

Medium-Term Strategy for Overseas Economic Cooperation Operations by the Japan Bank for International Cooperation

This paper presents the *Medium-Term Strategy for Overseas Economic Cooperation Operations* of the Japan Bank for International Cooperation (JBIC), up to March 31, 2002. The Overseas Economic Cooperation Operations of JBIC, hereinafter referred to as "ODA loan operations," are set forth in Article 23, Clause 2 (i) of the Japan Bank for International Cooperation Act (1999 Law No.35). This Medium-Term Strategy has been developed, as stipulated in Article 26 of the Act, in a manner consistent with the *ODA Charter*, the *Medium-term ODA Policy* and other *ODA-related guidelines* and policies of the Japanese government.

1. Overall Policy Direction

The Role of the Japan Bank for International Cooperation in Developing Countries

As social and economic globalization progress, some countries are left behind and disparities between rich and poor widen, while growing international capital movements trigger new problems, including currency and economic crises such as the recent Asian crisis. In addition to poverty, the environment, energy and food, there are a number of global issues such as population, AIDS and drugs which significantly affect developing countries and which must be dealt with through concerted efforts by the international community. With the approach of the 21st century, the industrialized countries of the world face the common challenge of supporting developing countries to achieve sustainable and environmentally sound development. JBIC will provide financial assistance to complement and promote the efforts of developing countries to tackle these issues.

JBIC will take advantage of the comprehensive range of its operations to respond to the diverse needs of each developing country. In supporting them, JBIC will take both country-based and regional approaches. JBIC will adopt a short-term view towards overcoming crises and, at the same time, a long-term view to the subsequent development of social and economic infrastructure and the attainment of sustainable economic growth. In doing so, JBIC will fully consider the recipient countries' economic policies and problems and will engage in close policy dialogue with them, taking into account the roles and responsibilities of private investors, the Japanese government's foreign policies, and other policies pertaining to Japan's national interest.

The Purpose of Assistance through ODA Loans and the Prioritized Regions

The principle of ODA loan operations is to support the self-help efforts and initiatives of developing countries to reach economic take-off. Loan-based assistance calls for stringent financial discipline.

For reasons of geographic proximity as well as historical and economic ties, JBIC has traditionally focused on Asia. Japan maintains close relations with other Asian countries and will remain focused on the region. In addition, given the global spread of economic interdependence, JBIC will continue to assist regions beyond Asia, based on its regional and country assistance strategies.

Support for Poverty Reduction and Economic and Social Development

In developing countries, the population living in poverty must be reduced through continuous promotion of poverty reduction efforts and social development. As a prerequisite for such efforts and to ensure sustained economic growth, the creativity and vitality of the private sector must function fully under market mechanisms. JBIC will provide ODA loans to actively support the development of social and economic infrastructure, and industries that underpin the process of economic growth, while emphasizing coordination and the appropriate division of roles and responsibilities with Other Official Flows (i.e., JBIC's nonconcessional lending).

At the same time, JBIC will give full consideration to the equitable distribution of the benefits of economic growth and will provide assistance directly to human resource development and poverty reduction programs. Assistance for women is an important factor in providing support for poverty reduction programs and social development, since the balanced participation of men and women in assistance projects and the equal distribution of the benefits derived from such projects are essential aspects of development.

Developing countries themselves must strive to strengthen their capabilities to comprehensively address these issues and to build institutions that promote the equitable distribution of the benefits of economic growth. Thus ODA loan operations will place greater emphasis than before on poverty reduction programs, social development, human resource development, and policy-related assistance.

Action on Global Issues

Environmental problems such as global warming and other global issues including energy, population, AIDS, food and drugs are now jeopardizing the foundations of development in many developing countries and exerting a great impact on Japan and other developed countries. These problems pose challenges that call for global, coordinated responses. It is important to overcome these problems in order to attain global social and economic sustain-

ability. ODA loans have great potential to contribute to the solution of these problems by strengthening the socio-economic underpinnings of developing countries, including their social and economic infrastructure and their social development. Making the best use of this potential, JBIC will support the efforts of developing countries to tackle their environmental problems, enhance their capacities, and cope with global issues such as energy and food.

Support for Structural Reform

Advancing globalization has been accompanied by increased liberalization of capital transactions. The resulting large and frequent capital movements across international borders can trigger currency crises and worsen economic problems, as well as increase the speed at which they spread. This danger has already manifested itself in the recent Asian crisis.

The economic crisis reveals the structural vulnerability of developing country economies and deals a cruel blow to the poor. It is important to provide financial assistance for the emergency restoration of developing economies that have fallen into crisis. Moreover, supporting vulnerable members of society through the development of social safety nets, institutional reform, including the reform of legal systems, the financial sector, and other economic systems, promotion of a market economy, and improvements in governance through the enhancement of the policy implementation and managerial capacity of recipient governments, will be increasingly important in order to realize the strong recovery of the real economy. JBIC will provide ODA loans and advisory services for these necessities, in cooperation with other sources of financial and technical assistance and with due consideration to the appropriate division of roles and responsibilities among them.

Promoting Public Understanding and Support for ODA Loans

In the implementation of ODA loans, JBIC will promote public relations and information disclosure, both in Japan and abroad, to build broader understanding and support for ODA loans. It is also necessary for JBIC to actively promote "aid visibility" through cooperation with various strata of society and organizations in project implementation. JBIC will promote aid visibility making use of Japan's experience in its own development as well as its experience assisting developing countries, and capitalizing on its technology and expertise. It will be achieved through the organic interaction between loan aid, grant aid and technical assistance, assistance from Japan in its areas of expertise, and expansion of opportunities available for Japanese companies to participate in ODA loan projects through Special Yen (ODA) Loans.

JBIC will endeavor to draw on comprehensiveness of its operations and expertise to deliver effective and efficient aid that is tailored to each recipient country, based on thorough research and policy dialogue with the country concerned, and with due consideration to that country's debt repayment capacity. At the same time, recipient countries will be urged to execute ODA projects in an appropriate and transparent manner.

Consideration for Debt Status

JBIC will provide ODA loans with due consideration to the debt repayment capacity of the country concerned, to ensure that repayment obligations are within a sustainable level.

2. Policies for Each Field

Consistent with the overall policy direction, JBIC will emphasize support to the fields described below, utilizing the appropriate special facilities.

1) Assistance through Special Yen (ODA) Loan facilities (to improve the flow of goods, strengthen the productive base, and provide countermeasures against large-scale disasters).

JBIC will utilize Special Yen (ODA) Loan facilities, which were established in December 1998 to support structural reform in Asia, to undertake infrastructure projects with outstanding economic-stimulation and employment-creating effects in the following three fields: improvement in the flow of goods, strengthening of the productive base, and countermeasures against large-scale disasters.

2) Assistance for structural reform

JBIC will provide support to developing countries that have suffered from currency and other crises to promote their structural reform, principally through investment in the economic and social infrastructure that will be the foundation for their medium- and long-term growth. JBIC will also provide support in the following areas: the development of social safety nets for socially vulnerable members; development of small- and medium-sized enterprises and human resource development that will lay the foundations for private-sector investment; agricultural and rural development to correct regional disparities; and assistance for the reform of policies and institutions that support these areas. In doing so, JBIC will endeavor to continue the smooth implementation of the New Miyazawa Initiative.

3) Assistance for environmental conservation

A balance must be struck between development and the environment if developing countries are to attain economic and social sustainability. To achieve sustainable development in developing countries, JBIC will support the programs and efforts of developing countries with respect to global environmental issues, including global warming, and provide assistance to enhance their capacity to deal with such issues. To this end, JBIC will provide "ODA Loans for Special Environmental Projects," a facility originally established in September 1997 and expanded under the Kyoto Initiative a year later. These loans will finance measures for challenging global environmental issues, including energy conservation, new and renewable energy resources, preservation and development of forests, and pollution control. JBIC will utilize Japan's technologies and experiences to the fullest extent.

4) Assistance for human resources development

Sustainable economic and social development in developing countries requires capacity building for the establishment and implementation of economic and development policies and for the advancement of industry. To that end, countries like Southeast Asian countries emphasize the importance of human resource development to that end. JBIC will support those countries by providing ODA loans for education and training of their nationals in Japan and the dispatch of Japanese experts overseas.

5) Assistance for development of small- and medium-sized enterprises

In pursuing stable and balanced economic and social progress, developing countries need to strengthen supporting industries through the development of small- and medium-sized enterprises. Small- and medium-sized enterprises are also important to strengthen the underpinnings of economies and to encourage private-sector investment from overseas. JBIC will expand ODA loans for small- and medium-sized enterprise development with due consideration for cooperation and division of roles with Other Official Flows.

6) Assistance for institution building

While emphasizing the importance of physical investment in developing countries, JBIC will also promote assistance to formulate development policies and enhance project implementation capabilities. JBIC will support the building of business, financial and other systems which yield positive effects for development. JBIC will support the self-help efforts of developing countries through enhancing its advisory services to developing countries, in particular, the Special Assistance Facility (SAF), Special Assistance for Development Policies and Projects (SADEP), and through technical assistance financed by ODA loans and structural adjustment loans.

3. Policies for Each Region and Country

1) East Asia and the Pacific

Japan is closely connected with East Asia economically and in many other ways. Countries in this region can be divided into the following three groups: those that are relatively advanced in the liberalization of trade, finance and capital, but are coping with the rapid pace of globalization; those that are proceeding with liberalization; and those that are still struggling with oppressive poverty. JBIC will provide assistance appropriate for each country's income level and stage of development in the areas of poverty reduction, social and economic infrastructure development, supporting industries development, agricultural and rural development, and environmental conservation. For East Asian countries that were hit hard by the Asian currency crisis, JBIC will provide support for structural reform, human resource development and institution building that will contribute to recovery of their economic growth. For the East Asian region as a whole, JBIC will provide support for regional development initiatives such as ASEAN regional cooperation, APEC regional cooperation, and Mekong River Basin development. For Indochina, where income levels remain low, JBIC will provide support for regional cooperation in the transport and power sectors to develop the Mekong River Basin, and for the agricultural sector to reduce poverty.

JBIC will help the self-reliant development of the countries of the Pacific through providing support for social and economic infrastructure development, human resource development, environmental conservation and other projects to overcome the dispersion and isolation of island nations, while taking into account the size of the recipient countries. In doing so, JBIC will collaborate with multilateral agencies such as the World Bank and the Asian Development Bank (ADB), and other bilateral donors, while promoting organic interaction with grant aid and technical assistance of the Japan International Cooperation Agency (JICA).

[1] Indonesia

In the short term JBIC will, with the collaboration of multilateral agencies, provide support for improving the country's balance of payments, helping the socially vulnerable and reforming economic structures in order to support

recovery from economic crisis and promote social and economic stability. In the medium term JBIC will target 1) social stabilization through reduction of the population in poverty, 2) environmental conservation measures, 3) education and human resource development, 4) economic development focusing on social and economic infrastructure improvement and 5) structural adjustment, with due consideration for the country's debt repayment capacity.

In the implementation of ODA loans, JBIC will work together with multilateral agencies and other aid agencies to improve governance in Indonesia as a means of making assistance more effective. When providing support for projects implemented by Indonesia's regional governments, JBIC will place the emphasis at the time of project formation on assistance to help the agencies involved improve their implementation capacities. In addition, JBIC will encourage Indonesia to conduct proper maintenance, management and use of projects financed by ODA loans in the process of the structural reform of its public sector (particularly the power sector).

[2] China

JBIC will promote China's balanced development towards a market economy through the development of the private sector and capital markets. To this end, assistance will focus on 1) action on environmental issues, including flood control and afforestation, 2) measures against food and poverty problems through improving agricultural productivity, 3) the correction of regional disparities through inland development, and 4) social and economic infrastructure development that will contribute to self-reliant economic growth.

In the implementation of ODA loans, JBIC will increase diversity and flexibility in the fields of its assistance to tackle a variety of development tasks, and also emphasize assistance such as institutional building, policy reform, and poverty reduction in order to achieve "aid visibility." JBIC will work toward more effective assistance through deepening its policy dialogue with the government and reinforcing its collaboration with the World Bank and other multilateral agencies.

[3] Thailand

JBIC will, in supporting Thailand's self-reliant economic development, focus on 1) correcting regional income disparities spawned by rapid economic growth, 2) providing measures to protect the environment, 3) improving economic infrastructure that has been outpaced by rapid industrial and economic growth, 4) converting industrial structures, 5) rural development and 6) human resource development. Due consideration will be given to Thailand's structural adjustment to bring about a true recovery that restores international confidence in the country's economy. JBIC will make intellectual contributions to improving policy and institutions, and support measures to protect the vulnerable members of society.

In the implementation of ODA loans, JBIC will formulate projects for the medium and long term with emphasis on technical assistance and policy advice based on Japan's experience tailored to suit Thailand's level of development. In the process, JBIC will give consideration to cooperation with other aid agencies and trends in private sector activity. JBIC will also tackle tasks such as the reinforcement of project implementation capabilities where economic crisis has revealed weaknesses.

[4] Malaysia

As Malaysia is an upper-middle-income country, JBIC will focus on 1) environmental conservation, 2) reduction of poverty, 3) correction of income disparities, 4) development of small- and medium-sized enterprises and 5) human resource development, as well as short-term measures to 6) enhance the efficiency of distribution and 7) reinforce the productive base in order to speed the recovery of the country's economy.

In the implementation of ODA loans, JBIC will pay due attention to economic trends, reform of the financial sector, and private initiatives in the provision of basic infrastructure.

[5] The Philippines

JBIC will emphasize support for 1) strengthening the economic structure and overcoming factors which restrict the sustainable growth of the Philippines, 2) reducing poverty, 3) correcting regional disparities, 4) environmental conservation and disaster prevention, and 5) human resource development and institution building.

In the implementation of ODA loans, JBIC will consider cooperation with local governments, NGOs and other bodies. JBIC will also ask the Philippines government to take proper measures in clarifying the order of priority of the targeted fields, devising comprehensive and integrated development plans, bearing an appropriate level of the local cost of aid projects, improving the capabilities of executing agencies, and giving due consideration to relocation of project-affected people, land acquisition and environmental issues.

[6] Viet Nam

Viet Nam is engaged in structural reform in order to make the transition to a market economy. JBIC will work together with the World Bank and other agencies in supporting the country's efforts at reform. Assistance will target 1) social and economic infrastructure development such as transport and power, which act as development bottlenecks, 2) agricultural development that helps to reduce poverty and regional disparities, and 3) institution building and human resource development needed for the transition to a market economy.

In the implementation of ODA loans, JBIC will provide technical assistance and intellectual support to enhance project implementation capabilities and to encourage the improvement of project formulation ability in the medium and long term. In doing so, JBIC will cooperate with the World Bank, the International Monetary Fund (IMF) and other multilateral aid agencies.

[7] Mongolia

In order to support reforms leading to democratization and a market economy, JBIC will provide support emphasizing the economic infrastructure development needed for sustainable economic growth and human resource development needed for the transition to a market economy, while giving due consideration to environmental conservation.

2) Southwest Asia

In this region, where over 500 million people live in poverty JBIC will provide support for basic human needs while emphasizing measures to combat poverty. As the region lags behind in the liberalization of trade, finance and capital, and economic transition, JBIC will provide assistance targeting economic reform, human resource development to encourage foreign investment, and social and economic infrastructure development, while giving due consideration to environmental conservation.

[1] India

India has the world's largest population in poverty. Therefore, JBIC will focus on support for measures to combat poverty and support environmental conservation, along with social and economic infrastructure development as the foundation for self-reliant economic development.

In the implementation of ODA loans, JBIC will follow the Japanese government's economic measures on India following recent nuclear tests. While taking into consideration trends in private-sector investment from Japan and the allotment of assistance to the target regions and fields, JBIC will improve policy dialogue with the Indian side concerning the formulation of sector-wide development policies and the formulation and monitoring of individual projects to better enhance the efficiency of project implementation.

[2] Pakistan

JBIC will emphasize support for 1) the reform of economic structures (organizations and institutions) to stimulate the economy and increase efficiency, 2) building of an investment environment that will contribute to rural development and economic growth, and 3) social development to reduce poverty and correct disparities.

In the implementation of ODA loans, JBIC will follow the Japanese government's economic measures on Pakistan following recent nuclear tests, and will take into consideration the country's external debt situation. JBIC will endeavor to formulate medium and long-term projects while giving due attention to linkage with technical assistance by JICA and aid policy coordination with multilateral agencies.

[3] Sri Lanka

JBIC will emphasize support for 1) social and economic infrastructure development that will attain sustainable economic growth, 2) human resource development, 3) industrial development and 4) assistance to fields directly benefiting the poor.

In the implementation of ODA loans, JBIC will contribute to improving project implementation capabilities through policy dialogue at all stages, from project formation to implementation. JBIC will assist the realization of better implementation systems, sector reforms, privatization and other measures through realistic and gradual approaches. JBIC will also endeavor to formulate medium and long-term projects while giving due attention to linkage with technical assistance by JICA and policy dialogue with multilateral agencies.

[4] Bangladesh

JBIC will emphasize 1) basic infrastructure development that promotes investment and exports, and 2) agricultural and rural development that improves agricultural productivity and raises the country's food self-sufficiency rate, with due consideration to debt repayment capacity, in order to reduce poverty, even the distribution of income resulting from economic growth,

and improve the balance of payments.

In the implementation of ODA loans, JBIC will provide assistance with due consideration to those disadvantaged by poverty or gender in concert with NGOs and other bodies. JBIC will also provide assistance to improve the abilities of the executing agencies through policy dialogue at the project planning stage and through technical assistance.

3) Central Asia and the Caucasus

Assistance to the countries of this region, which are engaged in structural adjustment moving away from monocultural economies towards market economies, will focus on 1) rehabilitating economic and social infrastructure which became dilapidated due to inadequate maintenance in the Soviet era, 2) tackling environmental problems which are surfacing as a negative legacy of the Soviet era, 3) improving the economic and social infrastructure required for self-reliant economic growth in the future, and 4) developing the human resources needed for the transition to a market economy.

In the implementation of ODA loans, JBIC will work for aid policy coordination and exchange of information with the World Bank, the European Bank for Reconstruction and Development (EBRD) and other multilateral agencies as well as with JICA's technical assistance and development studies.

4) The Near and Middle East (including Egypt)

This region is vital for Japanese energy security. In providing support for this region, JBIC will pay close attention to the economic and social characteristics of each country in the region, and to the progress of the Middle East Peace Process. JBIC will emphasize support for 1) social and economic infrastructure development, 2) environmental conservation and 3) multi-faceted contributions to the development of small- and medium-sized enterprises and other industrial structures. For Turkey, which is an upper-middle-income country, JBIC will concentrate its assistance on the environmental field. For Egypt, JBIC will consider support for the fields that will contribute to economic development and stabilization.

5) Africa (excluding Egypt)

A majority of African countries are Least among Less Developed Countries (LLDCs), which still have a long way to go to solve their economic problems. While observing the "Tokyo Agenda for Action" which was adopted at the 2nd Tokyo Conference for African Development (TICAD II), JBIC will emphasize assistance for 1) anti-poverty measures which are fundamental to stability in the region, 2) agricultural development to correct inequality, 3) stimulation of private sector economic activity to encourage economic development, and 4) development of basic infrastructure. JBIC will largely target its assistance on Tunisia and Morocco in the Magreb region, and Kenya, Zimbabwe and South Africa in Sub-Saharan Africa.

In the implementation of ODA loans, JBIC will collaborate with multilateral agencies and with technical assistance activities, including development studies by JICA. Due consideration will be paid to trends in sector reform and privatization. As many African countries are heavily indebted, JBIC will give careful consideration to each country's debt repayment capacity.

[1] Tunisia

Assistance to Tunisia will emphasize 1) basic infrastructure development to enhance international competitiveness and promote private-sector investment, 2) water resource development to stabilize agricultural production and raise the level of food self-sufficiency, and 3) regional development to correct disparities between urban and rural areas.

In the implementation of ODA loans, JBIC will collaborate with multilateral agencies and technical assistance activities, including development studies by JICA.

[2] Morocco

Assistance to Morocco will emphasize 1) regional development to correct disparities between urban and rural areas, 2) development of agriculture and water resources so that food production will not be affected by the weather in a region with an unstable climate, and 3) improvement of basic infrastructure to enhance international competitiveness and promote private-sector investment.

In the implementation of ODA loans, JBIC will collaborate with multilateral agencies and technical assistance activities, including development studies by JICA.

6) Latin America and the Caribbean

There are large disparities between the levels of economic development of countries in this region, and the income disparities within certain countries are so large that some extremely backward regions exist. Therefore, assistance will target basic infrastructure development that will reduce regional and income disparities. Assistance will also be directed to projects that contribute

to environmental conservation in the countries of the region, including projects addressing global environmental problems.

In the implementation of ODA loans, JBIC will provide support with consideration for trends in private sector infrastructure development, in concert with the World Bank, the Inter-American Development Bank (IDB) and other multilateral agencies to achieve greater efficiency and efficacy.

[1] Peru

The fields of top priority in Peru are measures against poverty, support for the social sector, economic infrastructure development, and environmental conservation. JBIC will implement assistance for economic stabilization, sustainable growth, improvement in living standards, and the correction of regional disparities. JBIC will support measures against poverty by providing effective and efficient support to the country's self-help efforts.

In the implementation of ODA loans, JBIC will provide support with consideration for private sector activity in the infrastructure sector, in concert with the World Bank, the Inter-American Development Bank (IDB) and other multilateral agencies to achieve greater efficiency and efficacy.

7) Europe

The countries of Central and Eastern Europe and the former Soviet Union are in the transition to becoming democracies and market economies. Their economic and social infrastructure has been poorly maintained during the transition, and environmental problems are surfacing. To meet the diverse development needs of these countries, JBIC will provide assistance targeting the rehabilitation and development of social and economic infrastructure and measures for environmental conservation. Further assistance will also be considered for the restoration and rehabilitation of countries that have been heavily damaged by civil wars.

In the implementation of ODA loans, JBIC will provide support in close cooperation with the EU and other multilateral agencies such as the World Bank and the European Bank for Reconstruction and Development (EBRD), with due consideration to each country's ability to assimilate assistance.

4. Key Points for Delivering Assistance

JBIC regards the following as key points in the implementation and management of ODA loan operations.

1) Preliminary surveys, project identification, appropriate implementation monitoring and post-evaluation

JBIC will strengthen preliminary surveys in accordance with this medium-term policy in order to identify, formulate and select quality projects, with proper consideration to coordination with development studies by JICA and other studies carried out under Japanese ODA. In the process, JBIC will work in close liaison with all the parties involved.

For smooth implementation of the on-going projects, JBIC will upgrade and strengthen monitoring of project implementation and progress and maintain a full and close dialogue with the beneficiary country to identify the bottlenecks impeding the progress of the projects. JBIC will provide support for policy enhancement, improvement of implementation capabilities and human resource development that will promote better implementation of development projects and make sure they deliver the anticipated benefits. In this process, the role of overseas representative offices of JBIC will be highly valued and JBIC will enhance collaboration with multilateral agencies and technical assistance provided under Japanese ODA. JBIC will conduct post-evaluation of as many completed projects as possible and will publish the results. The post-evaluation process will involve evaluation by experts, NGOs and other third parties to guarantee that it is as quantitative and objective as possible. Efforts will be made to develop effective evaluation methods with reference to evaluation methods for public works in Japan, an area of current innovation, and the lessons learned from the evaluations will be used in a continuous feedback process.

2) Organic interaction between Private-Sector Investment Finance, Other Official Flows (OOF), grant aid, technical assistance, assistance through multilateral agencies, and other aid methods

With a view to effective aid delivery, JBIC will pay due attention to the division of roles and responsibilities with the Private-Sector Investment Finance activities of JBIC and JICA, Other Official Flows (OOF), private funds and grant aid based on their respective objectives, while taking into account the needs and conditions of individual countries. For technical assistance, JBIC will strengthen cooperation with JICA as the major executing agency for technical assistance and with the other related government agencies. Cooperation will also be extended to the World Bank and other multilateral agencies.

3) Promotion for information disclosure

It is important to promote information disclosure as a way of increasing transparency. The Internet will be used to the full extent, in addition to the publication of annual reports and other materials for more rapid publication and easier access. JBIC will actively participate in such areas as development education and lifelong education to increase public understanding in order to gain public support and understanding of ODA loans. Due consideration will be given to ensure that the procurement of ODA loan projects is always conducted fairly and in line with JBIC guidelines. More information on the tendering process for ODA loan projects will be made public, taking into account the methods used for public works in Japan. Efforts will also be made to enhance accountability concerning the appropriate use of ODA loans.

4) Promotion of public understanding and participation

JBIC must strive to actively develop "aid visibility" in order to build broader support and understanding in Japan and recipient countries for ODA loan operations. It will be necessary to promote information disclosure and enlist the cooperation of the various societies and organizations in project implementation. JBIC will work to enlist cooperation and participation of private enterprises, local governments, NGOs and other members of society in the implementation of ODA loan projects.

5) Rational and efficient management of operations

ODA loans must be delivered at the right time to match the needs of recipient countries. To this end JBIC will make its best efforts to respond dynamically to their needs and carry out ODA loan procedures smoothly. Procedures must be efficient at all stages, including preliminary studies, project identification, appraisal, implementation and post-evaluation. In addition to building suitable systems for the above processes, JBIC must build sufficient stocks of information and expertise. JBIC will also make sure that the conditions of loans do not place an excessive burden on developing countries.

6) Enhancement of financial risk management

JBIC will manage financial risk properly, through exchange of information with the governments of recipient countries and with multilateral agencies, to have a better grasp of the credit risks involved in each country. JBIC will work towards appropriate disclosure of financial information related to ODA loan operations, including their balance of credit.

7) Appropriate considerations for the environment

The aim of environmental considerations in assistance to developing countries is to avoid or minimize adverse aid-related impacts on the environment or community, as well as to support the achievement of sustainable development through self-help efforts. The ultimate responsibility for the environmental consideration in ODA loan projects rests with the recipient country. Rigorous examinations will be undertaken in accordance with the Environmental Guidelines for JBIC ODA loans to assess the impact of assistance projects on the environment and regional communities. In response to the findings, appropriate measures will be taken. A proposed project may not be financed depending on the assessed environmental impact. Procedures and standards for environmental evaluation must be reviewed and expanded as necessary.

8) Building intellectual networks and strengthening intellectual contribution

JBIC will work to deepen intellectual exchanges between aid agencies in Japan and abroad, research agencies and researchers, and executing agencies in developing countries through joint investigative research, policy dialogue, conferences and other means in order to pool and systematize development-related knowledge and experience. JBIC will strengthen its cooperation for the effective and efficient implementation of development through policy dialogue, seminars and other opportunities. They will help to utilize JBIC's knowledge and experience, which can be applied to development in other developing countries. In this process, Japan's knowledge, technology and experience will be passed on to developing countries in forms that will fit their social and natural conditions. Through this process JBIC will deliver a level of intellectual contribution in proportion to its position as the largest bilateral lender in the world.