

THE PARIS DECLARATION  
Evaluation of the Implementation of the Paris Declaration:  
Case Study of Japan

Final Report

December 28, 2010

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## Acronyms

DAC	Development Assistance Committee, OECD
DPL	Development Policy Loan
GNI	gross national income
HQ	headquarters
IRG	International Reference Group
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
MOFA	Ministry of Foreign Affairs, Japan
MOU	memorandum of understanding
NGO	non governmental organisation
ODA	official development assistance
OECC	Overseas Economic Cooperation Council, Japan
OECD	Organisation for Economic Co-operation and Development
OEKO	Overseas Economic Cooperation Operations, JBIC
OJT	on-the-job training
PD	Paris Declaration
PD Action Plan	Japan's Action Plan for Implementing the Paris Declaration
PIU	project implementation unit
PRSC	Poverty Reduction Support Credit
PRS/PRSP	Poverty Reduction Strategy / Poverty Reduction Strategy Paper
TICAD	Tokyo International Conference on African Development
TOR	Terms of Reference

## **Executive Summary**

### **1. PURPOSE AND BACKGROUND**

Under the evaluation framework of the Paris Declaration, the central mandate of “Donor/Agency HQ Studies” is described as to “supplement and strengthen the basis for the main focus of the Phase 2 evaluation; a strong set of Country-level Evaluations”. Accordingly, the main focus of “Donor/Agency HQ Studies” – which our Evaluation Team has carried out – is placed on the *input and output level*, with a particular interest in answering the following question: “How the Paris Declaration is understood and interpreted at the HQ level, and how such interpretations are reflected in the assistance policies and processes?”

Recognising the backdrop of the PD evaluation as described above, our Evaluation Team has carried out research and analytical work based upon the Generic ToR, thus placing particular emphasis on understanding the following two questions: “how the Official Development Assistance (ODA) system of Japan has interpreted the Principles and Partnership Commitments of the Paris Declaration, and how such interpretations have been reflected in the country’s policy actions?”; and “whether or not such policy actions can be assessed as being consistent with the Paris Declaration, by ultimately targeting at improving the overall efficiency of the country’s development assistance processes?”

### **2. OVERALL CONCLUSIONS**

#### ***2-1. Assessing Japan’s Implementation of the Paris Declaration***

While Japan’s overarching policy documents appear to indicate somewhat ambiguous stance with regard to the principles of *harmonisation* and *mutual accountability*, when we look at the agency or individual staff level, we can observe quite a few undertakings that closely correspond to each of the PD principles, including those two mentioned above.

However, with particular regard to the principles of *managing for results* and *mutual accountability*, the Evaluation Team recommends that Japan should strive to further expand the provision of technical assistance, along with similar efforts by other donors, in order to reinforce the administrative capacities of partner countries to pursue these principles.

#### ***2-2. Assessing Japan’s Commitment to the Paris Declaration***

As far as its principles of *ownership*, *alignment* and *managing for results* are concerned, Japan’s commitment to the Paris Declaration, as it appears in the overarching policy documents, can be assessed explicit (being clarified in most overarching policy documents), consistent (having appeared since the old ODA Charter approved in 1992), and further enhanced (i.e., being given concreteness by the PD Action Plan).

Although *harmonisation* is one of the most important among the PD principles in terms of

aid effectiveness, Japan's commitment to the principle, as it appears in the overarching policy documents, is assessed relatively weak or ambiguous. The ODA Charter and the Medium Term Policy allude to *harmonisation* in the words "coordination" and "collaboration", but do not clearly claim that Japan collaborates with other donors in order to harmonise their assistances. It is unexplainable that the PD Action Plan, which is dedicated to implementing the Paris Declaration, lacks a clear-cut reference to *harmonisation*. Even the ODA Review Final Report, the latest and forward-looking overarching policy document on ODA, does not directly advocate for *harmonisation* but only requires increasing aid-coordination specialists. JICA's Mid-term Plan is a rare exception in making decisive and fruitful assertion of *harmonisation*.

The remaining PD principle of *mutual accountability* is not mentioned in any main ODA policy documents with the exception of JICA's Mid-term Plan. Although its undertakings are practically observed in several activities, Japan's explicit commitment to, or leadership for the principle can scarcely be recognised.

Furthermore, as our questionnaire survey revealed, the actual content (principles and details) of the Paris Declaration is not so well-absorbed by the ODA staff at overseas posts. In addition, amongst the five principles of the Paris Declaration, the level of understanding of overseas ODA officials with regard to *managing for results* and *mutual accountability* appears to be lower than that with the other three principles.

### ***2-3. Assessing Japan's Capacities for the Implementation of the Paris Declaration***

It can be concluded that Japan has made substantial progress in the capacity facet, in light of the Paris Declaration. Among other things, it could be said that Japan is in the leading position in terms of South-South Cooperation engaging the emerging donors, especially Asian countries such as Malaysia, Singapore, Thailand, etc. On the other hand, there are three points which could bear improvement.

Firstly, Japan has made significant progress in both systemic and institutional capacities. Japan's recent efforts include joining budget supports, inter-institutional reform between JICA and JBIC, intra-institutional reform of the MOFA and the JICA, and so on. Only a few years into the new administration structure for ODA policy formulation/implementation, it is still too early at this stage to draw definitive conclusions as to whether the institutional reforms to both MOFA and JICA have born their intended outcomes, and/or whether further improvements would be necessary. However, for accountability purposes, it is recommended that the Government of Japan make an effort to identify and evaluate the outputs and outcomes of the progress in capacities in light of aid effectiveness. In particular regard to the budget support, the Evaluation Team believes that the Government of Japan should clarify the criteria or the factors that it considers when deciding whether or not to provide the budget support to a particular

partner country, as that would help explain why the overall number of the partner countries provided with Japan's budget support is still limited as of September 2010.

Secondly, it is claimed that Japan's delegation of authority to the field level has made progress, but there is still room for improvement. In particular, considering the findings of the Evaluation Team's questionnaire and interview surveys, donor coordination-related activities may be one area where Japan could reinforce the decision-making authorities of the field offices, which will most likely strengthen Japan's responsiveness to the fast-paced evolution of donor-coordination activities at various partner countries.

Lastly, Japan's personnel posts such as Coordinator for Economic Cooperation of the MOFA and the Project Formulation Advisor of the JICA, that consist of only temporary employees at present, are substantially devoted to the aid coordination. According to a specialist's observation, staff members are directly involved in aid coordination at the field level in the partner countries where Japan's engagement in aid coordination is relatively successful. Therefore it would be recommended to strengthen staff members' involvement with aid coordination and/or share more experiences on aid coordination between temporary employees and staff members and among temporary employees (coordinators and his/her successors) – in order to accumulate Japan's institutional memory on the aid coordination.

#### ***2-4. Assessing Japan's Incentives/Disincentives for the Implementation of the Paris Declaration***

As a whole, there are both incentives and disincentives for the implementation of the Paris Declaration in Japan. Although a certain number of staff at agency-level and field-level are intently working, both governmental, explicit commitments and institutional follow-ups are insufficient to motivate individuals. For further assistance, given that agency staff in the field offices (both Economic Cooperation Divisions of Japanese Embassies and JICA offices) are still in need of more powerful leadership by the government and immediate managers, more concrete and comprehensive guidelines, training and support would be useful to promote incentives to comply with the PD principles for ODA agencies and working staff. Also, as for utilizing the specialist personnel in MOFA, it is significant to introduce a career path programme for those who aspired to a career in the field of development assistance.

With regard to the government level assessment, although Japanese government has engaged in policy coordination among institutions, beyond ministries involved in development assistance to accomplish policy coherence of overseas economic assistance, it is not much more than ODA-bound coordination. In order to pursue development effectiveness in partner countries, ODA and non-ODA policies should be coherent and mutually supportive of developing countries, corresponding to the philosophy of the Paris Declaration. Consequently, there is need for a lot of legitimate and authorized commitment by the government to promote

policy coherence for development in order to overcome the ODA/non-ODA policy boundary.

#### **4. RECOMMENDATIONS**

First of all, the Evaluation Team recognises a strong need for enhanced educational efforts, such as a more frequent holding of the distance seminar to ODA Task Forces with a focus on the Paris Declaration and its principles, so that the officials engaged in the ODA field can have more intensive exposure to the accumulated experiences of the PD implementation. As our questionnaire survey revealed, the portion of ODA officials who are well acquainted with the actual content of the Paris Declaration appears to be insufficiently small-sized. This situation certainly needs to be improved, if Japan opts to take a leadership role in navigating the future course of the Paris Declaration beyond Year 2010.

Secondly, based upon the surveys we have conducted, the Evaluation Team recommends that the Government of Japan should make a more clear-cut revelation of its will of commitment to, or leadership for the promotion of *harmonisation*, which constitutes a crucial part of the PD principles. Although the essential function of *harmonisation* can be viewed as to complement or strengthen the principle of *alignment* – as is asserted by the Government of Japan – it is nonetheless *one of the PD Principles* to which every signatory member is supposed to attach an *equal* level of commitment for implementation.

On the other hand, as our interview and questionnaire surveys both revealed, the actual cases of undertakings in the spirit of aid harmonisation can in fact be recognised as increasing in number nowadays. This attests to the fact that the appreciation of the harmonisation principle has gradually penetrated internally within the Government of Japan, at both the agency and individual level. However, in order to solidify the commitment to the harmonisation principle as an integral position of the Government, and in order to clarify that for the benefits of the general public, it is still well advised that the Government of Japan make a clear-cut statement to that effect as part of an overarching policy document, such as the ODA Charter. Alluding to the harmonisation principle, simply as part of commitment statements for the alignment principle, does not suffice for the aforementioned purpose.

Furthermore, expressing a clear-cut governmental commitment to the principle of harmonisation should effectively convince the domestic civil society that sharing resources and approaches for development assistance with the other members of the international donor community is of significant value in today's context. As is often said, the general public of Japan tends to be inclined toward a mode of ODA provision that signals *who makes aid contributions* (visibility/distinctiveness of Japanese aid contributions), which does not necessarily sit amicably with the principle of harmonisation. However, as the focus of international development efforts seem to concentrate more and more on the Sub-Saharan African region, where Japan relatively lacks experience of providing ODA, it is crucial that Japan

proactively harmonises its assistance approach with the other more experienced donors, in order to improve the development effects of the ODA it provides to that region. Furthermore, given the stringent budgetary conditions which the Government of Japan is faced with, strengthening the harmonisation approach is of critical importance, as it can promote the “cost and benefit” efficiency of Japan’s ODA by enabling it to focus on areas where Japan holds a comparative advantage.

In this regard, the Government of Japan needs to reinforce its public relations strategies so as to construct and solidify the general public’s support for the pursuit of *harmonisation* principle. Moreover, it is critical that such PR efforts for the pursuit of the harmonisation principle are carried out not only by MOFA and JICA, but also by other actors, especially the Diet (Japan’s legislature), who are deeply engaged with the ODA policy, and thus carry a significant level of responsibility for explaining to the domestic constituency what Japan is expected of in relation with the international donor community. It is also important that these actors collaborate with other actors such as NGOs, academia and mass media, in order to extend the outreach of the PR efforts, thereby establishing a broader, and deeper public support for Japan’s commitment to the principle of harmonisation.

The same recommendation is applicable to the principles of “*mutual accountability*”, to which the Government of Japan has also shown somewhat ambiguous commitment. As is the case with the principle of harmonisation, the actual cases of undertakings that adhere to these principles can be observed, both at the agency and individual staff level. Therefore, as we discussed with regard to the harmonisation principle, in order to solidify the commitment to the mutual accountability principle as an integral position of the Government, and in order to clarify that for the benefits of the general public, it is well advised that the Government of Japan make a clear-cut statement to that effect as part of an overarching policy document, such as the ODA Charter.

As many of the respondents to our questionnaire survey replied, seeing a well-articulated commitment at the highest level of the Government is one of the most powerful incentives for them to strive towards fulfilling that commitment on behalf of the Government. Whilst the Government of Japan indeed has introduced a wide range of incentive measures for the promotion of the “aid effectiveness” agenda, making a clear-cut commitment to both the “harmonisation” and “mutual accountability” principle at the overarching policy level will further improve the effectiveness of those incentive measures, thereby strengthening the leadership role of the Government of Japan in navigating the future course of the Paris Declaration.

## **A. Introduction**

### *A-1. Background and Objectives of the Evaluation*

#### **A-1-a. Understanding of the Background to the Phase 2 Evaluation**

The Paris Declaration on Aid Effectiveness (hereinafter interchangeably referred to as “Paris Declaration” or “PD”) was agreed in Year 2005, with a view to promoting the overall quality of the development and assistance efforts by both partner countries and donors.

Building upon the five “Principles” (i.e., *ownership, alignment, harmonisation, managing for results, and mutual accountability*), the Paris Declaration enumerates “Partnership Commitments” which partner countries and donors should strive to undertake, together with 12 “Indicators” for monitoring the progress of such undertakings. Today, with more than 150 memberships, the Paris Declaration is generally regarded as a guiding framework for the development/assistance efforts that are made by the members of the international community.

The Paris Declaration has specifically established a two-phased evaluation process, which is to be guided and directed by the International Reference Group (IRG); and the evaluation project with which our Team has been mandated to carry out comprises a part of the Phase 2 evaluation.

The evaluation framework of the Paris Declaration has two components: one is “Country-level Evaluation”, which is to be implemented by partner countries; and the other is “Donor/Agency HQ Studies”, which is to be carried out by donor countries and agencies at their headquarters level.

“Country-level Evaluation”, which is endowed with a central position in the overall framework of PD evaluation, aims at assessing not only *inputs* and *outputs* (i.e., “Whether or not development/assistance efforts are carried out in conformance with the Paris Declaration?”), but also *outcomes* and *impacts* (i.e., “Whether or not such development/assistance efforts are bearing concrete achievements in terms of the efficiency of development/assistance process or the effectiveness of development outcomes?”).

On the other hand, the central mandate of “Donor/Agency HQ Studies” is described as to “supplement and strengthen the basis for the main focus of the Phase 2 evaluation; a strong set of Country-level Evaluations”. Accordingly, the main focus of “Donor/Agency HQ Studies” – which our Evaluation Team has carried out – is placed on the *input and output level*, with a particular interest in answering the following question: “How the Paris Declaration is understood and interpreted at the HQ level, and how such interpretations are reflected in the assistance policies and processes?”

The product of our Team’s evaluation will ultimately be integrated into the Synthesis Report,

along with the products of the other teams carrying out “Donor/Agency HQ Studies” and “Country-level evaluations.” In order to assure the integrity of the overall framework of PD evaluation, our evaluation project has been structured and implemented based upon the “Generic Terms of Reference (TOR) for Donor/Agency HQ Studies”, which is built around three “enabling conditions” (i.e., “commitment”, “capacity”, and “incentives”) that are considered essential for promoting the implementation of donor commitments under the Paris Declaration.

## A-1-b. Objectives

Recognising the backdrop of the PD evaluation as described above, our Evaluation Team has carried out research and analytical work based upon the Generic ToR, thus placing particular emphasis on understanding the following two questions: “how the Official Development Assistance (ODA) system of Japan has interpreted the Principles and Partnership Commitments of the Paris Declaration, and how such interpretations have been reflected in the country’s policy actions?”; and “whether or not such policy actions can be assessed as being consistent with the Paris Declaration, by ultimately targeting at improving the overall efficiency of the country’s development assistance processes?”

Our Evaluation Team has also aimed at discovering an additional question from *outcome/impact* perspective: that is, “whether or not PD-oriented actions by Japan have contributed, *in effect*, to improving the efficiency of the development assistance processes, not only of Japan but also of the international community as a whole?” It is also of the Team’s interest to clarify: “whether or not Japan’s collaborative actions underpinned by the PD have strengthened the development partners’ commitment to targeting at, and managing for results?” Our studies from these perspectives have extensively referenced the results of the Third-Party ODA evaluations that are conducted every year for the Government of Japan, as well as the result of the most recent OECD/DAC peer review of the Japanese development cooperation.

Furthermore, in formulating our overall evaluation framework, our Evaluation Team deemed it significant to bear in mind that this year marks a significant milestone for the Paris Declaration; that is, the deadline year for the specific targets incorporated in the Declaration. With a view to contributing to the evolving discussions for the future course of actions beyond the PD deadline year, our Evaluation Team has tried to extract significant implications and lessons that Japan has accumulated thus far through its efforts towards PD implementation; and has further tried to analyze how such implications and lessons may fit into the future context of the international development assistance, by also paying close attention to the significant endeavours that other international development partners have undertaken to date.

## A-2. *Grand Design of the Evaluation*

### A-2-a. Focus of the Evaluation

As mentioned earlier, our Team's evaluation is aimed at capturing and analyzing the undertakings of Japan's ODA system for the PD implementation in a comprehensive and critical manner. To accomplish this aim, our Team, to the extent possible, tried to carry out investigations not only on policy documents, but also on the actual activities at field level. In accordance with the Generic TOR of the OECD/DAC, the evaluation framework which our Team has adopted is built around the following pillar perspectives:

- a) **“Commitment”** – Whether the Government of Japan (which includes not only MOFA and JICA – both of which are the agencies directly charged with ODA policy management – but also the Cabinet Office and the Diet (i.e., the legislature of Japan)) is making a clear-cut, adequate pledge to observe the Principles and Partnership Commitments of the Paris Declaration?
- b) **“Capacity”** – Whether Japan is equipped with effective capacities to put into practice the Principles and Partnership Commitments of the Paris Declaration?
- c) **“Incentives”** – Whether the Government of Japan is providing measures that encourage various actors engaged in development assistance to follow and practice the Principles and Partnership Commitments of the Paris Declaration?

### A-2-b. Scope of the Evaluation

The main target of our evaluation work – Japan's ODA system – can be seen as a “multi-layered mechanism” that is composed of the following components (layers):

- a) **“Overarching policy framework”** – Policy documents such as the ODA Charter and the Medium Term Policy belong to this layer. Inputs (whether in the form of documented materials or oral comments) from the Cabinet or legislature that influence the overall framework of Japan's ODA policy, also belong to this layer.
- b) **“Organisational structures”** – Organisational entities that are tasked with formulating and implementing the ODA policy belong to this layer: namely, they are the Ministry of Foreign Affairs (MOFA) and Japan International Cooperation Agency (JICA).
- c) **“Human Resources”** – Individual staff members that are engaged with ODA policy formation/implementation processes on a day-to-day basis in the field.

Our Team's research and evaluation work paid attention to each of the above-mentioned layers, and verified whether PD-conformant undertakings are being carried out in each sphere of the three layers.

The chart below shows some of the major components of Japan's ODA system that should be included in the scope of our Evaluation Team's studies.

Table A-2-1: Major Targets of Our Team's Study/Evaluation

Elements of ODA System	
Overarching Policy Framework	<ul style="list-style-type: none"> <li>• Inputs from the Cabinet and legislature concerning the overall structure of ODA policy framework</li> <li>• ODA Charter, Medium Term Policy, Priority Policy for International Cooperation</li> <li>• Japan's Action Plan for Implementing the Paris Declaration</li> <li>• Country Assistance Programmes and Sectoral Development Policy</li> </ul>
Organisational Structures	<ul style="list-style-type: none"> <li>• Overseas Economic Cooperation Committee (Cabinet Secretariat), Special Committee on ODA (Upper House)</li> <li>• Ministry of Foreign Affairs (decision-making mechanism built around the Headquarters of International Cooperation Policy Planning), Japan International Cooperation Agency (decision-making mechanism built around the Development Partnership Division)</li> <li>• Inter-Agency Coordination Meeting on ODA</li> <li>• Japan's Embassies and ODA Task Forces</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>• Officials of MOFA and JICA</li> <li>• Officials of other Ministries and Agencies engaged in ODA</li> <li>• Staff members at Japan's diplomatic missions overseas and ODA Task Forces</li> <li>• Actors in the private sector who contribute as partners to the promotion of Japan's ODA policy, such as NGOs, companies and academicians</li> </ul>

## **B. Methodology and Limitations**

### *B-1. Literature Survey*

Our Team's evaluation work paid a particular attention to the interpretation of the Paris Declaration at the headquarter level through a review of policy documents and other relevant written sources (documents that are of significant relevance are as identified in Table A-2-1 above). It made extensive use of existing documentation, including the reports of the Third-Party Evaluations of ODA, as well as the most recent OECD/DAC peer review of the Japanese development cooperation.

### *B-2. Interviews*

Our Evaluation Team conducted a series of semi-structured interviews with representative officials of the bureaus/divisions that are tasked with ODA policy formulation/implementation within MOFA and JICA (i.e., The International Cooperation Bureau and its subsidiary Divisions at MOFA, and the Development Partnership Division at JICA).

In order to investigate various stakeholders' opinion, the Evaluation Team also conducted semi-structured interviews with key figures in the legislative branch of the government, as well as those in the civil society. Specifically, the former includes researchers at the Committee on Foreign Affairs and Defence (Upper House of the Diet), while the latter includes academics, NGO staffs, and journalists.

### *B-3. Questionnaire Survey*

The Evaluation Team also carried out a structured questionnaire survey targeting staff members of Japan's embassies and JICA overseas offices. The questionnaire was structured so as to investigate and verify the implementation of the Paris Declaration at the field level in partner countries. The questionnaires were distributed to Japan's embassies and JICA overseas offices located in 41 partner countries; and answers were received from 35 embassies and 36 JICA offices. The 41 target countries were chosen based upon the following set of criteria: (1) Japan has both embassy and JICA overseas office to the targeted country; and (2) the targeted country is classified as a low income country or lower-middle income country.

## **C. Donor HQ Findings**

### *C-1. Contextual Factors*

#### **Budget**

The net monetary volume of Japan's Official Development Assistance (ODA) during FY2008 was USD 9,579 million, ranking it at the fifth place amongst the DAC members for that year. For the same fiscal year, the size of ODA relative to the country's gross national income (GNI) stood at a mere 0.19%, well below the DAC average of 0.31%. Further, also for FY2008, the grant element of Japan's ODA was measured at 85.1%, while the bilateral-aid coverage was 71%.

The report of the recent DAC Peer Review for Japan, which was released in 2010, recommended that the Government of Japan take the following measures. First, it recommended that Japan should set a timeline for increasing its ODA volume toward the United Nation's target of ODA/GNI rate of 0.7%; and that, in order to ensure efforts to achieve that goal, Japan should strive to reinforce political support for establishing a framework that allows for providing an indicative, multi-year plan of ODA allocations. Secondly, the DAC Peer Review recommended that Japan review its ODA portfolio with a view to ensuring that the country meets the requirements established by the DAC Recommendation on Terms and Conditions of Aid; in particular to increase the grant element of ODA to 86%.

#### **Geographical Spread of Programme**

The number of countries/regions to which Japan has disbursed bilateral ODA reached 189 by 2008. Over the last five years, Japan has provided bilateral ODA to more than 140 countries/regions every year; indeed, the number was 146 for the 2007-08 period, and Japan does not intend to reduce the number of countries/regions it supports. While Japan disburses ODA globally, and does not officially specify priority countries, the bulk of its bilateral ODA has gone to Asian countries. For example, in 2008, the largest share of Japan's ODA went to Asia (58%), while the Middle East and Africa received 16% and 15%, respectively. Amongst the Asian countries/regions, China, India, and Indonesia together have received, on a yearly average, 20.9% of Japan's total net bilateral aid over the last 10 years.

#### **Organisational Structure and Staff**

The International Cooperation Bureau of the Ministry of Foreign Affairs of Japan (MOFA) and Japan International Cooperation Agency (JICA) play key roles in the formulation and implementation of Japan's ODA policy. There are 510 staff members assigned to ODA-related posts at MOFA, while the number is 1,664 at JICA.

The last several years have seen some major organisational changes made at the core of Japan's

ODA system. Most notably, a renewed JICA was established in October 2008, by incorporating the parts of the former Japan Bank for International Cooperation (JBIC) which carried responsibility for the management of ODA loan schemes, and also by transferring responsibilities for the grant schemes which were previously managed by MOFA. Thus, JICA has been transformed from an agency mainly focused on technical cooperation, to one which comprehensively manages all three of Japan's ODA schemes: i.e., loans, grants and technical cooperation. This reorganisation of JICA was primarily aimed at acceleration, magnification and expansion of the "aid effectiveness" of Japan's ODA policy<sup>1</sup>.

Meanwhile, MOFA also carried out institutional reforms with a view to strengthening its policy formulation and planning functions on ODA matters. In August 2006 the International Cooperation Bureau was newly established in MOFA. In order to implement ODA policies in concordance with the overall diplomatic policy of Japan, this bureau is expected to deploy more effectively the various schemes of bilateral assistance — yen loans, grant aid and technical cooperation — and to identify priority issues in geographical regions or in development sectors. Following the establishment of the Bureau, in July 2009, the Grant Aid and Technical Cooperation Division and Loan Aid Division that oversaw aid modalities were abolished, while the country-based planning divisions were strengthened, in order to enhance the Bureau's policy planning and drafting functions on ODA. These efforts have allowed for providing assistance in a more strategic, streamlined manner, through the three country-based planning divisions situated under the authority of the Development Assistance Policy Coordination Division.

### **Evaluation**

Japan has a comprehensive internal evaluation system for its ODA policy, which is built upon two objectives that are consistent with the DAC principles: (1) providing a basis for accountability; and (2) learning to improve future performance. MOFA and JICA together are responsible for the majority of ODA-related evaluations, and there is a certain division of labour between the two organs; that is, while MOFA is responsible for policy, thematic and programme level evaluations, JICA on the other hand is responsible for evaluating individual projects and programmes at the implementation level. Both MOFA and JICA have their own evaluation guidelines that reflect the DAC evaluation criteria. Further, both MOFA and JICA have their own evaluation work plans, disclose evaluation results to the public, and produce annual evaluation reports.

Evaluations at MOFA are overseen by the ODA Evaluation and Public Relations Division, which reports to the Aid Policy and Management Division. The former division organises the External Advisory Meeting on ODA Evaluations led by the third party, although it is currently

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<sup>1</sup> [http://www.jica.go.jp/tsukuba/topics/2008/080422\\_01.html](http://www.jica.go.jp/tsukuba/topics/2008/080422_01.html)

suspended temporarily. Nevertheless, the DAC Peer Review of 2010 indicated that Japan should examine whether the current location of the internal evaluation function at MOFA is adequate to ensure the evaluations' independence, credibility and usefulness for organisational learning<sup>2</sup>.

### **Policy Coherence**

The notion of policy coherence can be broken down into three factors; namely they are (1) political commitment and policy statements, (2) policy coordination mechanism and (3) monitoring, analyzing and reporting. With regard to the first factor, the ODA Charter and the Medium Term Policy are the two policy instruments of highest significance regarding Japan's ODA. They provide the basis for promoting coherent ODA policy. However, the DAC Peer Review of 2010 indicated that neither the ODA Charter nor the Medium Term Policy sufficiently provides a clear-cut guidance on how to ensure that both ODA and non-ODA policies support partner countries' development goals.

With regard to the second factor, within the Government of Japan, a significant portion of ODA-related decision-making is generally conducted through an inter-ministerial coordination process, so that the formulation, planning and implementation of the ODA policy, and – most importantly in the context of the Paris Declaration – modifications to the ODA policy, are done and made based upon a general consent of all the relevant government bodies. By statute, MOFA is responsible for coordinating Japan's ODA-related policy and planning matters with other parts of the government in order to ensure inter-ministerial policy coherence. Japan has made further efforts to enhance ODA policy coherence by instituting various types of coordination mechanisms. For example, the Overseas Economic Cooperation Council (OECC), which is chaired by the Prime Minister, was established in 2006, with a view to strengthening the policy coordination and strategic aspects of Japan's overseas economic cooperation. At the field level, country-based ODA Task Forces were introduced in 2003 that work to ensure ODA policies be executed coherently at the ground, implementation level. An ODA Task Force is generally composed of staff members at the Japanese embassy who are in charge of economic cooperation, as well as staffers at the overseas field office of JICA and other Japanese government organs. ODA Task Forces are also responsible for facilitating donor coordination, as well as for consulting with other stakeholders, such as NGOs and businesses.

With regard to the third factor, there are no established guidelines for the monitoring and assessment of the development implications of the ODA policies pursued by ministries or

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<sup>2</sup> With a view to addressing these issues surrounding evaluations, the ODA Review Final Report ("Enhancing Enlightened National Interest"), which was publicly released in June 2010, states that "ODA evaluation arrangement will be strengthened with increased independence to raise the objectivity and the value of evaluation. MOFA will therefore reform its ODA evaluation division by recruiting an expert to the head of the division or transferring the division out of the ODA policy Division." (p. 13)

agencies. On transparency and reporting, the government has increasingly made efforts to raise the general public's awareness of, and promote better public understandings of ODA-related issues, by utilizing various media channels such as the Internet, email newsletters and annual ODA reports.

## C-2. *Overall Assessment*

### **Analytical Framework of the Sub-Section**

This section will try to assess whether the Government of Japan is sufficiently committed to the implementation of the Paris Declaration, in accordance with each of the principles that are incorporated in the Paris Declaration.

The degree of commitment to the PD principles could be assessed from the following two perspectives: (1) whether the government is making a clear-cut statement *at the overarching policy level* for the implementation of the principles; and (2) whether the actual undertakings adherent to the principles could be observed *at the agency or individual staff level*.

Whilst the following section (i.e., C-3. *Assessing Commitment*) will focus on verifying Japan's commitment to the Paris Declaration as a whole from the first perspective mentioned above, this section will evaluate the country's commitment, principle by principle, both at the level of overarching policy, and at the level of agency/individual staff's actual undertakings.

### **Overview of the Findings**

In sum, while the overarching documents of Japan's ODA policy (such as the ODA Charter and the Medium Term Policy) include clear-cut statements of commitment with regard to the principles of *ownership*, *alignment*, and *managing for results*, the country's commitment appears more or less ambiguous with regard to the remaining two principles of *harmonisation* and *mutual accountability*.

On the other hand, when we look at the *agency or individual staff level*, we can observe quite a few undertakings that closely correspond to each of the PD principles. However, with particular regard to the principles of *managing for results* and *mutual accountability*, the Evaluation Team recommends that Japan should strive to further expand the provision of technical assistance, along with similar efforts by other donors, in order to reinforce the administrative capacities of partner countries to pursue these principles.

Furthermore, in view of the ever-increasing significance the international community attaches to the principle of *harmonisation*, the Evaluation Team makes a recommendation that the Government of Japan should clarify how it approaches and embraces the principle – especially

at the overarching policy level where the Government's commitment to the principle appears to be ambiguous – thereby making an unequivocal assertion of that stance not only in relation with the international community, but also towards the domestic constituency. It is the Evaluation Team's strong belief that, while the pursuit of the *harmonisation* principle will undoubtedly benefit Japan by allowing it to minimize the transaction costs and concentrate more of its ODA resources into the areas where the country retains comparative advantage, doing so would require constructing a better understanding by, and support from, the general public of Japan.

### **Principle 1: Ownership**

Japan's commitment to the PD principle of *ownership* is clearly stipulated in the fundamental ODA policy documents (i.e., The ODA Charter and the Medium Term Policy), both of which were approved at the Cabinet level (in August 2003, and February 2005, respectively). In fact, ODA agencies and their staff members have been rigorously engaged in implementing the principle, not only at the policy-making level at the headquarters in Tokyo, but also through the actual aid-provision process at the field level.

The principal doctrine of Japan's ODA policy to extend aid in response to solicitation from partner countries stands as an unequivocal testament to the country's high regard for the principle of ownership. In addition, the policy dialogues, which the Government of Japan strongly encourages ODA Task Forces to hold with partner countries' governments<sup>3</sup>, serve as a mechanism which ensures that the partner countries' development needs are duly reflected in Japan's Country Assistance Programmes. In fact, as part of the preparation process of the Country Assistance Programmes, dialogues are conducted not only with the government of a partner country, but also with representatives of the civil society, such as NGOs. These undertakings further ensure that the Country Assistance Programmes, to the extent possible, reflect the ownership of the development process by the people of the partner country (respect for the notion of "*inclusive ownership*"). Furthermore, capacity development assistance, to which Japan's ODA policy attaches a highest priority<sup>4</sup>, not only *respects*, but also works to *strengthen* the ownership of partner countries.

### **Principle 2: Alignment**

Likewise, the fundamental ODA policy documents, such as the ODA Charter and the Medium Term Policy, include explicit statements on Japan's commitment to *alignment*; and the ODA Review Final Report of June 2010 ("Enhancing Enlightened National Interest", which will be discussed in more details in the following section: "*C-3. Assessing Commitments*") further elaborates the commitment by stating that Japan should strengthen the programme approach, "where development goals are defined in development programmes through policy

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<sup>3</sup> MOFA (2010) *ODA White Paper 2009*, pp. 100.

<sup>4</sup> Japan's Official Development Assistance Charter, pp. 1.

consultations with recipient countries”<sup>5</sup>.

The principle of *alignment*, together with the principle of *ownership*, are regarded as critical parts of the operational mindset that shall be adopted by all the staff members engaged in the implementation of ODA policy in the field<sup>6</sup>. Furthermore, between the principles of *ownership* and *alignment*, the former is generally considered as the more critical of the two; that is, *alignment* is regarded as a principle that should in effect complement the *ownership* principle, where the surrounding conditions so requires (for instance, a lack of sufficient leadership by the partner government in leading the country’s development process)<sup>7</sup>.

At the operational level, the policy dialogue process mentioned above functions as one of the primary channels that ensure close alignment of Japan’s ODA projects/programmes with the partner countries’ development goals, plans and strategies. The Country Assistance Programme, one of the primary products produced through the policy dialogue process, functions as a general guidance that directs all the ODA programmes/projects in a way that concords with the development needs of a partner country. In fact today, under the guidance of the Country Assistance Programme, Japan prepares a “Rolling Plan” for each partner country, which collectively summarizes the ODA programmes/projects that Japan plans to deploy over a five-year span. This process not only improves the predictability of the future course of Japan’s ODA policy for the benefits of a partner country, it also works to ensure a close alignment between the partner country’s development plan and the medium-term orientation of Japan’s ODA assistance policy in a comprehensive manner. Furthermore, as part of the planning and formulation process of every ODA project that Japan provides, there is a built-in procedure to ascertain the alignment between the content of the ODA project and the development goals of a partner country. That is, when planning/formulating a specific ODA project, the JICA Office in the partner country is required to carry out a preliminary assessment, with a view to verifying the ODA project being planned is appropriate in terms of the development needs which the project purports to address<sup>8</sup>.

Moreover, traditionally, Japan has carefully aligned its aid provision method to that of the administrative system of the partner country. A case in point is Japan’s principle not to establish its own project implementation units (PIUs) unless there exist inevitable circumstances to do so (lack of a functioning administrative system in the partner country’s government, for example), and instead to provide ODA projects through a service delivery agency of the partner government that is endowed with the appropriate authorities<sup>9</sup>. However, in order to further

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<sup>5</sup> ODA Review Final Report (tentative and abbreviated translation), pp. 10.

<sup>6</sup> Interview with JICA on 17<sup>th</sup> June 2010.

<sup>7</sup> Interview with JICA on 17<sup>th</sup> June, 2010.

<sup>8</sup> “*Shin-JICA no Gaiyou*” (Overview of the New JICA), pp. 3.

<sup>9</sup> Interview with MOFA on 10<sup>th</sup> September 2010.

advance alignment with partner countries' administrative systems, the Government of Japan, together with other donors, should reinforce the provision of capacity development assistance as much as possible, most particularly towards the sophistication of procurement and budgetary management systems of partner countries.

### **Principle 3: Harmonisation**

Although *harmonisation* is one of the most important principles of the Paris Declaration in terms of aid effectiveness, Japan's commitment to it, as perceived in the overarching policy documents, appears somewhat ambiguous. While the Medium Term Policy drafted in the Japanese language does declare that Japan should participate actively in "*enjo-kyocho*" ("*enjo*" means *aid/assistance*, and "*kyocho*" can be translated as *cooperation, coordination, collaboration, harmonisation*, and so on)<sup>10</sup>, its English version uses the term "*aid coordination*", not "*aid harmonisation*" as par with the PD principle – intentionally or unintentionally. Such a relatively ambiguous attitude towards the *harmonisation* principle may be partially explained by our survey findings that the Government of Japan essentially believes that the function of *harmonisation* is to complement or strengthen the principle of *alignment*<sup>11</sup>.

Nonetheless, our Evaluation Team recommends that, in view of the fact that *harmonisation* constitutes *one of the PD Principles* to which every signatory member is supposed to attach *equal* level of commitment for implementation, the Government of Japan should make a more clear-cut revelation of its commitment to, or leadership for the promotion of *harmonisation*, as part of an overarching policy document such as the ODA Charter.

In contrast, however, Japan *does* engage itself in a significant list of activities in the spirit of harmonisation with, and coordination within the donor community, particularly at the ground, operational level. One of the most noticeable examples thus far is the leadership role that Japan has played in orchestrating the framework of harmonisation/coordination for the agricultural sector of Tanzania. MOFA and JICA have also embarked upon a number of field-oriented undertakings that purport to strengthen their organisational capacity for proactively contributing to the aid harmonisation/coordination efforts made by the donor community in various partner countries. For example, MOFA and JICA started to assign "Coordinator for Economic Cooperation" and "Project Formulation Advisor" respectively, whose central missions include working on the aid harmonization/coordination agenda at the country of their assignments<sup>12</sup>. Furthermore, in January 2010, JICA convened a seminar titled "Aid Harmonisation/Coordination as a Powerful Tool for Maximizing Effectiveness of Aid",

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<sup>10</sup> Japan's Medium-Term Policy on Official Development Assistance (Japanese version), pp. 12.

<sup>11</sup> Interview with MOFA on 17<sup>th</sup> June 2010.

<sup>12</sup> Missions of JICA's "Project Formulation Advisor" are generally specified by the Terms of Reference (TOR), and they may not necessarily be confined to the field of aid harmonisation.

with a view to enhancing ODA officials' undertakings for aid harmonisation/coordination at the ground, operational level.

On a more day-to-day business basis, many of the officials within MOFA and JICA are now embracing the need to participate in the harmonisation/coordination arrangements which are usually constructed by documents called "memorandum of understandings", or "MOUs". As our survey revealed, such a sense of need among the concerned ODA officials has led to the production of a guideline for MOUs, "Guidance for Framework Arrangements", which is said to have substantially facilitated Japan's participation in aid harmonisation/coordination efforts at the field level.<sup>13</sup>

The fact that the harmonisation principle is indeed being pursued at the ground level should further strengthen the Evaluation Team's submission that the Government of Japan make a more clear-cut revelation of its commitment to the harmonisation principle as part of an overarching policy document such as the ODA Charter; for that should facilitate the ongoing undertakings at the field level to *collectively* convey Japan's will to make significant contributions to aid harmonisation/coordination efforts by the donor community, in a more consistent and explicit manner.

Furthermore, since Japan's need for strengthening *harmonisation/coordination* in its ODA policy would undoubtedly grow with the ever intensifying downward pressure on its ODA budget, it is critical that the Government of Japan not only *clarify* its commitment to harmonisation/ coordination, but also *appeal* to the domestic constituency the significance of pursuing harmonisation/coordination, thereby solidifying the public support for the future orientation of the country's ODA policy.

#### **Principle 4: Managing for Results**

With regard to the principle of *managing for results*, Japan's overarching policy documents specify the country's strong commitment to that principle. The principle indeed headlines the current ODA Charter as a matter essential to the effective implementation of ODA, and is also rendered in more detail in Japan's Action Plan for Implementing the Paris Declaration of 2005, as well as the "ODA Review Final Report" of 2010.

The actual undertaking on the ground that should also be noted in this context is the ODA evaluation schemes of the Government of Japan. As was described in the "*C-1 Contextual Factors*" section, the majority of ODA-related evaluations are carried out by MOFA and JICA: i.e., while MOFA is responsible for policy, thematic and programme level evaluations, JICA on the other hand is responsible for evaluating individual projects and programmes at the

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<sup>13</sup> Interview with MOFA on 10<sup>th</sup> September 2010.

implementation level. The guideline documents for these evaluation schemes direct that the focus of evaluation surveys have to be placed not only on the *inputs*, but also on the development *outcomes and impacts* exerted by the ODA provided<sup>14</sup>. This attests to the fact that both MOFA and JICA indeed embrace the *managing for results* principle as a core of their missions.

However, although the result management should primarily be conducted against the indicators that are based upon the development plans of partner countries, the ODA evaluations of Japan may not necessarily suffice in this regard. While the issue can partially be attributed to the inevitable conditions surrounding the reliability of statistical schemes of the partner countries – as they are still in the developing stage – the Government of Japan should make stronger capacity development efforts to help overcome these issues, in close corporation with other donors as well as with partner countries' governments.

#### **Principle 5: Mutual Accountability**

Like the *harmonisation* principle, *Mutual accountability* is a principle that lacks a clear-cut commitment by the Government of Japan in its overarching ODA policy documents. However, once again, a careful observation reveals a built-in mechanism at the agency level that can contribute to the assurance of mutual accountability.

To point out a few examples to this effect: the preparation of Country Assistance Programmes is conducted via close consultations with the partner countries' governments (and to a certain extent with civil society organisations); the provision of a specific ODA project is in principle conditioned upon the receipt of a request from the partner country's government; survey works of ODA evaluation at the project level are generally conducted as joint efforts between JICA and the partner countries' governments; and feedbacks from ODA evaluations are generally provided to partner countries' governments<sup>15</sup>. All of these procedures that are built into Japan's ODA system can contribute to the enhancement of mutual accountability between Japan and partner countries.

In order to further deepen the mutual accountability, however, the Government of Japan should expand its capacity development assistance, in close cooperation with other donors and civil society organisations, aiming at reinforcing the partner countries' accountability to their peoples for the outcomes of their development policies.

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<sup>14</sup> MOFA (2009) *ODA Evaluation Guideline* (Japanese version), pp. 41-42, and JICA (2010) *JICA Guideline for Evaluations* (Japanese version), pp. 15-35.

<sup>15</sup> Interview with MOFA on 10<sup>th</sup> September 2010.

### C-3. *Assessing Commitment*

Japan's commitment to, and leadership for the promotion of the Paris Declaration – which is regarded as one of the “enabling conditions” for implementing the Declaration – is assessed by evaluating several overarching policy documents concerning ODA and the Paris Declaration, approved/produced by the Cabinet, MOFA, and JICA. Also captured are some results/outputs of those commitments, which are seen at the agencies' headquarters and embassy/overseas offices. Aside from such commitment and leadership, Japan undertakes actual implementation of the PD principles in various aspects and at various levels in its ODA activities, which were previously depicted in C-2. *Overall Assessment*.

#### C-3-a. Testing the Commitment in Overarching Policy Documents

##### **ODA Charter and Medium Term Policy**

Japan's ODA Charter (August 2003) states in its “Basic Policies” part that “Japan respects the ownership by developing countries, and places priorities on their own development strategies”, and that “Japan will pursue collaboration with United Nations organisations, international financial institutions, other donor countries, NGOs, private companies, and other entities”.<sup>16</sup> The Charter also advocates for the enhanced evaluation of ODA outcomes as a matter essential to effective ODA implementation.<sup>17</sup>

As “measures to ensure the efficient and effective implementation of assistance”, Japan's Medium Term Policy on ODA (February 2005) also requests the ODA Task Forces to:

- (i) seek to align assistance programmes with the development plans and development goals of recipient countries [corresponding to the principles of *ownership/alignment*];
- (ii) undertake policy consultations with recipient countries in order to share perspectives regarding medium term priorities and policy/institutional issues”[*alignment*];
- (iii) participate actively in donor coordination (snip), in close collaboration with the local donor community, such as international agencies and other bilateral donors[*harmonisation*]; and
- (iv) review whether the intended goals and purposes of Japanese aid to recipient countries have been achieved [*managing for results*].<sup>18</sup>

These statements in the two fundamental and overarching ODA policy documents, both of which were approved at the Cabinet level, represent Japan's prime regards to the principles that are incorporated in the Paris Declaration; namely, they are the principles of *ownership*,

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<sup>16</sup> Japan's Official Development Assistance Charter, pp. 2-3.

<sup>17</sup> *Ibid.*, pp. 8.

<sup>18</sup> Japan's Medium-Term Policy on Official Development Assistance, pp. 20-21.

*alignment, harmonisation and managing for results.* While all these elements already appeared in the old ODA Charter approved in 1992, they did so only in a rudimentary fashion. Accordingly, Japan's basic commitment to these principles has not only been consistent, but has also been reinforced.

There are, however, some issues that need to be addressed about those regards. First, they generally lack details and specifics, although such nature is somewhat inevitable in light of the two documents' character as being fundamental/overarching policy guidelines. Second, connotation of the *harmonisation* principle only appears in the words of "coordination" and "collaboration", without clarifying what Japan pursues through coordination/collaboration with other donors. Third, no reference to *mutual accountability* can be observed.

### **Japan's Action Plan for Implementing the Paris Declaration**

Those questions surrounding the ODA Charter and the Medium Term Policy are partly supplemented with Japan's Action Plan for Implementing the Paris Declaration (February 2005, hereinafter referred to as "PD Action Plan").

The PD Action Plan firstly clarifies Japan's basic positions on implementing the Paris Declaration, which refers to the principles of *ownership* and *alignment* as follows: "Ownership is the basis for partner country-led aid effectiveness. Partnership between the partner country and donors is crucial for improving aid effectiveness"; and "Donors must align their assistance with the national development strategies of the partner country including PRS".<sup>19</sup> Elaborating upon that, the Plan's main chapter, "Concrete Actions", details "enhancing alignment of Japan's ODA with partner countries' national development strategies", "capacity development", "managing for development results", etc. Furthermore, in the same chapter, both *alignment* and "capacity development" are described as keys to *ownership* as shown in the following excerpts: "[Alignment] is the most fundamental element of respect for the ownership of partner countries"; and "Capacity development is essential to enable partner countries to fully exercise their ownership (snip)".<sup>20</sup>

The PD Action Plan's concrete character is considered by ODA officials to have helped Japan's efforts for aid effectiveness become more systematic, integral and coherent. Such a change has resulted in, for example, a more positive and organised attitude toward concluding memoranda of understandings (MOUs) with partner countries and other donors, which included the preparation of MOU template samples (2006) and a MOU guideline, "Guidance for Framework Arrangements" (2008); thereby contributing to the further enhancement of Japan's commitment

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<sup>19</sup> Japan's Action Plan for Implementing the Paris Declaration, pp. 1. These are extracted from the whole "Basic Position on Implementing the Paris Declaration" chapter.

<sup>20</sup> Ibid., pp. 2-6.

to the principles of *ownership, alignment, and harmonisation*.<sup>21</sup> However, it should be noted that the Government of Japan maintains a position that MOUs are to be concluded only if they are non-biding; and in effect, the generalization of this “non-biding” condition might have functioned as a facilitating factor for Japan’s increased participation in MOUs. In addition, the PD Action Plan still lacks clear-cut references to *mutual accountability*, and even to *harmonisation*, in spite of it being dedicated to implementing the Paris Declaration.

### **ODA Review Final Report**

In 2010, MOFA conducted a review in order to improve ODA’s strategic values and effectiveness, and produced the Final Report entitled “Enhancing Enlightened National Interest” (June 2010). The Report advocates for strengthening the programme approach, “where development goals are defined in development programmes through policy consultations with recipient countries”<sup>22</sup>, as well as for enhancing ODA Task Forces, and increasing Coordinators for Economic Cooperation, who take charge of aid coordination/harmonisation.<sup>23</sup> It also insists to define, disclose and evaluate concrete outcome targets of each ODA programme and project.<sup>24</sup>

These suggest MOFA’s further commitment to the principles of *alignment, harmonisation and managing for results*, as well as to the aid-effectiveness agenda in general. However, those descriptions are mostly focused on Japan’s internal actions and are with few references to relationships and interactions with external stakeholders including partner countries and other donors.

### **JICA’s Mid-term Plan**

Meanwhile, JICA produced its Mid-term Plan in October 2003 and revised it in March 2006. This can be regarded as JICA’s policy commitment document to the Paris Declaration because it contains the following statements (taken from the revised version) with regards to all the five PD principles:

- (i) The Agency shall implement its programmes (snip) with due consideration to the developing countries' needs. [corresponding to the PD principles of *ownership/alignment*]
- (ii) The Agency shall strive to reach sufficient mutual understanding with the government of developing countries and concerned personnel. [*ownership/alignment*]
- (iii) The Agency shall work toward closer collaboration with other assistance agencies [*harmonisation*]

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<sup>21</sup> Interview with MOFA on 17<sup>th</sup> June 2010.

<sup>22</sup> ODA Review Final Report (tentative and abbreviated translation), pp. 10.

<sup>23</sup> Ibid., pp. 13.

<sup>24</sup> Ibid., pp. 10.

- (iv) The Agency shall strengthen collaboration and coordination of international aid with other donors and international assistance agencies, while making sure to maintain the identity and international presence of Japanese assistance. [*harmonisation*]
- (v) The Agency shall introduce a systematic and efficient evaluation system (snip). The Agency shall provide information on these evaluation results to the public in a clear and comprehensible manner, and shall promptly and properly feed back the evaluation results and lessons learned for improvement of future projects. [*managing for results/mutual accountability*]
- (vi) The Agency shall make appropriate information disclosures in the interest of securing the public's trust in the Agency and to fulfil its responsibility to explain its activities to the public. [*mutual accountability*]<sup>25</sup>

It should be noted that “the public” in (v) and (vi) above only means the *Japanese people* as judged from its corresponding word, “*kokumin*” (i.e., the people of a nation), in the original Japanese text; and that JICA’s commitment to *mutual accountability* shown in this Plan accordingly lacks regards to the accountability issues in relation with the *peoples of partner countries*.

### **Country Assistance Programmes**

At a level that is much closer to the ground, operational field in partner countries, the Country Assistance Programmes serve as a critical instrument that facilitates Japan’s commitment to the PD principles to permeate through the actual ODA policy that Japan applies to each partner country.

According to the Medium Term Policy on ODA, the Country Assistance Programmes “specify the direction, priority sectors and priority issues of Japan’s ODA for a period of about the next five years based on an accurate understanding of the development needs of the recipient countries.” The following excerpt from the Medium Term Policy is a further testament to the role of Country Assistance Programmes as a vehicle critical for the assurance of the alignment principle in Japan’s ODA policies in the partner countries:

ODA TFs (i.e., ODA Task Forces) will actively participate in the formulation and revision of Country Assistance Programs making maximum use of their knowledge and experience obtained at the field level, and *will seek to align assistance programs with the development plans and development goals of recipient countries*, as well as with the international development goals.

A closer look at a number of Country Assistance Programmes would further reveal that they

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<sup>25</sup> JICA’s Mid-term Plan (Provisional Translation), pp. 3-4.

provide specific directions that are in close observance of the PD principles.

**Country Assistance Programme for the United Republic of Tanzania (June 2008)**

- The Programme specifies two pillars of Japan's ODA policy in Tanzania, which correspond to the priority issue areas identified by Tanzania's second poverty reduction strategy (the National/Zanzibar Strategy for Growth and Reduction of Poverty). Namely, those pillars are "assistance for the promotion and enhancement of productivity and competitiveness" and "assistance for the promotion of good governance." [corresponding to the PD principle of *ownership/alignment*]
- In addition, the Country Assistance Programme of Tanzania states "Japan now needs to make various efforts in line with JAST (i.e., The Joint Assistance Strategy for Tanzania, a framework for aid harmonisation developed in 2006), such as increasing predictability (indicating medium-term projections of assistance), harmonisation in monitoring and evaluation, and use of GoT (i.e., Government of Tanzania) systems in project management (e.g., reporting and procurement)." [*alignment* and *harmonisation*]

**Country Assistance Programme for the People's Republic of Bangladesh (May 2006)**

- The Programme states that "Japan intends to continue respecting for Bangladesh's own initiatives to the greatest possible extent through close policy dialogues with Bangladesh, and providing support and cooperation for capacity development as a basis for enhanced ownership. In particular, as the Government of Bangladesh finalized PRSP (i.e., Poverty Reduction Strategy Paper) in October 2005, Japan will back its prompt and effective implementation in coordination with other development partners." [*ownership/alignment*]
- "As for the overall development assistance strategy including formulating and implementing the Country Assistance Program, Japan will closely coordinate in particular with the major donor countries and agencies, namely the World Bank, ADB and DFID in order to maximize the development efforts through the synergetic effects. Furthermore, coordination/collaboration with the other donor countries and agencies will be further strengthened at a sector level, including promotion of sector policy dialogue and collaboration in implementation of project." [*harmonisation*]
- "With respect to the results of Japan's assistance, Japan will monitor various indicators related to MDGs and PRSP, among others (including both quantitative and qualitative indicators), in collaboration with the Government of Bangladesh and other donor

countries and agencies.” [*managing for results and mutual accountability*]

#### **Country Assistance Programme for Viet Nam (July 2009)**

- “Japanese assistance to Viet Nam will be implemented in accordance with (snip) the “Socio-Economic Development Strategy for 2001-2010,” the “Five-Year Socio-Economic Development Plan (SEDP) for 2006-2010” and other national development plans drawn up by the Vietnamese government.” [*ownership/alignment*]
- “The activities of individual partnership groups are important as fora for dialogue between the Vietnamese government and donors, and Japan actively engages in these activities as well. Particularly important issues will include aid effectiveness, transportation, health, legal systems development, public financial management and other areas.” [*harmonisation*]

### **C-3-b. Measuring Outputs of the Commitment**

This subsection will introduce some results of the questionnaire survey, which targeted the Japanese Embassies and JICA Overseas Offices in partner countries, as a measurement of the outputs gained from Japan’s commitment to the Paris Declaration.

#### **How large a percentage of the Embassy/JICA Office staff members are informed of the Paris Declaration**

According to the questionnaire survey, 83.3% of the respondent Economic Cooperation Divisions of the Embassies responded that a majority of their staff members are informed of the PD’s *outline and purposes*. The ratio of the Divisions that responded that a majority of their staff members know the *principles and details* of the Paris Declaration is 52.8%. When the question was further narrowed down to the ratio of the Divisions that responded that over 80% staff members know the *principles and details*, the figure sharply drops to 16.7%. The parallel figures for the respondent JICA Offices are 94.4%, 69.4%, and 13.9%, respectively (see Table C-3-1)<sup>26</sup>.

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<sup>26</sup> The figures that appear in the body text and those in the Tables may be slightly different from each other, as the figures of the latter are rounded to the first decimal place.

Table C-3-1: Ratio of Economic Cooperation Divisions / JICA Overseas Offices classified according to how many staffs are informed of the PD (Q1-1)

Ratio of informed staffs		Over 80%	50-80%	20-50%	Below 20%	Points
Level of information						
PD outline	(Econ. Coop. Divs.)	38.9%	44.4%	11.1%	5.6%	3.2
and purposes	(JICA Offices)	55.6%	38.9%	5.6%	0.0%	3.5
PD principles	(Econ. Coop. Divs.)	16.7%	36.1%	30.6%	16.7%	2.5
and details	(JICA Offices)	13.9%	55.6%	25.0%	5.6%	2.8

(Note) 1. Top figures are ratio of Economic Cooperation Divisions, and bottoms are of JICA Offices.  
2. Points are weighted averages giving 4 points to “Over 80%”, 3 to “50-80%”, 2 to “20-50%”, and 1 to “Below 20%”.

**How large a percentage of the Embassy/JICA Offices recognise themselves as being informed of the headquarters’ policy on the PD principles**

The ratio of Japanese Embassies in partner countries that recognise themselves as being well informed of the MOFA headquarters’ policy on the principle of *ownership* is 81.8%. Similar ratios are 72.7% on *alignment*; 78.8% on *harmonisation*; 66.7% on *managing for results*; and 72.7% on *mutual accountability*. The parallel figures for JICA Offices understanding their headquarters’ policy are 94.3%, 91.4%, 94.1%, 72.7% and 79.4%, respectively (see Table C-3-2).

Table C-3-2: Ratio of Embassies / JICA Offices understanding headquarters’ policy on the principles seen in the Paris Declaration (Q1-5)

	Ownership	Alignment	Harmonisation	Managing for results	Mutual accountability
Embassies	81.8%	72.7%	78.8%	66.7%	72.7%
JICA Offices	94.3%	91.4%	94.1%	72.7%	79.4%

**How large a percentage of the heads of Economic Cooperation Division and JICA Offices recognise themselves as being informed of the PD Action Plan**

With regard to the Action Plan for Implementing the Paris Declaration (PD Action Plan), which the Government of Japan publicly announced in February 2005, only 11.1% of the respondent Economic Cooperation Division Directors at the Embassies answered that they *sufficiently* understand the concrete contents of the Action Plan, whereas the ratio for the General Managers of JICA Offices was 22.2%. On the other hand, the ratio of the respondent Economic Cooperation Division Directors that answered that they *partially* understand the concrete content of the PD Action Plan was 58.3%, whereas the ratio for JICA’s General Managers was 47.2%. Concerning the merits that the PD Action Plan has provided in terms of the

implementation of the PD principles, a majority of Directors and General Managers, who responded that they sufficiently or partially understand the PD Action Plan's contents, point out the shared understanding among staff members about the Paris Declaration as a merit (see Table C-3-3).

Table C-3-3: Understanding level and recognised merits of the PD Action Plan by Directors of Economic Cooperation Divisions and General Managers of JICA Offices (Q1-4)

		Directors of Economic Cooperation Divisions	General Managers of JICA Offices
Level of understandings or recognition	Sufficiently understand its contents	11.1%	22.2%
	Partially understand its contents	58.3%	47.2%
	Recognising only its existence	16.7%	25.0%
	Not recognising even its existence	13.9%	5.6%
Merits of the PD Action Plan (multi answer)	Deepened understanding by staffs	50.0%	48.0%
	Shared understandings among staffs	50.0%	60.0%
	Shared understandings between Embassy and JICA office	41.7%	40.0%
	Clear PD implementation policy in overall ODA policy	37.5%	40.0%
	Clear PD implementation policy in country assistance programmes	25.0%	20.0%
	Clear policy for concluding MOUs	8.3%	16.0%
	Others	8.3%	8.0%

### Assessment

These figures taken from the questionnaire survey can be regarded as a measurement of the outputs gained from the Government of Japan's commitment to the Paris Declaration and its principles, and can be assessed as being at a decent, but not sufficient level. It should also be pointed out that the figures for Embassies or their Economic Cooperation Divisions are mostly lower than the ones for JICA Overseas Offices. It is to some extent understandable in light of Embassy diplomats' generalist character contrasting with that of JICA staff as being development assistance specialists. However, this shall not be treated as acceptable, especially when considering MOFA's responsibility for ODA policy making.

As a conclusion, the headquarters of both MOFA and JICA may well be advised to intensify their efforts to nurture deeper understanding and knowledge of the Paris Declaration at the field level by, for example, communicating the wide breadth of possible undertakings and measures

that are being discussed internationally within the overall framework of the Paris Declaration.

### C-3-c. Assessment and Questions

As far as its principles of *ownership*, *alignment* and *managing for results* are concerned, Japan's commitment to the Paris Declaration, as it appears in the overarching policy documents, can be assessed explicit (being clarified in most overarching policy documents), consistent (having appeared since the old ODA Charter approved in 1992), and further enhanced (i.e., being given concreteness by the PD Action Plan). It should be noted, however, that the 1992 ODA Charter's reference to *ownership* was in the words of "self help" and could be construed slightly different from the genuine meaning of *ownership* in an aid context, which implies "self determination" rather than "self help".

Although *harmonisation* is one of the most important among the PD principles in terms of aid effectiveness, Japan's commitment to the principle, as it appears in the overarching policy documents, is assessed relatively weak or ambiguous. The ODA Charter and the Medium Term Policy allude to *harmonisation* in the words "coordination" and "collaboration", but do not clearly claim that Japan collaborates with other donors in order to harmonise their assistances. It is unexplainable that the PD Action Plan, which is dedicated to implementing the Paris Declaration, lacks a clear-cut reference to *harmonisation*.<sup>27</sup> Even the ODA Review Final Report, the latest and forward-looking overarching policy document on ODA, does not directly advocate for *harmonisation* but only requires increasing aid-coordination specialists. JICA's Mid-term Plan is a rare exception in making decisive and fruitful assertion of *harmonisation*.

These awkward attitudes on *harmonisation* supposedly reflect Japan's persistent inclination to *show who makes aid contributions* (visibility/distinctiveness of Japanese aid contributions), which may be possibly due to the following two factual backgrounds:

- (i) Japan's ODA originates from war reparations to the Asian countries Japan invaded in the first half of the former century, which by nature required to *show who makes them*; and
- (ii) Japan, of whom the largest part of ODA has been directed to fast-growing Asia, has had less experience of aid failure and fatigue than European donors that have principally assisted long-stagnated African countries. Hence, the Japanese have faced fewer imperatives to contemplate aid effectiveness and harmonisation than the

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<sup>27</sup> The Plan only mentions "harmonizing procedures" and does not comprehensively argue aid harmonization in a broader sense, which is discussed in the Paris Declaration in terms of "more effective division of labour", "incentives for collaborative behaviour", and so on.

Europeans, who have struggled to minimize ineffectiveness by putting donor harmonisation prior to their own contribution's visibility/distinctiveness.

The remaining PD principle of *mutual accountability* is not mentioned in any main ODA policy documents with the exception of JICA's Mid-term Plan. Although its undertakings are practically observed in several activities, Japan's explicit commitment to, or leadership for the principle can scarcely be recognised.

In addition to those input aspects of commitment, its outputs prove Japan's commitment is decent, but is not enough to penetrate throughout the institution members and staffers stationed at partner countries. As our questionnaire survey revealed, the actual content (principles and details) of the Paris Declaration is not so well-absorbed by the ODA staff at overseas posts, particularly those at the embassies. In addition, amongst the five principles of the Paris Declaration, the level of understanding of overseas ODA officials with regard to *managing for results* and *mutual accountability* appears to be lower than that with the other three principles. As a conclusion, the Evaluation Team recommends that the headquarters of both MOFA and JICA intensify efforts to nurture deeper understanding and knowledge of the Paris Declaration at the field level. A possible means for attaining this objective is to communicate the wide breadth of undertakings and measures that are being discussed internationally within the overall framework of the Paris Declaration.

#### C-4. *Assessing Capacities*

Japan's capacities in light of the Paris Declaration are assessed from two aspects: systemic capacity of Japan's aid system as a whole, and institutional capacity of the individual organisations. Systemic capacity consists of factors that extend beyond the individual organisations responsible for Japan's ODA. On the other hand, institutional capacity consists of elements such as organisational structure, staff assignment, procedures, training and knowledge base, at the level of each single organisation that is engaged with formulation/implementation of Japan's ODA policy.

##### C-4-a. Systemic Capacity

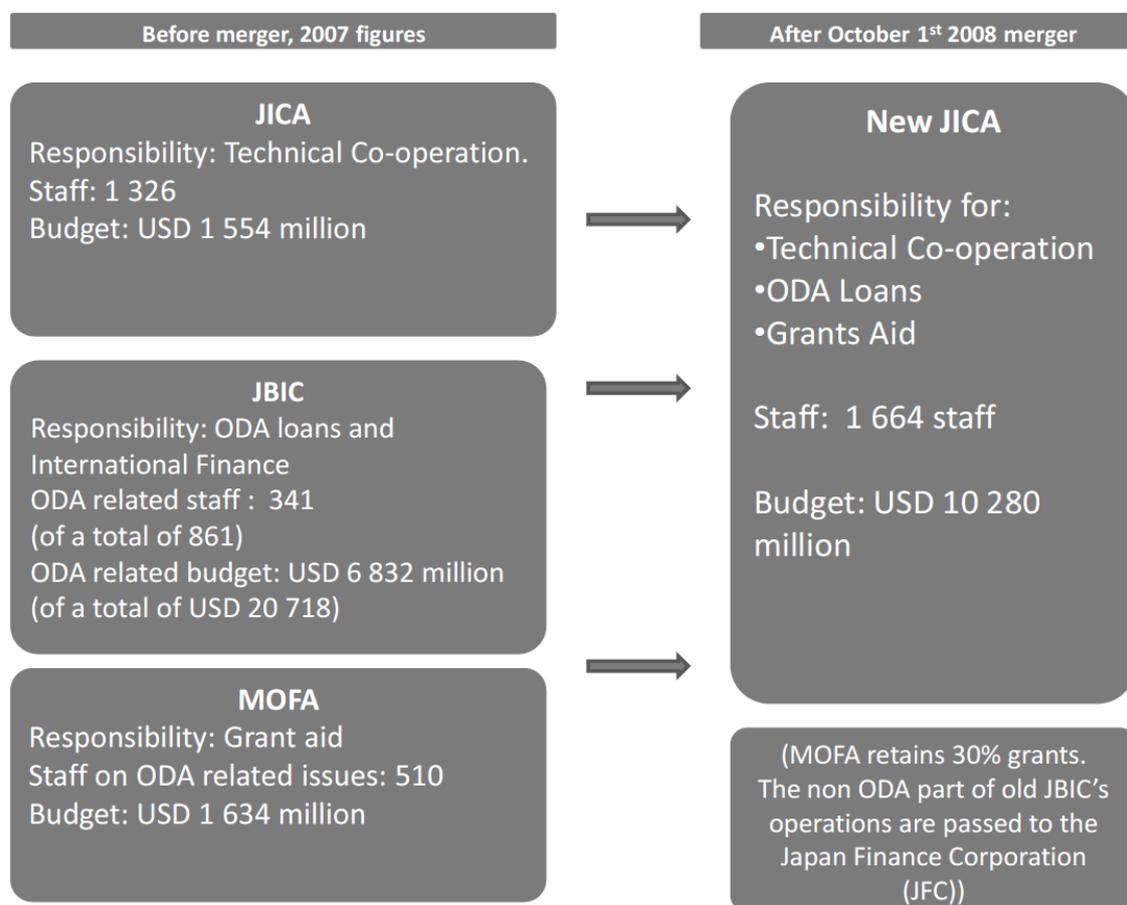
Japan's progress in systemic capacity is illustrated by how it flexibly combines the strengths of various aid modalities to meet the needs of respective partner countries. It was assessed on the basis of six viewpoints as follows.

### Coherence of aid policy: Inter-agency coordination at work

In Japan, the Cabinet Secretariat and the 12 ministries/agencies are involved in the policy sphere of development assistance. The Overseas Economic Cooperation Council, which was established under the Cabinet Office in 2006, is chaired by the Prime Minister, while the Chief Cabinet Secretary, the Minister of Foreign Affairs, the Minister of Finance and the Minister of Economy, Trade and Industry flexibly and practically discuss important matters pertaining to overseas economic cooperation.

The Overseas Economic Cooperation Council works closely with MOFA, a nucleus for overall ODA policy planning and coordination, along with other ministries and agencies, in order to ensure that the ODA policy of each government ministry and agency is designed and executed coherently, thereby yielding the maximum results.

Figure C-4-1: Role and resources of the new JICA



Source: OECD (2010) *Japan DAC Peer Review*, pp. 54. / Original Source: JICA (2008) *New JICA*.

### **Integration of aid schemes: New JICA as “one-stop-shop” of Japan’s ODA**

A new JICA was officially established in 2008 as a new comprehensive implementation agency of ODA, by merging the Overseas Economic Cooperation Operations (OECOs) of JBIC and the former JICA. The new JICA can be described as “one-stop-shop” of Japan’s ODA that integrates all three schemes of Japan’s ODA: (a) technical assistance offered by the “old JICA”, (b) concessionary loans (Japanese ODA loans) etc. extended by the “old JBIC” OECOs and (c) part of the grant aid (with no obligation for repayment) previously overseen by MOFA.<sup>28</sup> That is to say, Japan is now equipped with one institutional framework that should allow for strategic and flexible structuring of “modality mixes” in close accordance with the development needs of partner countries, which in turn puts Japan in an even better position to pursue a leadership role in advancing the aid effectiveness agenda<sup>29</sup>. Thus, it is true that Japan has made significant progress in terms of forwarding the inter-institutional reform that would further the overall efficiency and effectiveness of the ODA policy.

However, it is too early to make an assessment on concrete outcomes of the reforms in terms of development effectiveness. Further improvement would be needed to achieve the desired outcomes: The DAC Peer Review of Japan by OECD/DAC recommended that Japan should streamline project procedures further; harmonise procedures across the three schemes; and invest in further strengthening of the staff capacity, particularly through training to help staff manage and seek synergies among different schemes.

### **Strengthening the country-based aid effectiveness: Expanding the number and functions of ODA Task Forces**

Delegating responsibility to the field offices is one of the keys to success in improving aid effectiveness. For this reason, both MOFA and JICA have taken a series of measures to increase the effectiveness of their Embassies/Field Offices. In 2003, Japan introduced an Inter-Agency system called “the country-based ODA Task Force.” The number of the Task Forces has grown to 79 as of November 2009.

The breadth of the functions that the ODA Task Forces perform is also expanding under the initiative of the headquarters in Tokyo. Composed of staff from the Embassies, JICA offices and other Japanese government organs such as JETRO, the ODA Task Forces help to formulate the Country Assistance Programmes and individual projects.

Introducing the Task Forces also specifies the way of collaboration and division of labour between the Japanese Embassy and the JICA office at each host country. That naturally works as the basis of collaboration, and it is said that division of labour among Japan, partner countries

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<sup>28</sup> <http://www.jica.go.jp/english/news/field/2008/pdf/081003.pdf>

<sup>29</sup> As was described in *CI) Contextual Factors* (at pp. 7), This reorganisation of JICA was primarily aimed at acceleration, magnification and expansion of the “aid effectiveness” of Japan’s ODA policy.

and other donor agencies has become more effective in each host country.<sup>30</sup> In fact, about 50 to 60 percent of the ODA Task Forces consider themselves as conducting effective activities consistent with the internationally agreed aid principles such as shown in the Paris Declaration (see table C-4-1).

Meanwhile, it is claimed that Japan's delegation of authority to the field level has made progress, but that there is still room for improvement<sup>31</sup>. In fact, the results of the questionnaire survey revealed that the Embassies and JICA Offices tend to consider that there still exists not large, but certain room for improvement.

First of all, the questionnaire survey asked the respondent Embassies and JICA Offices whether the current level of authority-delegation is "adequate" in three areas of decision-makings: i.e., (1) formulation and approval of a new project; (2) implementation process of an approved project; and (3) participation in donor coordination activities at the host country. Based upon the responses to these questions, it seems safe to say that a majority of the respondent embassies and JICA offices are not necessarily frustrated with the current level of authority-delegation in all three areas of decision-makings. That is, 79.4% of the respondent Embassies answered "rather yes" or "strongly yes" to the question whether the current level of authority-delegation is "adequate" in terms of (1) decision-making on the formulation and approval of a new project: 78.8% for (2) implementation process of an approved project; and 88.2% for (3) participation in donor coordination activities at the host country. The parallel figures for JICA Offices are (1) 80.0%; (2) 84.8%; and (3) 84.4%, respectively (see tables C-4-2).

At the same time, it should be noted that a non-ignorable percentage of the respondent Embassies and JICA Offices perceive strong necessity of authority-delegation, particularly in terms of activities related to donor coordination at the host countries. That is, 17.6% of the respondent Embassies answered "strongly yes" to the question whether the delegation of authority is "necessary" in terms of decision making on participating in donor coordination activities at the host country. The parallel figure for JICA Offices is 24.2%.

In this connection, it should be noted that a number of our interviewees pointed out that requiring headquarters' prior approval of drafted MOUs (memoranda of understandings) sometimes risks the timeliness of Japan's reaction to aid-coordination activities of the donor community at the partner countries, and that the Government of Japan might as well pursue further delegation of authority in that regard, as MOUs are generally not legally binding on any signatories<sup>32</sup>.

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<sup>30</sup> Interview with JICA on 17<sup>th</sup> June 2010.

<sup>31</sup> Interview with JICA on 17<sup>th</sup> June 2010.

<sup>32</sup> Interview with JICA on 17<sup>th</sup> June 2010, and interview with MOFA on 18<sup>th</sup> June 2010.

Considering the findings of our surveys such as above, donor coordination-related activities may be one area where Japan could reinforce the decision-making authorities of the field offices, which will most likely strengthen Japan's responsiveness to the fast-paced evolution of donor-coordination activities at various partner countries.

Table C-4-1: Does the country-based ODA Task Force take effective activities consistent with the internationally agreed aid principles such as shown in the Paris Declaration? (Q2-1)

	Strongly Yes	Yes	Neither	Rather no	No	Total
Embassy	2.9%	58.8%	32.4%	5.9%	0.0%	100.0%
JICA Office	5.7%	42.9%	42.9%	5.7%	2.9%	100.0%

Tables C-4-2: Necessity and sufficiency of the delegation of decision-making authority, as evaluated by the Embassies/JICA Offices in light of implementation of the Paris Declaration (Q2-7)

[Embassies]

		Strongly yes	Rather yes	Rather no	No	Total
Decision making on the formulation and approval of a new project	Necessity	5.7%	65.7%	28.6%	0.0%	100.0%
	Adequacy	0.0%	79.4%	20.6%	0.0%	100.0%
Decision making on the implementation process of an approved project	Necessity	8.8%	67.6%	20.6%	2.9%	100.0%
	Adequacy	0.0%	78.8%	21.2%	0.0%	100.0%
Decision making on participating in donor coordination activities at the host country	Necessity	17.6%	55.9%	23.5%	2.9%	100.0%
	Adequacy	0.0%	88.2%	8.8%	2.9%	100.0%

[JICA Offices]

		Strongly yes	Rather yes	Rather no	No	Total
Decision making on the formulation and approval of a new project	Necessity	11.4%	57.1%	31.4%	0.0%	100.0%
	Adequacy	0.0%	80.0%	20.0%	0.0%	100.0%
Decision making on the implementation process of an approved project	Necessity	9.1%	69.7%	21.2%	0.0%	100.0%
	Adequacy	3.0%	81.8%	15.2%	0.0%	100.0%
Decision making on participating in donor coordination activities at the host country	Necessity	24.2%	60.6%	15.2%	0.0%	100.0%
	Adequacy	9.4%	75.0%	12.5%	3.1%	100.0%

### **Expansion of aid modalities: Joining the budget support**

Japan has expanded its aid modalities from those fitting a project-type aid to those which directly contribute to programme-type aid including budget support<sup>33</sup>. Meanwhile, the MOFA in 2005 entrusted to the External Advisory Board on ODA Evaluation (an informal advisory body for the Director-General of its Economic Cooperation Bureau) a review study that aimed at clarifying the results and challenges of general budget support (GBS), in order to contribute to decision-making on whether and how Japan should provide GBS to partner countries<sup>34</sup>.

In recent years, Japan has provided budget support to (i) Tanzania (since 2004) and Ghana (since 2008), (ii) Indonesia (since 2005) as Development Policy Loan (DPL), and (iii) Vietnam and Lao PDR as co-finance for PRSC. In 2007, Japan introduced a new aid instrument to provide budget support for PRSPs. However, the overall number of the partner countries to which Japan has provided budget support is still limited as of September 2010.

### **Coordination of aid instruments: Introducing “Rolling Plans” for partner countries**

Japan has recently introduced a new mechanism called “Rolling Plans”, which works to ensure effective coordination (i) among various aid instruments such as technical cooperation, grant aid and loan aid, and (ii) between project aid and non-project aid (e.g. budget support).

A Rolling Plan is a document made for each partner country of Japan's ODA, to outline an overall, medium-term picture of Japan's assistance to the country. In a Rolling Plan, basically all on-going ODA projects are listed and classified according to country-specific priority areas, development issues, and programmes. Utilization of Rolling Plan is expected to allow more efficient and effective employment of different development assistance schemes (technical cooperation, grant aid, ODA loans, cooperation through international organisations, etc.) in an integrated manner when designing, planning, and implementing ODA projects. Japan shares Rolling Plans with its partner countries with a view to further improving aid predictability<sup>35</sup>.

As of September 2010, Rolling Plans have been produced for more than 100 partner countries, and are now available on MOFA's web-site in both English and Japanese.

There are also Japan's efforts to strengthen complementarity between project aid and budget support, e.g. in Uganda, Japan has provided technical assistance to the Office of Auditor General under PFM reform programme, thereby contributing to the further strengthening of transparency and accountability of the budget support programme.

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<sup>33</sup> The term “budget support” here does not include the adjustment lending such as SAL and SECAL, which Japan had already introduced in mid 1980's.

<sup>34</sup> Ministry of Foreign Affairs, Japan (2005) *Review of General Budget Support (PRBS in Tanzania and PRSC in Vietnam)*.

<sup>35</sup> [http://www.mofa.go.jp/policy/oda/rolling\\_plans/index.html](http://www.mofa.go.jp/policy/oda/rolling_plans/index.html) (accessed on 13th September 2010.)

### **Strengthening “cooperation” with emerging donors: South-South Cooperation**

Recently, more and more of the countries which used to remain as mere recipients of development assistance have started to take on a new role as “emerging donors”. Since the 1990’s, Japan has already been cooperating with those countries in the form of South-South cooperation through programmes like the Japan-Singapore Partnership Programme for the 21<sup>st</sup> Century (JSPP21) and the Japan-Thailand Partnership Programme (JTPP)<sup>36</sup>. In JSPP21, Japan extends technical cooperation to developing countries jointly with Singapore. Japan strengthens its ties and implements South-South Cooperation with emerging new donor countries of the Latin America as well. It has entered into partnership with Chile, Brazil, Argentina, and Mexico, and is providing third-country training and dispatching experts from third countries to other countries in the Latin American and Caribbean region.

In April 2008, Japan, together with the Republic of Korea, invited major non-DAC donor countries as well as traditional DAC countries to Bangkok, Thailand, to hold the “Dialogue on Expanding Partnership for Development.” It contributed to a comprehensive framework of aid coordination including these donors.

At the Fourth Tokyo International Conference on African Development (TICAD IV) held in May 2008, too, the move toward expansion of partnership was confirmed through promoting interpersonal exchanges between Africa and the East Asian regions to help the transfer of technology, along with trade and investment.

#### **C-4-b. Institutional Capacity**

Japan’s progress in institutional capacity was assessed by the factors within each organisation responsible for Japan’s aid programme.

##### **MOFA: Institutional reform and capacity building in pursuit of aid effectiveness**

MOFA’s International Cooperation Bureau, set up in 2006, comprehensively plans and drafts policies relating to ODA, while also playing a central role in coordination in the government. In 2009, an institutional reform was carried out in the Bureau in order to strengthen its policy planning and drafting functions for ODA.

Previously, the Bureau had divisions whose missions were delineated according to the three schemes, i.e. the Grant Aid and Technical Cooperation Division and Loan Aid Division. Each division worked with different agencies and had limited cross-over with each other, even when working with the same partner country. The recent reform abolished those three divisions and

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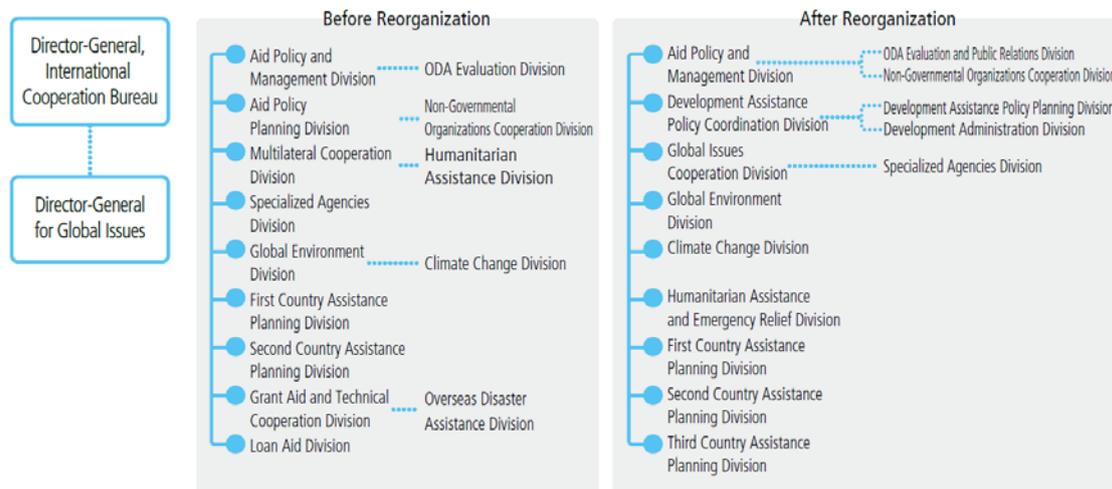
<sup>36</sup> JSPP was established in 1994 and was upgraded to JSPP21 in 1997. JTPP was established in 1994.

strengthened country-based planning divisions. These efforts have allowed for providing assistance in a more integral manner through the three country-based planning divisions situated under the International Cooperation Bureau<sup>37</sup>.

In addition, it should be noted in terms of the implementation of the Paris Declaration that the Development Assistance Policy Planning Division was newly established under the Bureau as part of the reform. This division is now in charge of the aid effectiveness agenda, including the implementation of the Paris Declaration, which was formerly assumed at the team level, lower than the division level. This means that MOFA has enhanced its function to be in charge of the aid effectiveness agenda.

Thus, it is true that MOFA has made significant progress in terms of institutional reform. However, as the institutional reform of 2009 has brought about such a drastic change in the basic approach to the mission assignment to the divisions under the International Cooperation Bureau (from scheme-based assignment of mission to the country-based assignment), it would still be too early at this stage to draw a definitive conclusion as to whether the intended aims of the reform have already penetrated throughout the “organisational cultures,” of MOFA (flow of decision making, process of information sharing, division labour among staff members, and perceptions of missions – or mindset – of individual staff members, etc.)

Figure C-4-2: Institutional Reform of the MOFA to effectively implement ODA



Source: MOFA (2010) ODA White Paper 2009, pp. 103.

<sup>37</sup> MOFA (2010) ODA White Paper 2009, pp. 102.

Meanwhile, MOFA started to assign Coordinators for Economic Cooperation at selected Embassies in 2006. A goodly portion of the work of the Coordinators is allocated to aid coordination<sup>38</sup>. However, the Coordinators currently consist of temporary employees whose term of office is limited to two years at the maximum. According to a specialist's observation, MOFA's and JICA's staff members are directly involved in aid coordination at the field level in the partner countries such as Tanzania – where Japan's engagement in aid coordination is relatively successful<sup>39</sup>. To be added, as of July 2010, Japan assigns Coordinators to nine partner countries. It is also claimed that the number of the partner countries with the coordinators needs to be increased.<sup>40</sup>

Regarding information sharing/accumulation and capacity building, MOFA has made progress. For example, Third Country Assistance Planning Division, International Cooperation Bureau started to issue monthly news letter, with a view to broadly sharing good practices for enhancing aid effectiveness with MOFA itself, JICA, ODA Task Forces and other ministries/agencies involved in spheres of ODA policy. This effort is based on the idea that “horizontal” sharing of information is one of the important keys to enhancing aid coordination<sup>41</sup>. Meanwhile, the distance seminar to Japan's ODA Task Forces was started in 2005 in order to strengthen their policy making capacity. Two recent seminars held in December 2009 were about aid effectiveness.

#### **JICA: Institutional reform and capacity building in pursuit of aid effectiveness**

JICA, merged with a part of JBIC in 2008 as mentioned above, has also experienced institutional reform. At the old JICA, a Development Partnership Team consisting of approximately three members was in charge of overseeing the aid coordination agenda. In 2008, the team was upgraded to the Development Partnership Division consisting of approximately ten members<sup>42</sup>. This means that the JICA has enhanced its function to be in charge of the aid coordination agenda. JICA also started to assign a Project Formulation Advisor at selected field offices. The Advisors are involved in a broad range of works including aid coordination. However, the Advisors currently consist of temporary employees whose term of office is limited to three years at the maximum. Therefore, it is pointed out that there are the same challenges as with the Coordinator for Economic Cooperation of MOFA.

In terms of capacity building, JICA conducts the training on aid coordination including the Paris Declaration to all the experts and advisors<sup>43</sup>. JICA also produced in April 2010 an internal document entitled “Aid Coordination: Seven ‘Viewpoints at Fields’ ”, which is to provide staff members with operational mindset and attitudes in accordance with the Paris Declaration. Its

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<sup>38</sup> Interview with MOFA on 17<sup>th</sup> June 2010.

<sup>39</sup> Interview with Professor Izumi Ohno, GRIPS.

<sup>40</sup> Interview with MOFA on 17<sup>th</sup> June 2010.

<sup>41</sup> Interview with MOFA on 18<sup>th</sup> June 2010.

<sup>42</sup> Interview with JICA on 17<sup>th</sup> June 2010.

<sup>43</sup> Interview with JICA on 17<sup>th</sup> June 2010.

viewpoints include the followings: (i) Aid coordination means adjusting JICA’s operations as far as possible to the manners of the partner government (*alignment*) and of local donor community (*harmonisation*); (ii) Aid coordination is not a obligated cost but a tool or investment to maximise JICA’s operations; and (iii) Aid coordination is an essential part of JICA’s genuine operations, and staff members should spend approximately one-third of their time and attention on aid coordination and sector-wide analytical works.<sup>44</sup> The document is considered to have successfully encouraged JICA’s staff members to commit themselves to aid coordination, i.e. *alignment* and *harmonisation*.<sup>45</sup>

JICA has also established frameworks to connect with the aid-related agencies of the “emerging donors” such as China, Republic of Korea, etc. For example, JICA keeps dialogue with the Chinese Export-Import Bank<sup>46</sup>.

### Japan’s overall progress in institutional capacity

More than 70 % of the Japanese Embassies and JICA Offices responding to the questionnaire survey regard themselves as making at least a modest contribution to the activities taken by the donor community in their host country in light of the principles of the Paris Declaration.

Table C-4-4: Embassies’/JICA Offices’ self-evaluation on their contribution to the activities taken by the whole donor communities at their host countries, by principle of the Paris Declaration. (Q1-3)

[Embassies]

	"Fully" or "relatively" (At least to relatively)		"Not very much" or "not at all" (No more than "not very much")		Total
	Fully	Relatively	Not very much	Not at all	
Average by two categories	70.4%		29.6%		100.0%
Average by four categories	9.5%	60.9%	22.9%	6.7%	100.0%
Ownership	16.7%	58.3%	16.7%	8.3%	100.0%
Alignment	17.1%	74.3%	5.7%	2.9%	100.0%
Harmonisation	5.6%	72.2%	22.2%	0.0%	100.0%
Managing for Results	2.8%	44.4%	38.9%	13.9%	100.0%
Accountability	5.6%	55.6%	30.6%	8.3%	100.0%

<sup>44</sup> “Enjo-Kyocho: Nanatsu no ‘Genba no Shiten’ ” (Aid Coordination: Seven ‘Viewpoints at Fields’), pp. 1-2.

<sup>45</sup> Interview with JICA on 17 June 2010.

<sup>46</sup> Interview with JICA on 17<sup>th</sup> June 2010.

[JICA Offices]

	"Fully" or "Relatively" (At least relatively)		"Not very much" or "not at all" (No more than "not very much")		Total
Average by two categories	72.8%		27.2%		100.0%
	Fully	Relatively	Not very much	Not at all	Total
Average by four categories	16.9%	55.9%	24.3%	2.9%	100.0%
Ownership	38.2%	50.0%	11.8%	0.0%	100.0%
Alignment	14.7%	58.8%	26.5%	0.0%	100.0%
Harmonisation	5.9%	58.8%	32.4%	2.9%	100.0%
Managing for Results	8.8%	44.1%	38.2%	8.8%	100.0%
Accountability	8.8%	55.9%	26.5%	8.8%	100.0%

However, it should be noted that the evaluations by JICA were generally lower than those by the Embassies. It is most noticeable in the principle of *alignment* (See Table C-4-4).

#### C-4-c. Assessment and Questions

It can be concluded that Japan has made substantial progress in the capacity facet, in light of the Paris Declaration. Among other things, it could be said that Japan is in the leading position in terms of South-South Cooperation engaging the emerging donors, especially Asian countries such as Malaysia, Singapore, Thailand, etc.

On the other hand, there are three points which could bear improvement.

Firstly, Japan has made significant progress in both systemic and institutional capacities. Japan's recent efforts include joining budget supports, inter-institutional reform between JICA and JBIC, intra-institutional reform of the MOFA and the JICA, and so on. Only a few years into the new administration structure for ODA policy formulation/implementation, it is still too early at this stage to draw definitive conclusions as to whether the institutional reforms to both MOFA and JICA have born their intended outcomes, and/or whether further improvements would be necessary. However, for accountability purposes, it is recommended that the Government of Japan make an effort to identify and evaluate the outputs and outcomes of the progress in capacities in light of aid effectiveness. In particular regard to the budget support, the Evaluation Team believes that the Government of Japan should clarify the criteria or the factors that it considers when deciding whether or not to provide the budget support to a particular partner country, as that would help explain why the overall number of the partner countries provided with Japan's budget support is still limited as of September 2010.

Secondly, it is claimed that Japan's delegation of authority to the field level has made progress,

but there is still room for improvement. In particular, considering the findings of the Evaluation Team's questionnaire and interview surveys, donor coordination-related activities may be one area where Japan could reinforce the decision-making authorities of the field offices, which will most likely strengthen Japan's responsiveness to the fast-paced evolution of donor-coordination activities at various partner countries.

Lastly, Japan's personnel posts such as Coordinator for Economic Cooperation of the MOFA and the Project Formulation Advisor of the JICA, that consist of only temporary employees at present, are substantially devoted to the aid coordination. According to a specialist's observation, staff members are directly involved in aid coordination at the field level in the partner countries where Japan's engagement in aid coordination is relatively successful. Therefore it would be recommended to strengthen staff members' involvement with aid coordination and/or share more experiences on aid coordination between temporary employees and staff members and among temporary employees (coordinators and his/her successors) – in order to accumulate Japan's institutional memory on the aid coordination.

### *C-5. Assessing Incentives and Disincentives*

Assessment of incentives and disincentives in light of the Paris Declaration consists of 3 levels: individual, agency and government level.

#### **C-5-a. For Individuals**

##### **Career Development and Economic Incentives at the Headquarter**

There are some institutional approaches to provide individual agency staff with incentives for implementing the PD principles in Japan. Firstly, in MOFA, a professional career path for government officials who seek to establish his/her expertise in the area of development assistance came into existence in the form of "Economic Cooperation Officer", a part of the Specialist Personnel System established in MOFA about a decade ago.<sup>47</sup> This System is to certify applicants who have sufficient experience and knowledge in several domains including development assistance, and is to give certificated ones more chances to work in their own aspired expertise areas. Meanwhile, applicants for this career are required to possess sufficient experience and contribution at adequate posts. Therefore, at this point, there is still only a single digit number of Economic Cooperation Officers. Even so, appointment of Economic Cooperation Officers can motivate staff to get involved in jobs of their interest, deepening comprehensive understanding for the philosophy of the Paris Declaration and its principles.

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<sup>47</sup> Interview with MOFA on 17<sup>th</sup> June 2010.

JICA, in contrast, encourages director-level staff through practical benefits in their performance assessment. In JICA, it is one of the requirements for directors of each department to incorporate reference to aid coordination, including implementation of the Paris Declaration, in their department's work plans. The plans are endorsed by the administrative board of JICA, and bi-annual review and rating of those turn out to be the assessment of directors, reflected in their salaries.<sup>48</sup>

#### **Status of Incentive Factors at the Field Level**

Turning to the field level operation, according to the questionnaire survey of Economic Cooperation Divisions at Japanese Embassies and field JICA Offices in partner countries, the following factors would work as "sufficient" incentives for individual staff: Strong commitment to the implementation of PD principles by the heads (The ratio of the Divisions answered "Sufficient" or "Relatively Sufficient" was 57.6%, and that of JICA Offices was 61.8%); close communication and mutual assistance between staffs (84.9% of the Divisions, 76.4% of JICA Offices); explicit role-sharing arrangement (69.7% of the Divisions, 82.3% of JICA Offices); and adequate discretion of staffs for decision-making (66.7% of the Divisions, 72.8% of JICA Offices).

In contrast, 84.9% of the Divisions and 69.7% of JICA Offices noted that training for enhancing the capacity to implement the PD principles (including OJT) was considered not a sufficient incentive, which was also true for the review of workflow in line with the PD principles (78.7% of the Divisions, 76.5% of JICA Offices), and monitoring and assessment of the performance (78.7% of the Divisions, 70.6% of JICA Offices) (see Table C-5-1). The Questionnaire Survey also indicates that, in particular, strong commitment by immediate managers, and also by MOFA as a whole organisation, is significant for motivating staff, if provided together with concrete training and support for them at the same time.<sup>49</sup>

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<sup>48</sup> Interview with JICA on 17<sup>th</sup> June 2010.

<sup>49</sup> The Questionnaire Survey, Question No.3-3.

Table C-5-1: Ratio of Economic Cooperation Divisions / JICA Offices classified according to how much of an incentive they are providing for the Paris Declaration (Q3-2)

Factors	Degree of achievement			
	Sufficient	Relatively Sufficient	Relatively insufficient	Insufficient
Strong commitment for implementation of PD principles by heads	6.1%	51.5%	30.3%	12.1%
	11.8%	50.0%	32.4%	5.9%
Close communication and mutual assistance between staffs	18.2%	66.7%	15.2%	0.0%
	2.9%	73.5%	20.6%	2.9%
Explicit role-sharing arrangement	18.2%	51.5%	21.2%	9.1%
	17.6%	64.7%	14.7%	2.9%
Training for enhancing the capacity to implement PD principles (OJT included)	0.0%	15.2%	48.5%	36.4%
	0.0%	30.3%	51.5%	18.2%
Review of workflow in line with PD principles	0.0%	21.2%	54.5%	24.2%
	0.0%	23.5%	64.7%	11.8%
Adequate discretion of staffs for decision-making	6.1%	60.6%	27.3%	6.1%
	15.2%	57.6%	21.2%	6.1%
Monitoring and assessment of the performance	3.0%	18.2%	54.5%	24.2%
	0.0%	29.4%	50.0%	20.6%

(Note) 1. Top figures are ratio of Economic Cooperation Divisions, and bottoms are of JICA Offices.

### Struggle with Project-Oriented Workflow

As previously described, JICA organised operational mindset and attitudes of field staff in the document entitled “Aid Coordination: Seven Viewpoints at Fields” (April 2010), and encourages staff to comply with the Paris Declaration. Meanwhile, as mentioned in the foregoing Contextual Factors, it should be noted that the largest aid modality Japan has extended for years has been stand-alone and project-type intervention, though some other modalities (i.e., General Budget Support, Common funds) came to be implemented in some countries recently, such as Tanzania, Ghana, Indonesia, Vietnam and Lao PDR.<sup>50</sup> This could be one of the reasons field staff are occupied with traditional project-oriented workflow, and under such circumstances it may be not easy for them to spare and allocate plenty of time and attention for aid coordination and sector-wide analytical works, namely the PD principle of *harmonisation*.

In a way, Japan has made significant progress in aid coordination by expanding Programme-Based Approaches and analytical work in partner countries. Nonetheless, it is also

<sup>50</sup> See pp.22-23 for details.

true that disbursement for budget support sometimes functions as a means for securing voice or a voting right at policy consultations where partner country and other donors gather together.<sup>51</sup> Given that the latest Peer Review Report points out field staffs feel that pooling funds is not generally encouraged by the headquarter,<sup>52</sup> there is a need for further support in order to motivate field staff..

## C-5-b. At Agency Level

### **The PD Action Plan as a Result of International Peer Pressure**

According to the PD Action Plan, MOFA has conducted follow-ups twice in these 5 years and released reports entitled “Progress on implementing ‘Japan’s Action Plan for Implementing the Paris Declaration’”. The two follow-ups work precisely as evidence that international peer pressure drove MOFA to confirm and enhance its commitment to the Paris Declaration.

### **Commitment in ODA Policies as Political Pressure**

As mentioned above, the statements in the two fundamental ODA policy documents approved at the Cabinet level, ODA Charter and Medium Term Policy on ODA, contain explicit commitment to some of the PD principles (namely, *ownership*, *alignment*, and *managing for results*), which entail political pressure on ODA agencies. It can function as a background incentive for MOFA and JICA when they formulate policy documents (e.g., the PD Action Plan and Mid-term Plan) that show concrete actions to be taken by their staff.<sup>53</sup>

### **Enhancement through Third-Party Evaluation**

In terms of evaluation, MOFA has a comprehensive system of third-party evaluation for ODA, consisting of country-based evaluation and issue-based evaluation, which put emphasis on assessing *outputs* and *outcomes* as consequences of aid. It demonstrates Japan’s practices are directed toward the ultimate objective of the Paris Declaration, i.e. *aid/development effectiveness*. These evaluation results urge ODA agencies and their staff to re-realize what they are working for, paying attention to the PD principles- *management for development results* in particular.

Also, the evaluation follows aid processes and usually makes assessments and recommendations on the PD principles: *alignment* of Japan’s aid to partner countries’ development strategies; and *harmonisation* among donors. In reaction to those assessment results, including the PD-related ones, MOFA is obliged to make follow-ups in accordance with evaluation reports each year.

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<sup>51</sup> Interview with MOFA on 23<sup>rd</sup> July, 2010.

<sup>52</sup> Development Assistance Committee (DAC) Peer Review, pp. 67.

<sup>53</sup> Interview with JICA on 17<sup>th</sup> June 2010.

### **Monitoring by Civil Society**

Civil society is a significant partner in delivering and implementing aid in partner countries. Likewise, it plays watchdog roles for implementation of international consensus, such as the Paris Declaration. It is true in Japan that NGOs have a certain level of presence in terms of monitoring ODA agencies' commitments to and their implementation of the PD principles: a periodic MOFA-NGOs discussion over achievement of the Paris Declaration; some NGOs position documents submitted to MOFA. However, it has to be noted that there is a perception within Japan's NGO circle that they are not exerting sufficient advocacy power to drive ODA agencies in practice. In that regard, one of the Evaluation Team's interviewees commented that the nature of the MOFA-NGOs discussion -- which is in principle characterised as a forum for "exchange of views", instead of pragmatic policy consultation -- has made it difficult for them to exert effective influences over the ODA policy.<sup>54</sup>

Meanwhile, there have been some positive developments following the historic shift of political leadership in September 2009. For instance, MOFA set out an advanced dialogue with NGOs (NGO Advisory Group for Japan's Development Assistance), which is chaired by the Minister for Foreign Affairs. This new dialogue is expected to enhance the role of civil society in the ODA policy-making process. Furthermore, the ODA Review Final Report of June 2010 states that the government will explore the possibility of personnel exchanges between MOFA/JICA and NGOs, for the purpose of utilizing human resources with practical expertise at the field level<sup>55</sup>. The Evaluation Team expects that the new government and NGOs will mutually strive to build upon these positive developments, in order to further reinforce their constructive relationship.

### **C-5-c. At Level of Government**

#### **Attempt at Inter-ministerial Policy Council**

In respect to policy coherence in Japan, there is no overall, grand strategy by government, in reference to bilateral/multilateral relationships with developing countries, beyond the ODA Charter. However, there are some efforts to build such policy coherence in the government: e.g. the Overseas Economic Cooperation Council established in the Cabinet in April 2006. The Council is chaired by the Prime Minister, while the Chief Cabinet Secretary, the Minister for Foreign Affairs, the Minister of Finance, and the Minister of Economy, Trade and Industry flexibly and practically discuss important matters pertaining to overseas economic cooperation.<sup>56</sup> The discussions that are held at the summit of the government, over quantity and

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<sup>54</sup> Interview with JANIC on 1<sup>st</sup> July, 2010.

<sup>55</sup> ODA Review Final Report, pp. 16-19.

<sup>56</sup> Japan's ODA White Paper 2009, pp.102.

quality of ODA, country-specific and cross-sectoral principles on economic cooperation and so on, are an important incentive for the government of Japan, where a number of institutions are involved in development assistance: the Cabinet Secretariat, over thirteen ministries and agencies.

#### **Call for visibility/distinctiveness of Japanese aid contributions as a Disincentive**

In general, discussions over ODA in the parliament of Japan placed particular emphasis on *visibility/distinctiveness* of aid for long periods, with no exceptions in recent years in most cases. It is substantially attributable to the characteristics of Japan's aid experiences. One of the backgrounds peculiar to Japan is the historical root of aid as reparation for East Asian countries after the Second World War. In order to fulfil its mission, Japan's aid was in need of being *visible* and *distinctive*, to stand out as a concrete contribution to the development of partner countries. It should also be noted in this context that ODA is fundamentally characterized as an important component of foreign policy in Japan, so that it contributes to its own interests in the long term, as the Peer Review described.<sup>57</sup> Also, as a consequence of its ODA in part, Japan witnessed glowing development of East Asia, and was greatly appreciated by partner countries and recognised in the international community at the same time. In other words, the lack of experience in aid failure/fatigue is considered one of the reasons that discussions on *aid effectiveness* are relatively by-passed in Japan without persisting to the flag.

#### **Decline of ODA Budget and its Influence**

Although Japan had little experience in aid fatigue, apparent ODA budget cuts in recent years, affected by the continued stagnation of the Japanese economy and the financial reconstruction, stimulated serious discussions over aid effectiveness within the government. The latest policy paper approved in MOFA, "ODA Review Final Report", explicitly referred to the increasing need for strategic and effective aid in consequence of the constrained domestic environment.<sup>58</sup> As evidenced by the discussion at the Special Committee of the House of Council on ODA, aid effectiveness came to be recognised as a fundamental issue in the Parliament of Japan, though it is closely-linked to flashbacks to the tied/untied argument on the other hand.<sup>59</sup> Such a situation can function as an incentive for *harmonisation* through intensified discussion for "selection and concentration" and division of labour with other donors.

### **C-5-d. Assessment and Questions**

As a whole, there are both incentives and disincentives for the implementation of the Paris

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<sup>57</sup> Development Assistance Committee (DAC) Peer Review, pp. 27.

<sup>58</sup> ODA Review Final Report, pp.4.

<sup>59</sup> Interview with the Secretariat of Special Committee of the House of Council of Official Development Assistance and Related Matters on 18<sup>th</sup> June, 2010.

Declaration in Japan. Although a certain number of staff at agency-level and field-level are intently working, both governmental, explicit commitments and institutional follow-ups are insufficient to motivate individuals. For further assistance, given that agency staff in the field offices (both Economic Cooperation Divisions of Japanese Embassies and JICA offices) are still in need of more powerful leadership by the government and immediate managers, more concrete and comprehensive guidelines, training and support would be useful to promote incentives to comply with the PD principles for ODA agencies and working staff. Also, as for utilizing the specialist personnel in MOFA, it is significant to introduce a career path programme for those who aspired to a career in the field of development assistance.

With regard to the government level assessment, although Japanese government has engaged in policy coordination among institutions, beyond ministries involved in development assistance to accomplish policy coherence of overseas economic assistance, it is not much more than ODA-bound coordination. In order to pursue development effectiveness in partner countries, ODA and non-ODA policies should be coherent and mutually supportive of developing countries, corresponding to the philosophy of the Paris Declaration. Consequently, there is need for a lot of legitimate and authorized commitment by the government to promote policy coherence for development in order to overcome the ODA/non-ODA policy boundary.

## **D. Key Conclusions, Lessons and Recommendations regarding the Generic Evaluation Questions**

### *D-1. Key Conclusions and Lessons*

#### **D-1-a. On the PD Principles**

As was already discussed in one of the previous sections (C-2. *Overall Assessment*), the degree of commitment to the PD principles could be assessed from the following two perspectives: (1) whether the government is making a clear-cut statement *at the overarching policy level* for the implementation of the principles; and (2) whether the actual undertakings adherent to the principles could be observed *at the agency or individual staff level*.

In sum, while the overarching documents of Japan's ODA policy (such as the ODA Charter and the Medium Term Policy) include clear-cut statements of commitment with regard to the principles of *ownership*, *alignment*, and *managing for results*, the country's commitment appears more or less ambiguous with regard to the remaining two principles of *harmonisation* and *mutual accountability*.

On the other hand, when we look at *the agency or individual staff level*, we can observe quite a few undertakings that closely correspond to each of the PD principles, including *harmonisation* and *managing for results*. In regard to the *harmonisation* principle for instance, an increasing sense of need amongst ODA officials to participate in the Memorandum of Understandings (MOUs) has led to the production of the "Guidance for Framework Arrangement", which is said to have substantially facilitated Japan's participation in the aid harmonisation efforts at the ground, operational level.

It follows then that the Evaluation Team makes a recommendation that the Government of Japan should clarify and assert its commitment to the harmonisation principle as part of the overarching policy documents, since it should facilitate the ongoing undertakings at the ground level, such as above, to collectively convey Japan's will to make significant contributions to aid harmonisation efforts by the donor community in a more consistent and explicit manner.

Furthermore, the Evaluation Team also takes note that while actual undertakings *do* exist in regard to the principles of *managing for results* and *mutual accountability*, the sufficient fulfilment of those principles would require an expansion of technical assistance by Japan in order to reinforce the capacity of partner countries to pursue those principles.

## D-1-b. From the Explanatory Dimensions

As mentioned above, it should be noted that, in particular, the commitment to *harmonisation* should and can be improved in light of the principle's practical importance for aid effectiveness and of its actual undertakings on the ground. It is understandable that priority is put on *alignment* rather than *harmonisation* since the latter is in principle complementary and subordinate to the former, but is *not* acceptable that reference to *harmonisation* is avoided even in the PD-dedicated action plan and the forward-looking ODA policy document. A similar assessment can be applied to *mutual accountability*. Japan should learn to deploy policy commitments more actively and strategically in order to lead discussions in the international community and to intensify (or, at least, not to dilute) national soft power to intellectually contribute to the world's positive peace and heighten its own country profile.

Japan's systemic and institutional capacities to implement the PD principles have generally been improved. Notably the efforts to create relationships with emerging donors and to propel south-south and triangular cooperation are pioneering and going ahead of the Accra Agenda for Action. However, improvement seems to be limited to reform of institutional frameworks and not extending to operational culture or actual human resource development. Delegation of authority to Japanese agencies in partner countries is still not enough, either. It also has to be pointed out that, as our questionnaire survey has revealed, the actual content (the principles and details) of the Paris Declaration is not so well-absorbed by ODA officials at the overseas posts.

Building incentives for implementing the PD principles is weak and should be improved. In particular, incentive building by the civil society is not sufficiently promoted or utilized. A relation between MOFA and NGOs has been conventionally unsound and, while it has recently been improved, its further improvement likely depends on inconsistent human factors. It is also not successful in motivating individual staff members through the creation of specialist career paths, although making a career path and developing human resource to fit such a path is the *chicken-and-egg question*. Moreover, one of the most problematic disincentives is a lack of strong commitment from immediate managers, such as Directors of Economic Cooperation Divisions, up to the headquarters in Tokyo.

## D-2. *Recommendations*

First of all, the Evaluation Team recognises a strong need for enhanced educational efforts, such as a more frequent holding of the distance seminar to ODA Task Forces with a focus on the Paris Declaration and its principles, so that the officials engaged in the ODA field can have more intensive exposure to the accumulated experiences of the PD implementation. As our

questionnaire survey revealed, the portion of ODA officials who are well acquainted with the actual content of the Paris Declaration appears to be insufficiently small-sized. This situation certainly needs to be improved, if Japan opts to take a leadership role in navigating the future course of the Paris Declaration beyond Year 2010.

Secondly, based upon the surveys we have conducted, the Evaluation Team recommends that the Government of Japan should make a more clear-cut revelation of its will of commitment to, or leadership for the promotion of *harmonisation*, which constitutes a crucial part of the PD principles. Although the essential function of *harmonisation* can be viewed as to complement or strengthen the principle of *alignment* – as is asserted by the Government of Japan<sup>60</sup> – it is nonetheless *one of the PD Principles* to which every signatory member is supposed to attach an *equal* level of commitment for implementation.

On the other hand, as our interview and questionnaire surveys both revealed, the actual cases of undertakings in the spirit of aid harmonisation can in fact be recognised as increasing in number nowadays. This attests to the fact that the appreciation of the harmonisation principle has gradually penetrated internally within the Government of Japan, at both the agency and individual level. However, in order to solidify the commitment to the harmonisation principle as an integral position of the Government, and in order to clarify that for the benefits of the general public, it is still well advised that the Government of Japan make a clear-cut statement to that effect as part of an overarching policy document, such as the ODA Charter. Alluding to the harmonisation principle, simply as part of commitment statements for the alignment principle, does not suffice for the aforementioned purpose.

Furthermore, expressing a clear-cut governmental commitment to the principle of harmonisation should effectively convince the domestic civil society that sharing resources and approaches for development assistance with the other members of the international donor community is of significant value in today's context. As is often said, the general public of Japan tends to be inclined toward a mode of ODA provision that signals *who makes aid contributions* (visibility/distinctiveness of Japanese aid contributions)<sup>61</sup>, which does not necessarily sit amicably with the principle of harmonisation. However, as the focus of international development efforts seem to concentrate more and more on the Sub-Saharan African region, where Japan relatively lacks experience of providing ODA, it is crucial that Japan proactively harmonises its assistance approach with the other more experienced donors, in order to improve the development effects of the ODA it provides to that region. Furthermore, given the stringent budgetary conditions which the Government of Japan is faced with, strengthening the harmonisation approach is of critical importance, as it can promote the “cost and benefit”

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<sup>60</sup> Interview with MOFA on 17<sup>th</sup> June 2010.

<sup>61</sup> See pp. 20.

efficiency of Japan's ODA by enabling it to focus on areas where Japan holds a comparative advantage.

In this regard, the Government of Japan needs to reinforce its public relations strategies so as to construct and solidify the general public's support for the pursuit of *harmonisation* principle. Moreover, it is critical that such PR efforts for the pursuit of the harmonisation principle are carried out not only by MOFA and JICA, but also by other actors, especially the Diet (Japan's legislature), who are deeply engaged with the ODA policy, and thus carry a significant level of responsibility for explaining to the domestic constituency what Japan is expected of in relation with the international donor community. It is also important that these actors collaborate with other actors such as NGOs, academia and mass media, in order to extend the outreach of the PR efforts, thereby establishing a broader, and deeper public support for Japan's commitment to the principle of harmonisation.

The same recommendation is applicable to the principles of "*mutual accountability*", to which the Government of Japan has also shown somewhat ambiguous commitment. As is the case with the principle of harmonisation, the actual cases of undertakings that adhere to these principles can be observed, both at the agency and individual staff level. Therefore, as we discussed with regard to the harmonisation principle, in order to solidify the commitment to the mutual accountability principle as an integral position of the Government, and in order to clarify that for the benefits of the general public, it is well advised that the Government of Japan make a clear-cut statement to that effect as part of an overarching policy document, such as the ODA Charter.

As many of the respondents to our questionnaire survey replied, seeing a well-articulated commitment at the highest level of the Government is one of the most powerful incentives for them to strive towards fulfilling that commitment on behalf of the Government. Whilst the Government of Japan indeed has introduced a wide range of incentive measures for the promotion of the "aid effectiveness" agenda, making a clear-cut commitment to both the "harmonisation" and "mutual accountability" principle at the overarching policy level will further improve the effectiveness of those incentive measures, thereby strengthening the leadership role of the Government of Japan in navigating the future course of the Paris Declaration.

## **G. Possible Key Implications beyond the Planned Term of the Paris Declaration**

### *G-1. Building more effective and inclusive partnerships*

Today, both the number and the diversity of actors that are engaged in development assistance activities are ever diversifying. Non-DAC countries and regions – such as China, Thailand, Malaysia, Singapore, India, Turkey, South Africa and Brazil – are rapidly expanding their presence as “emerging donors” in the international arena. In addition, a wide breadth of non-state actors, such as local municipalities, NGOs, private corporations, universities, and community-based organisations, etc., are already playing a crucial role for development which is quite comparable to that of state-actors. Therefore, in the context of aid effectiveness, it is no longer sufficient to shed our focus only on the activities of “traditional” DAC donors and partners. Expanding the web of coordination/collaboration/harmonisation with such diversifying actors is essential to achieving “aid effectiveness” and “development effectiveness”.

#### **G-1-a. Deepening the coordination with emerging state actors**

There are emerging donors whose aid disbursements favourably compare with that of DAC “traditional donors.” In order to achieve aid effectiveness, it is necessary for the traditional donors to pursue and deepen aid coordination with those emerging donors. However, they are emerging so fast and with such varying backgrounds that they sometimes act as donors in manners that uniquely differ from that of the traditional donors.

Japan has a long history as the sole traditional donor from Asia, and has abundant experiences in cooperating with Asia’s emerging donors – through providing its ODA with them since the end of the World War II. Japan has already accumulated a substantial body of experiences in conducting “triangular cooperation” with Asia’s emerging donors such as Malaysia, Singapore and Thailand. “Triangular cooperation” works not only to help the third-country (developing countries) to acquire development resources from emerging donors, but also to help the emerging donors to learn know-hows that can enhance the effectiveness of their development assistance activities.

Having working ties with emerging donors for such “triangular cooperation” therefore puts Japan in an appropriate position to share its development assistance experiences and know-hows, thereby encouraging emerging donors to understand and absorb the notion of “aid effectiveness”, and the roles which the PD principles play for them; and further encouraging them to become part of the donor community that supports and promotes the pursuit of the PD principles.

## G-1-b. Deepening the collaboration with non-state actors with various functions

There is a wide breadth of non-state actors involved in development assistance, including local municipalities, NGOs, private companies, universities, community-based organisations, etc. The functions that they play in terms of development assistance may differ according to their unique backgrounds. That is, while some of them act as donors, others may act as implementers of aid, or as advocates of the local community.

Whilst the Paris Declaration in 2005 made almost no reference to these non-state actors, the Accra Agenda for Action partially noted them, reflecting a growing awareness of the importance to promote engagement with non-state actors. Today, the need for such engagement is ever greater, not only for the sake of “aid effectiveness”, but also for the “development effectiveness” agenda. That is, in order to achieve development outcomes that genuinely cater to the well-being of the people, it is critical that the development assistance efforts leverage all the available resources that can contribute to that end – be it the genuine understandings of the people’s development needs at the grass-root level, or the ability and know-hows of direct service delivery to the local community, both of which are the strengths of NGOs/SCOs; or be it the commodities of daily use or sustainable business models, both of which are the offerings of private corporations.

As a country that is host to a broad range of non-state actors that are engaged with some form of development assistance, Japan should strategically draw upon the development experiences and know-hows of those non-state actors, and should play a leadership role in solidifying the collaborative ties with them, in a way that effectively utilizes the comparative strengths of both the state and non-state actors.

## G-2. *Further focusing on the agenda of “Aid/Development Effectiveness”*

Thus far, undertakings of the international community under the Paris Declaration have generally concentrated on improving the process/procedures of development assistance, and their progresses have been monitored by the Indicators of Progress that are primarily focused on inputs, as opposed to outputs/outcomes.

Considering the fact that five years have already elapsed since the endorsement of the Paris Declaration, Japan and other donors alike should embark upon assessing how the innovative approaches to the provision of development assistance have contributed to raising the “aid effectiveness” and “development effectiveness” (i.e., outputs/outcomes of development assistance). Such renewed commitment to the furthering of the Paris Declaration is of particular significance today, given the fast-approaching deadline of another

internationally-endorsed development framework – the Millennium Development Goals (MDGs) – which is strongly focused on achieving concrete development results.

The experience of the international community would prove that there is no single set of modalities/procedures/processes that work as a universally effective "prescription" to achieving the development goals, such as those set by the MDGs, since the economic, social, cultural conditions in which partner countries are situated significantly differ from one country to another.

Bearing that in mind, the Evaluation Team of Japan encourages that the international community as a whole will mark this juncture of the Paris Declaration by deepening their discussions on the “aid effectiveness” and “development effectiveness”, thereby constructing an important bridge between the international frameworks of development: namely, the Paris Declaration and MDGs.

An example of such renewed undertakings may be launching deliberations for introducing a new set of indicators – in addition to the existing Indicators of Progress – that allows assessment of how the PD implementation has contributed to the improvement in “aid effectiveness” (i.e., reduction of transaction costs, better timeliness of aid delivery, etc.). Another example would be launching an analytical study to discern the advantages/disadvantages of each aid modality in terms of achieving intended development outcomes, the results of which will in turn allow the international community to flexibly select the best package of aid modalities depending on the situation each partner country faces.