.0	3.0	23.4	0.08	34.2	0.11
United Kingdom	3 197	0.31	0.6	(100.0)	1.2	22.5 (46.3)	0.07 (0.14)	27.3	0.09
United States	9 927	0.15	-0.9	99.2	1.4	27.1	0.04	23.7	0.04
Total DAC	59 152	0.30	0.5	91.7	(1.3)	22.6 (30.3)	0.07 (0.09)	25.3	0.08
Memo: Unweighted average		0.45							

Notes:

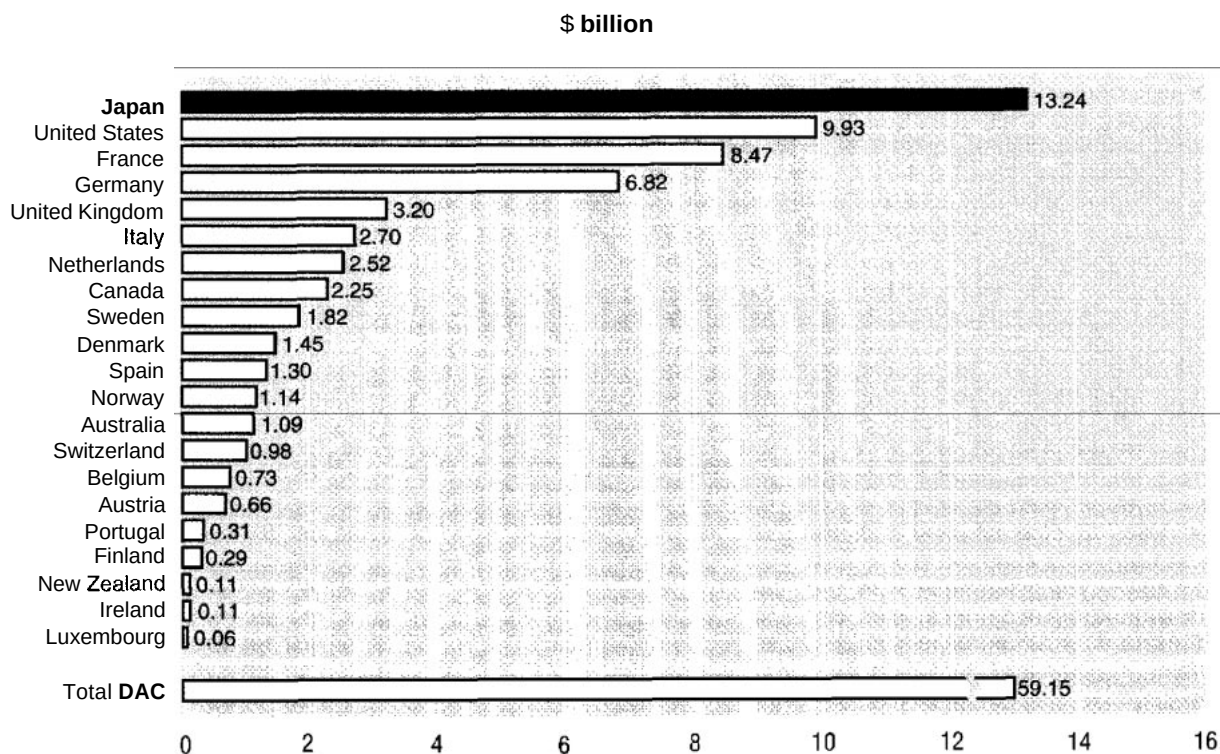
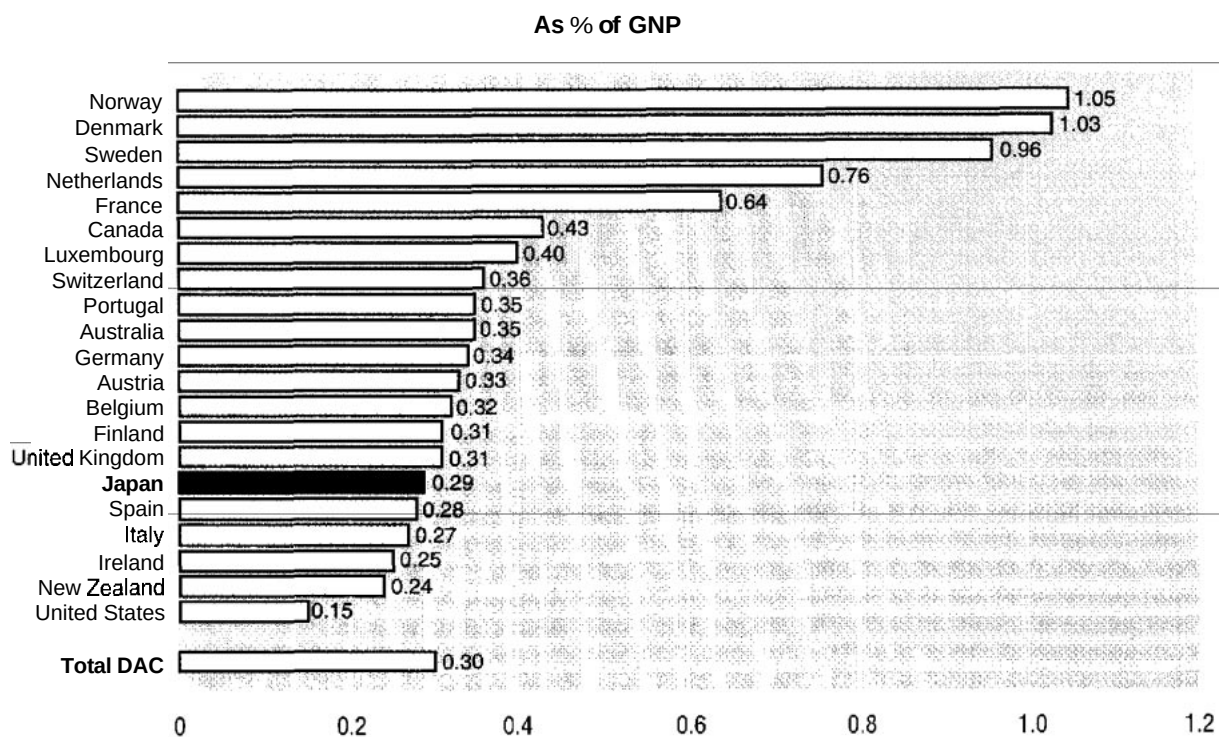
.. Indicates that data are not available

a) Excluding debt reorganisation.

b) Excluding contributions to the EC; in brackets including contributions to the EC.

Source: OECD.

Net ODA from DAC countries in 1994



MAIN SALES OUTLETS OF OECD PUBLICATIONS PRINCIPAUX POINTS DE VENTE DES PUBLICATIONS DE L'OCDE

ARGENTINA – ARGENTINE

Carlos Hirsch S.R.L.
Galería Guemes, Florida 165, 4° Piso
1333 Buenos Aires Tel. (1) 331.1787 y 331.2391
Telefax: (1) 331.1787

AUSTRALIA – AUSTRALIE

D.A. Information Services
648 Whitehorse Road, P.O. Box 163
Mitcham, Victoria 3132 Tel. (03) 9210.7777
Telefax: (03) 9210.7788

AUSTRIA – AUTRICHE

Gerold & Co.
Graben 31
Wien I Tel. (0222) 533.50.14
Telefax: (0222) 512.47.31.29

BELGIUM – BELGIQUE

Jean De Lannoy
Avenue du Roi 202 Koningslaan
B-1060 Bruxelles Tel. (02) 538.51.69/538.08.41
Telefax: (02) 538.08.41

CANADA

Renouf Publishing Company Ltd.
1294 Algoma Road
Ottawa, ON K1B 3W8 Tel. (613) 741.4333
Telefax: (613) 731.5439

Stores:
61 Sparks Street
Ottawa, ON K1P 5R1 Tel. (613) 238.8985
12 Adelaide Street West
Toronto, ON M5H 1L6 Tel. (416) 363.3171
Telefax: (416) 363.59.63

Les Éditions La Liberté Inc.
3020 Chemin Sainte-Foy
Sainte-Foy, PQ G1X 3V6 Tel. (418) 658.3763
Telefax: (418) 658.3763

Federal Publications Inc.
165 University Avenue, Suite 701
Toronto, ON M5H 3B8 Tel. (416) 860.1611
Telefax: (416) 860.1608

Les Publications Fédérales
1185 Université
Montreal, QC H3B 3A7 Tel. (514) 954.1633
Telefax: (514) 954.1635

CHINA – CHINE

China National Publications Import
Export Corporation (CNPIEC)
16 Gongti E. Road, Chaoyang District
P.O. Box 88 or 50
Beijing 100704 PR Tel. (01) 506.6688
Telefax: (01) 506.3101

CHINESE TAIPEI – TAIPEI CHINOIS

Good Faith Worldwide Int'l. Co. Ltd.
9th Floor, No. 118, Sec. 2
Chung Hsing F. Road
Taipei Tel. (02) 391.7396/391.7397
Telefax: (02) 394.9176

CZECH REPUBLIC – REPUBLIQUE TCHEQUE

Artia Pegas Press Ltd.
Namdri Trida 25
POB 825
111 21 Praha I Tel. (2) 242 246 04
Telefax: (2) 242 278 72

DENMARK – DANEMARK

Munksgaard Book and Subscription Service
35, Nørre Søgade, P.O. Box 2148
DK-1016 København K Tel. (33) 12.85.70
Telefax: (33) 12.93.87

EGYPT – ÉGYPTE

Middle East Observer
41 Sherif Street
Cairo Tel. 392.6919
Telefax: 360-6804

FINLAND – FINLANDE

Akateeminen Kirjakauppa
Keskuskatu 1, P.O. Box 128
00100 Helsinki
Subscription Services/Agence d'abonnements :
P.O. Box 23
00371 Helsinki Tel. (358 0) 121 4416
Telefax: (358 0) 121.4450

FRANCE

OECD/OCDE
Mail Orders/Commandes par correspondance :
2, rue André-Pascal
75775 Paris Cedex 16 Tel. (33-1) 45.24.82.00
Telefax: (33-1) 49.10.42.76
Telex: 640048 OCDE

Internet: Compté.PUBSINQ @ orcd.org

Orders via Minitel, France only/
Commandes par Minitel, France exclusivement :
36 IS OCDE

OECD Bookshop/Librairie de l'OCDE :
33, rue Octave-Feuillet
75016 Paris Tel. (33-1) 45.24.81.81
(33-1) 45.24.81.67

Uawson
B.P. 40
91121 Palaiseau Cedex Tel. 69.10.47.00
Telefax : 64.54.83.26

Documentation Française
29, quai Voltaire
75007 Paris Tel. 40.15.70.00

Economica
49, rue Héricart
75015 Paris Tel. 45.78.12.92
Telefax : 40.58.15.70

Gibert Jeune (Droit-Économie)
6, place Saint-Michel
75006 Paris Tel. 43.25.91.19

Librairie du Commerce International
10, avenue d'Iena
75016 Paris Tel. 40.73.34.60

Librairie Dunod
Université Paris-Dauphine
Place du Maréchal-de-Lattre-de-Tassigny
75016 Paris Tel. 44.05.40.13

Librairie Lavoisier
11, rue Lavoisier
75008 Paris Tel. 42.65.39.95

Librairie des Sciences Politiques
30, rue Saint-Guillaume
75007 Paris Tel. 45.48.36.02

P.U.F.
49, boulevard Saint-Michel
75005 Paris Tel. 43.25.83.40

Librairie de l'Université
12a, rue Nazareth
13100 Aix-en-Provence Tel. (16) 42.26.18.08

Documentation Française
165, rue Garibaldi
69003 Lyon Tel. (16) 78.63.32.23

Librairie Decitre
29, place Bellecour
69002 Lyon Tel. (16) 72.40.54.54

Librairie Sauramps
Le Triangle
34967 Montpellier Cedex 2 Tel. (16) 67.58.85.15
Telefax: (16) 67.58.27.36

A la Sorbonne Actual
23, rue de l'Hôtel-des-Postes
06000 Nice Tel. (16) 93.13.77.75
Telefax: (16) 93.80.75.69

GERMANY – ALLEMAGNE

OECD Publications and Information Centre
August-Bebel-Allee 6
D-53175 Bonn Tel. (0228) 959.120
Telefax: (0228) 959.12.17

GREECE – GRÈCE

Librairie Kauffmann
Mavrokordatou 9
106 78 Athens Tel. (01) 32.55.321
Telefax: (01) 32.30.320

HONG-KONG

Swindon Book Co. Ltd.
Astoria Bldg. 3F
34 Ashley Road, Tsimshatsui
Kowloon, Hong Kong Tel. 2376.2062
Telefax: 2376.0685

HUNGARY – HONGRIE

Euro Info Service
Margitsziget, Európa Ház
1138 Budapest Tel. (1) 111.62.16
Telefax: (1) 111.60.61

ICELAND – ISLANDE

Mál Mog Menning
Laugavegi 18, Pósthólf 392
121 Reykjavik Tel. (1) 552.4240
Telefax: (1) 562.3523

INDIA – INDE

Oxford Book and Stationery Co.
Scindia House
New Delhi 110001 Tel. (11) 331.5896/5308
Telefax: (11) 332.5993
17 Park Street
Calcutta 700016 Tel. 240832

INDONESIA – INDONÉSIE

Pdii-Lipi
P.O. Box 4298
Jakarta 12042 Tel. (21) 573.34.67
Telefax: (21) 573.34.67

IRELAND – IRLANDE

Government Supplies Agency
Publications Section
415 Harcourt Road
Dublin 2 Tel. 661.31.11
Telefax: 475.27.60

ISRAEL – ISRAEL

Praedicta
5 Shatner Street
P.O. Box 34030
Jerusalem 91430 Tel. (2) 52.84.901112
Telefax: (2) 52.84.93

R.O.Y. International
P.O. Box 13056
Tel Aviv 61130 Tel. (3) 546.1423
Telefax: (3) 546.1442

Palestinian Authority/Middle East:
INDEX Information Services
P.O.B. 19502
Jerusalem Tel. (2) 27.12.19
Telefax: (2) 27.16.34

ITALY – ITALIE

Libreria Commissionaria Sansoni
Via Duca di Calabria 1/1
50125 Firenze Tel. (055) 64.54.15
Telefax: (055) 64.12.57
Via Bartolini 29
20155 Milano Tel. (02) 36.50.83

Editrice c Libreria Herder
Piazza Montecitorio 120
00186 Roma
Tel. 679.46.28
Telefax: 678.47.51

Libreria Hoepli
Via Hoepli 5
20121 Milano
Tel. (02) 86.54.46
Telefax: (02) 805.28.86

Libreria Scientifica
Dott. Lucio de Biasio 'Aeiou'
Via Coronelli, 6
20146 Milano
Tel. (02) 48.95.45.52
Telefax: (02) 48.95.45.48

JAPAN – JAPON
OECD Publications and Information Centre
Landic Akasaka Building
2-3-4 Akasaka, Minato-ku
Tokyo 107
Tel. (81.3) 3586.2016
Telefax: (81.3) 3584.7929

KOREA – COREE
Kyobo Book Centre Co. Ltd.
P.O. Box 1658, Kwang Hwa Moon
Seoul
Tel. 730.78.91
Telefax: 735.00.30

MALAYSIA – MALAISIE
University of Malaya Bookshop
University of Malaya
P.O. Box 1127, Jalan Pantai Baru
59700 Kuala Lumpur
Malaysia
Tel. 756.50001756.5425
Telefax: 756.3246

MEXICO – MEXIQUE
OECD Publications and Information Centre
Edificio INFOTEC
Av. San Fernando no. 37
Col. Toriello Guerra
Tlalpan C.P. 14050
Mexico D.F.
Tel. (525) 606 00 11 Extension 100
Fax : (525) 606 13 07

Revistas y Periodicos Internacionales S.A. de C.V.
Floresca 57 - 1004
Mexico. D.F. 06600
Tel. 207.81.00
Telefax: 208.39.79

NETHERLANDS – PAYS-BAS
SDU Uitgeverij Plantijnstraat
Externe Fondsen
Postbus 20014
2500 EA's-Gravenhage
Voor bestellingen:
Tel. (070) 37.89.880
Telefax: (070) 34.75.778

NEW ZEALAND – NOUVELLE-ZELANDE
GPLegislation Services
P.O. Box 12418
Thorndon. Wellington
Tel. (04) 496.5655
Telefax: (04) 496.5698

NORWAY – NORVEGE
NIC INFO A/S
Bertrand Narvesens vei 2
P.O. Box 6512 Etterstad
0606 Oslo 6
Tel. (022) 57 33 00
Telefax: (022) 68.19.01

PAKISTAN
Mirza Book Agency
65 Shahrah Quaid-E-Azam
Lahore 54000
Tel. (42) 353.601
Telefax (42) 231.730

PHILIPPINE – PHILIPPINES
International Booksource Center Inc.
Rm 179/920 Cityland 10 Condo Tower 2
HV dela Costa Ext cor Valero St.
Makati Metm Manila
Tel. (632) 817 9676
Telefax : (632) 817 1741

POLAND – POLOGNE
Ars Polona
00-950 Warszawa
Krakowskie Przedmieście 7
Tel. (22) 264760
Telefax : (22) 268673

PORTUGAL
Livraria Portugal
Rua do Carmo 70-74
Apart. 2681
1200 Lisboa
Tel. (01) 347.49.82/5
Telefax: (01) 347.02.64

SINGAPORE – SINGAPOUR
Gower Asia Pacific Pte Ltd
Golden Wheel Building
41, Kallang Pudding Road, No. 04-03
Singapore 1334
Tel. 741.5166
Telefax 742.9356

SPAIN – ESPAGNE
Mundi-Prensa Libros S.A.
Castelló 37. Apartado 1223
Madrid 28001
Tel. (91) 431.33.99
Telefax: (91) 575.39.98

Mundi-Prensa Barcelona
Consell de Cent No. 391
08009 – Barcelona
Tel. (93) 488.34.92
Telefax: (93) 487.76.59

Llibreria de la Generalitat
Palau Moja
Rambla dels Estudis, 118
08002 – Barcelona
(Subscriptions) Tel. (93) 318.80.12
(Publicacions) Tel. (93) 302.67.23
Telefax (93) 412.18.54

SRI LANKA
Centre for Policy Research
c/o Colombo Agencies Ltd.
No. 300-304, Galle Road
Colombo 3
Tel. (1) 574240, 573551-2
Telefax: (1) 575394, 510711

SWEDEN – SUEDE
CE Fritzes AB
S-106 47 Stockholm
Tel. (08) 690.90.90
Telefax: (08) 20.50.21

Subscription Agency/Agence d'abonnements :
Wennergren-Williams Info AB
P.O. Box 1305
171 25 Solna
Tel. (08) 705.97.50
Telefax: (08) 27.00.71

SWITZERLAND – SUISSE
Maditec S.A. (Books and Periodicals - Livres
et périodiques)
Chemin des Palettes 4
Case postale 266
1020 Renens VD 1
Tel. (021) 635.08.65
Telefax: (021) 635.07.80

Librairie Payot S.A.
4, place Pâpinet
CP 3212
1002 Lausanne
Tel. (021) 320.25.11
Telefax: (021) 320.25.14

Librairie Unilivres
6, rue de Candolle
1205 Geneve
Tel. (022) 320.26.23
Telefax: (022) 329.73.18

Subscription Agency/Agence d'abonnements :
Dynapresse Marketing S.A.
38 avenue Vibert
1227 Carouge
Tel. (022) 308.07.89
Telefax: (022) 308.07.99

See also – Voir aussi :
OECD Publications and Information Centre
August-Bebel-Allee 6
D-53175 Bonn (Germany)
Tel. (0228) 959.120
Telefax: (0228) 959.12.17

THAILAND – THAÏLANDE
Suksit Siam Co. Ltd.
113, 115 Fuang Nakhon Rd.
Opp. Wat Rajbopith
Bangkok 10200
Tel. (662) 225.953112
Telefax: (662) 222.5188

TUNISIA – TUNISIE
Grand Librairie Spécialisée
Fendri
Avenue Haffouz Imm El-Intilaka
Bloc B 1 Sfax 3000
Tel. (216-4) 296 855
Telefax: (216-4) 298.270

TURKEY – TURQUIE
Kültür Yayınları Is-Türk Ltd. Sti.
Ataturk Bulvari No. 191/Kat 13
Kavaklıdere/Ankara
Tel. (312) 428.11.40 Ext. 2458
Telefax: (312) 417 24 90

Dolmabahce Cad. No. 29
Besiktas/Istanbul
Tel. (212) 260 7188

UNITED KINGDOM – ROYAUME-UNI
HMSO
Gen. enquiries
Postal orders only:
P.O. Box 276, London SW8 5DT
Personal Callers HMSO Bookshop
49 High Holborn, London WC1V 6HB
Tel. (171) 873 8416
Telefax: (171) 873 8416

Branches at: Belfast, Birmingham, Bristol,
Edinburgh, Manchester

UNITED STATES – ETATS-UNIS
OECD Publications and Information Center
2001 L Street N.W., Suite 650
Washington, D.C. 20036-4922
Tel. (202) 785.6323
Telefax: (202) 785.0350

Subscriptions to OECD periodicals may also be
placed through main subscription agencies.

Les abonnements aux publications périodiques de
l'OCDE peuvent être souscrits auprès des
principales agences d'abonnement.

Orders and inquiries from countries where Distribu-
tors have not yet been appointed should be sent to:
OECD Publications Service, 2, rue Andrt-Pascal.
75775 Paris Cedex 16, France.

Les commandes provenant de pays où l'OCDE n'a
pas encore désigné de distributeur peuvent être
adressées à : OCDC, Service des Publications,
2, rue Andrt-Pascal, 75775 Paris Cedex 16, France.

1-1996

Development Co-operation Review Series

Japan

The Development Assistance Committee (DAC) reviews are regular peer examinations of each DAC Member's development assistance policies and programmes, and are unique to the OECD. This series makes available the Committee's Summary and Conclusions as well as the OECD Secretariat reports prepared for these reviews along with their supporting statistical material.

Development co-operation policy reviews in 1996 are planned for the following DAC Members: Austria, Italy, New Zealand, Australia, Sweden, Portugal, Switzerland and France.

