



3 Towards Creation of New JICA

Change in Environment Surrounding JICA

With the government's administrative reform, the ODA budget of Japan (general account) has been gradually decreasing. The fiscal 2007 budget is 38% less than it was at its peak in fiscal 1997. The budget allocated to JICA has also been substantially reduced, resulting in a 13% decrease over the past 10 years, which amounts to approximately ¥24 billion.

Under such severe budgetary constraints, JICA was reorganized into an independent administrative institution in October 2003. This section provides a review of JICA's efforts during the period of the first mid-term objectives and plan (three-and-a-half years until the end of March 2007) and the achievements of the reforms implemented during this period. It also provides an overview of the preparations for integration with the Japan Bank for International Cooperation (JBIC) scheduled for October 2008.

Implementation of field based management through JICA reform: A survey of recovery and reconstruction assistance was swiftly conducted the month after the Great Sumatra Earthquake and Indian Ocean Tsunami Disaster, and a fishing boat was built in cooperation with a local NGO in Banda Aceh, Indonesia. (Photo by Katsumi Yoshida)

Efforts for the First Mid-term Objectives and Plan (Transition to Independent Administrative Institution)

The basis of operation and management for an independent administrative institution such as JICA consists of the management of mid-term objectives and evaluation of performance in accordance with mid-term objectives (for a period of three to five years) specified in an order by the competent minister and a mid-term plan compiled by the institution to achieve the objectives.

JICA formulated the first mid-term plan in October 2003 under the mid-term objectives set forth by the Ministry of Foreign Affairs, at the time it became an independent administrative institution, and the term was completed at the end of March 2007. Subsequent operations are being undertaken in accordance with the new objectives and plan from April 2007.

The Independent Administration Institution law stipulates that the mid-term objectives and plan shall set forth two targets: (1) streamlining of the entire

operation and management; and (2) improved quality of operations. JICA's first mid-term objectives and plan set forth 34 items and the progress for each item is annually reported to and evaluated by an external advisory committee (the Independent Administrative Institution Evaluation Committee of the Ministry of Foreign Affairs). The result of evaluation shows that JICA has sufficiently achieved the first mid-term plan.

Streamlining of the Entire Operation and Management

Under the independent administrative institution system, it is required to include measures to achieve the objectives concerning the promotion of efficiency in operations in the mid-term objectives and plan for the purpose of improving the effectiveness of the operations.

In specific terms, it is stipulated that budgets (management grant) shall be streamlined to some extent every year.

Accordingly, JICA set and achieved its objective of cutting down 5 to 10% on average on the expenditures for the dispatch of experts, acceptance of training participants, provision of equipment and materials, and the dispatch of study teams, while maintaining and improving the quality of operations during the term. With respect to management expenditures, new personnel and payment systems have been introduced, achieving more than a 10% reduction compared to fiscal 2002. For these savings, the time spent on procedures and the amount of paper work were reduced.

Improvement of the Quality of Operations

The objectives in relation to improving the quality of operations include appropriate measures for information disclosure and protection of personal data, enhancement of public relations activities, consideration for environment and soci-

ety, promotion of gender equality, and systematic and effective project evaluation. JICA has been committed to attaining these objectives.

JICA has also set different objectives for different programs (technical cooper-

ation, public participation in international cooperation, promotion of implementation of grant aid, overseas emigration, disaster relief, etc.). For instance, in the Volunteer Program, JICA worked to facilitate participation, for example, by intro-

ducing a short-term dispatch system, in order to meet the expectations of those who are willing to volunteer. As a result, the number of participants at the end of fiscal 2006 increased by more than 10% compared to fiscal 2002.

Changes Brought by JICA's Reform Efforts

In addition, JICA formulated a self-reform plan comprehensively covering organizations and operations, and has been devoted to implementing the plan. To begin with, the JICA Reform Plan was announced in March 2004, carrying out reforms of operation and management and organizational systems from three perspectives: field based management, human security, and effectiveness, efficiency and speed.

Penetration of Reform

In order to operate in a strategic and flexible manner, the regional and issue-based department system was first introduced at the headquarters, with the aim of utilizing knowledge and experience in development issues and localize them by using expertise in regions. JICA has expedited the decision-making by flattening the organizational structure. In terms of relations between the headquarters and overseas offices, field based management was introduced as our principle of operation by utilizing local initiative to the maximum extent possible, and toward this aim the functions of overseas offices were strengthened. Specifically, personnel and authority were substantially transferred from the headquarters to overseas offices, enabling operations under the initiatives of overseas offices. In order to support this system, international communications networks and operation and

management support systems were developed, creating an environment where the field and headquarters can share information in real time. These efforts have realized proper and speedy project implementation in line with the needs of the field and fostered a climate of trust with the partner's government due to the enhanced communication. It is acknowledged that JICA's operation and management worked more effectively and efficiently as a result.

Furthermore, various efforts have been undertaken in order to carry out more effective operation meeting the needs of developing countries, in accordance with development assistance policies of the government. Support for formulation of promising projects, enhancement of international aid coordination and cooperation, promotion of programs that comprehensively resolve issues related to development, and efforts to link the concept of human security to practical actions are some examples.

In March 2005, the second phase of the JICA Reform Plan was announced, which introduced the reform of domestic operations (training programs in Japan for personnel of developing countries and citizen participatory cooperation, etc.) and reorganization of domestic offices, in order to meet the needs of



A JOCV member working at an NGO that supports women in the Program for Improving Health Status in Upper West Region (Ghana): This program, which is carried out as a combination of dispatch of experts, grant aid, technical cooperation, and dispatch of JOCV, is an example of undertaking multiple projects in order to effectively address mid-term development issues. (Photo by Katsumi Yoshida)

developing countries even more accurately. Thus, JICA has been working on receiving the functions of domestic offices, strengthening networks to link the functions to the needs of the field, improving access from people to JICA's activities, and enhancing the communication function of JICA itself. An example of such efforts is the reorganization of JICA Hiroo in April 2006 (a.k.a. Global Plaza), which serves as a control tower for citizen participatory cooperation.

Towards Completion of Reforms

Meanwhile, additional challenges have come to surface. For example, the issue of how the headquarters provides appropriate support for overseas offices, which have a limitation in expertise, as well as how to improve strategy and the predictability of projects managed by overseas offices. In order to respond to these issues, JICA has been committed to addressing the following as final adjustment toward reforms; specifically, establishment of partnerships between the headquarters and overseas offices, enforcement of the strategic nature of projects through the promotion of program based approach, and improve-



Exhibition entitled "I Want to Go to School" held at the Exhibition Space, JICA Global Plaza (Photo by Kenshiro Imamura)

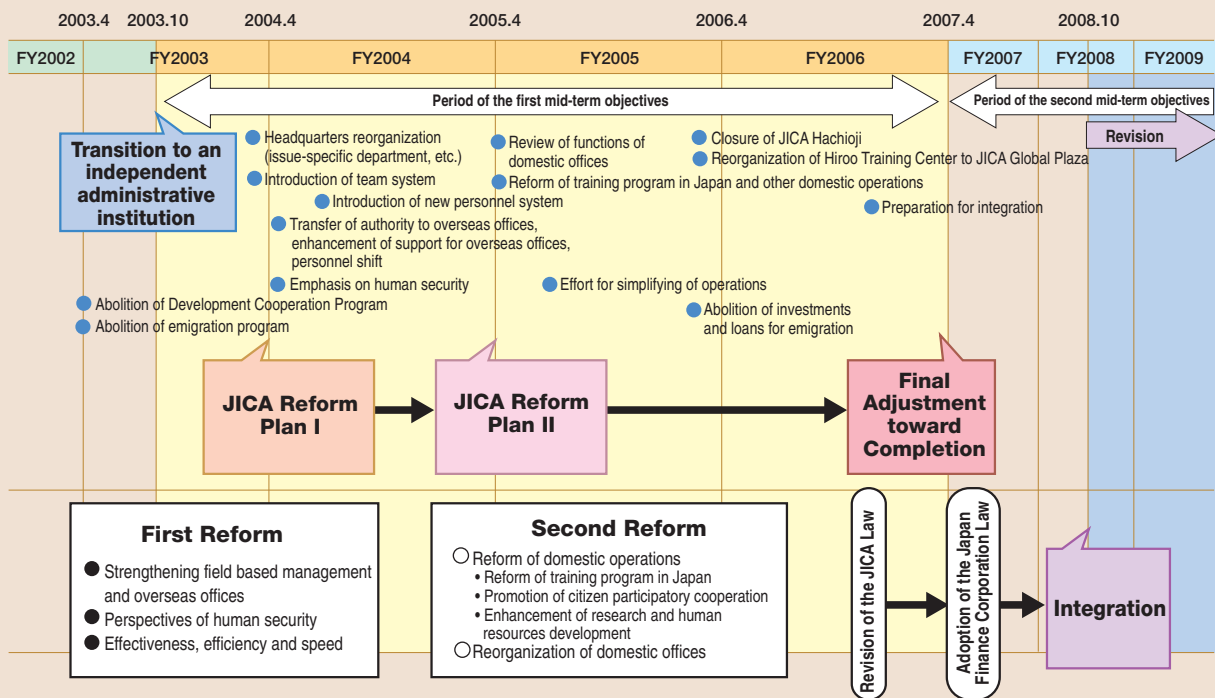
ments in the predictability of projects by introducing a new budget management system.

Since becoming an independent administrative institution, JICA has been proceeding with self-reform plans and

working on the establishment of systems to implement high-quality, field-based operations. JICA has also raised awareness of JICA staff on result-oriented management, with emphasis on performance and cost. It is considered necessary to

further develop the capacity of staff and to bring about development quality results that are appreciated by the people in developing countries and can further improve the understanding of Japanese tax payers.

Figure b JICA's Reform Efforts during the Period of First Mid-term Objectives



Preparation for Integration

Creation of New JICA

In light of the movement of ODA reforms promoted by the government, the Administrative Reform Promotion Law (June 2006) stipulates that the Japan Bank for International Cooperation's (JBIC) overseas economic cooperation operations will be taken over by JICA by amending the Law Concerning the Independent Administrative Institution Japan International Cooperation Agency (JAIC Law). Consequently, the creation of new JICA on October 1, 2008 was officially approved following the passage of an amendment to the Japan International Cooperation Agency Law on November 8, 2006 and the passage of the Japan Finance Corporation Law on May 18, 2007.

Expectations for New JICA

New JICA is expected to materialize the synergy effect of integration, strengthen public relations, and increase the presence of Japan, by serving as an organization that coordinates technical cooper-

ation, loans, and grant aid in an integrated manner. To that end, it is necessary for JICA to implement assistance swiftly and flexibly in line with strategies and policies formulated by the government, while exercising its initiative as an independent administrative institution. JICA therefore takes the responsibility of the new JICA seriously and aims to respond by introducing a comprehensive and unified flow of operations, covering all aspects from planning to implementation of the three schemes, namely, technical cooperation, loans, and grant aid while maintaining close dialogue with developing countries. Moreover, JICA is determined to further promote the current reforms, such as thorough implementation of field based management, and at the same time, carry out assistance that is unique to Japan, utilizing its past experience.

New JICA will be equipped with new provisions for research activities, and it is imperative to further strengthen its communication so as to contribute to international community by way of strategic

ideas and findings obtained from study and research activities concerning effective approaches to assistance.

Creating a new organization is the greatest challenge for us. Maintaining close coordination with the Ministry of Foreign Affairs and JBIC, JICA has set up a department and task force in preparation for integration to conduct discussions about issues related to organization, personnel, and operations. Similar efforts are already under way at overseas offices, the field of assistance: for instance, co-formulations of Policies on Implementing Country-specific Assistance (tentative).

The year 2008, when New JICA is scheduled to be launched, is the year in which Japan exhibits its leadership on such occasions as TICAD IV and the G8 Summit at Lake Toya, Hokkaido. JICA will proceed with preparations so that it can materialize the synergy effect of the integration and meet the expectations of the international community as well as those of Japan's constituency.