

# Public Policy — Realizing High Quality Public Services Based on Peoples' Needs



Of the eight Millennium Development Goals (MDGs), relevant goals are shown in color.

**To achieve stability and sustainable development in developing countries, it is essential that the countries become capable of mobilizing, allocating and managing their resources efficiently and in ways that reflect the will of the people. To this end, “governance,” or the mechanisms to manage a country’s affairs encompassing not only the government but also the civil society and the private sector, will be key. JICA’s public policy assistance helps to strengthen governance in developing countries through cooperation for developing legal and judicial systems which support the backbone of society, increasing administrative efficiency and transparency, and improving administrative capacity of local government, and by strengthening fiscal and financial systems. This support aims to promote sustainable growth in these countries and realize a fair and democratic society.**

Many developing countries suffer from weak institutions and foundations, including legal and judicial systems, administrative organs and fiscal management, as well as lack human resources to operate these processes properly. Inadequate social infrastructure can be a hindrance to a country’s development and may significantly undermine the efficacy of development assistance.

Recognition of the importance of good governance and a strong sense of ownership of developing countries are indispensable elements in ensuring effective public policy assistance for strengthening the countries’ basic mechanisms and institutions. JICA places emphasis on the notion of capacity development (CD) as a means to support intrinsic developmental processes at individual, organizational and societal levels.

## Legal and Judicial Systems

### Assistance for Establishing Legal and Judicial Systems

#### ■ Overview of Issue

Establishing the “rule of law,” namely the assurance of the legitimacy of established rules, the establishment of impartial dispute-resolution systems and the guarantee of access to these systems, is essential to the building of good governance.

People may resort to violence or payoffs to resolve disputes in societies that do not have suitable rules or a fair and transparent procedure for conflict resolution. This could lead to violations of the rights of disadvantaged groups such as the poor and women, and even to social unrest. In addition, methods of resolving conflict may be unreasonable and unpredictable, which could add to the cost of transactions and hinder economic activity.

Capacity development for the legal and judicial sector also helps prevent corruption through improving transparency and accountability of administrative execution and by increasing the clarity of standards for conflict resolution. However, it takes a

long time for this process to take hold since it is not sufficient to simply set in place rules and institutions. It is also necessary to gain the trust of the public in legal and judicial systems.

#### ■ JICA Activities

Beginning from the Meiji Restoration in the late 19th century, while Japan has incorporated the advanced legal systems of other states, it has customized and adapted those laws to the cultural and societal factors present within the existing system. The Japanese experience contained useful knowledge that can contribute positively to the “rule of law” promotion processes, which many developing countries are undertaking today. These experiences include those of drafting, promulgating and revising laws and systems in accordance with the conditions and changes particular to the development of the nation, and which has led to the upgrading of legal systems in line with international standards and the realization of social stability and economic growth.

JICA provides support for the process of strengthening legal and judicial systems in developing countries with the aim of improving governance to ensure social stability and sustainable development, mainly in countries shifting to a market economy and those undergoing the reconstruction process. JICA’s support rests on the following core elements: 1) supporting the development of rules and regulations; 2) supporting the improvement of the capacity of public organizations that implement laws; 3) supporting the legal empowerment of people and society; and 4) supporting the development of legal professionals.

JICA believes in the importance of laws and legal systems that are in harmony with existing systems, culture and social and economic norms. Attention also needs to be given to the stage of development in the country and changes in the social landscape. JICA emphasizes dialogue in its approach and respects the ownership of a developing country in supporting the process of drafting rules and strengthening the judicial system.

The aim is to provide support that takes root in the society itself.

JICA began its involvement with Technical Cooperation in the legal and judicial sector in 1996 with the launch of the Project in the Legal and Judicial Field in the Socialist Republic of Viet Nam. Since then, JICA's cooperation in this field has expanded toward developing countries shifting to a market economy or post-conflict countries.

JICA's cooperation in this field primarily involves assistance for drafting basic civil laws (Viet Nam, Laos, Uzbekistan, Cambodia, Nepal, China, Timor-Leste), economic laws, e.g., competition law (Viet Nam, China, Indonesia) and development of a civil dispute resolution mechanism (Mongolia, Indonesia).

Since it takes time to promote the establishment of the "rule of law," JICA respects each country's ownership over the process and supports their self-help efforts so that countries, even those that have been assisted in this regard, promote legal and judicial development by themselves in the future.

### Support for Establishing Democratic Systems

Instead of merely imposing political reforms, JICA's main objective is to provide support in establishing a political system that the public can trust and widely participate in the policymaking process. Support efforts in this respect include strengthening of election management committees to ensure fair elections, as well as strengthening legislative bodies and improving capabilities of the mass media, which can keep watch over government authority. When the Arab Spring movement emerged in 2011, JICA provided support to countries going through change of government and elections through strengthening the media's capabilities so that the people in these countries could receive information about the elections from a neutral and fair viewpoint [See the Case Study on page 43]. Also in South Sudan, which gained its independence in July 2011, we extended assistance by helping to improve the skills of journalists.

#### Case Study

#### Cambodia Legal and Judicial Development Project (Phase 3)

### New Civil Code Enacted Four Years After Promulgation

**Following the termination of all laws of the Pol Pot regime in the 1970s and expiration of the former Civil Code, Cambodia had no structure for basic laws concerning social activities. There were no laws or regulations to underpin such important systems as inheritances and contracts. JICA started providing legal and judicial development assistance in 1999, which included support for drafting a Civil Code and Code of Civil Procedure and enacting these laws and for drafting associated laws and regulations.**

In drafting the laws, a Cambodian drafting team held extensive discussions with working group members and experts from Japan. Drafts for each article were prepared by referring to Cambodia's former Civil Code and current laws

and customs, as well as Japan's Civil Code and civil codes of other countries such as France and Germany. Creation of new legal terminology was also necessary since some concepts and laws were new to the Khmer language.

The new Code of Civil Procedure was applied in 2007, one year after its promulgation. On the other hand, the Civil Code, which has 1,305 articles, was promulgated in 2007. However, this code required consistency with many associated laws and regulations as well as the creation of the necessary systems and other actions. Therefore, a separate Civil Code Implementation Law was formulated to decide on the date of enactment. During this period, JICA extended support for drafting the Civil Code Implementation Law, registrations

and other related laws and regulations. The Civil Code was applied on December 21, 2011, four years after its promulgation.

JICA will continue providing assistance to Cambodia to ensure that the new Civil Code and the Code of Civil Procedure are utilized in a suitable manner so that the people of Cambodia can lead stable lives, including support for rooting and familiarizing the new laws among Ministry of Justice members, legal professionals, university instructors and others.



Ceremony marking the enactment of the new Civil Code

## ■ Support for Public Safety

In the field of public safety, JICA extends assistance to countries working to establish police forces that serve the people, such as support for training programs and improvement of scientific investigation techniques. Our support efforts include

providing assistance for civilian police activities in Indonesia and improving the ability to respond to crimes in the Philippines. Additionally, to reinforce public safety in post-conflict countries like Afghanistan and Timor-Leste, we provide assistance such as training of police officers.



Instructors from Japan share their knowledge with journalists at Tunisia's national broadcasting station during the Tunisia Media Seminar.



A workshop at the Civil Procedure Code Seminar in Laos that is part of the Laos Project for Human Resource Development in the Legal Sector



A training session on the State Redress Law that was held in Viet Nam (Photo by Mika Tanimoto)

## Public Governance

### ■ Overview of Issues in Public Administration

JICA defines the role of public administration as managing society's resources, providing services and developing rules and environments for private-sector activities in order to fulfill the three missions of 1) guaranteeing the people's social rights and their right to exist, 2) enhancing social justice and adjusting disparities, and 3) promoting economic stability and growth. The provision of efficient government services is an issue that requires initiatives in all fields.

In many developing countries, the number of administrative officials is limited, the tax revenue structure is often weak and resources are not properly focused on key government services, making the efficient provision of various public services difficult. Furthermore, there is often a lack of transparency in public works projects planning and tendering processes, as well as insufficient participation by local citizens and the private sector and lack of oversight by the mass media, which in some cases lead to fraud, corruption and graft.

In order to tackle these challenges in developing countries, it is necessary to 1) boost administrative quality and efficiency, 2) ensure optimal allocation of financial and human resources by increasing and strengthening their capacities, and 3) increase transparency by encouraging participation by citizens and the private sector. Therefore, it is necessary to promote administrative reform aimed at improving administrative institutions and

systems; to enhance the capacity of administrative agencies; and to advance decentralization aimed at formulating development plans close to citizens, the beneficiaries of public services, and providing efficient public services.

### ■ JICA Activities in Public Administration

JICA provides assistance in numerous areas for strengthening public administration. This includes strengthening the capacity of civil servants in the formulation and management (e.g., monitoring and evaluation) of development projects aimed at strengthening administrative functions. JICA also supports efforts aimed at decentralization and enhancing the capabilities of local administrative officials so that local governments can provide services that satisfy the needs of local residents. Elsewhere, JICA supports the development of statistics, such as population and economic censuses, which are indispensable to the formulation of a country's development plan.

From the perspective of improving the efficiency and quality of administrative functions, JICA provides assistance bearing in mind: the delivery of better public services to community residents and organizations; extending support from a mid- to long-term perspective while strengthening the ownership of the partner country; enhancing the capabilities needed for the institutions developed to function; and urging the efforts of relevant ministries, agencies and organizations at multiple levels. Also as part of the measures to support local governments, we aim to make public administrations more transparent by

#### Case Study

#### Cambodia Project on Improving Official Statistics in Cambodia (Phase 3)

### Support for Cambodia's First National Census

**While civil war and other issues prevented Cambodia from establishing a framework for collecting statistics, in March 2011, the country conducted its first economic census. JICA provided Technical Cooperation and Grant Aid to help Cambodia gather highly reliable statistics.**

An economic census is a national survey to gather information about a country's businesses and establishments. In this census, information about the location, workforce, sales, assets and

other aspects of businesses in Cambodia were collected.

JICA provided both Technical Cooperation and Grant Aid for this project, dispatching experts from Japan to hold various training sessions for provincial guidance personnel and census takers, and utilizing counterpart funds to recruit approximately 4,000 census takers. As a result, Cambodia was able to produce highly reliable statistics that clearly show the current status of businesses throughout the country for the first time.

Ministries and agencies of the Cambodian government are showing high interest

in this economic census. The Ministry of Commerce hopes the census will help resolve the difficulties in collecting trademark registrations data. The National Bank of Cambodia commented on the importance of the census in determining the national income and GDP.

Results of the fiscal 2011 census are expected to be utilized by the national and local governments in various policymaking and planning, as well as by universities and research institutes for academic researches, and by businesses for formulating strategies and conducting market researches.

#### From the Partner Country's Government Official

#### Chhay Than, Minister of Planning

The economic census makes possible planning based on data, which will greatly contribute to social and economic development. I believe this census will be valuable to many people.



A census taker visits a business to gather information

encouraging the participation of local residents.

Our support efforts also take into consideration the improvement of government budgeting systems, which is essential for achieving proper allocation of public-sector resources in order to provide efficient and effective government services as well as to ensure the sustainability of development plans.

### ■ Overview of Issues in the Fiscal and Financial Sector

Sound fiscal management and financial systems are vital to a country's sustainable economic development. If these systems collapse, the impact on people's assets and livelihood as well as on economic activities in the private sector would be devastating. The breakdown of the system may lead to a decline in the provision of government services and in financial intermediary functions, and inflation. In addition, all kind of support assistance for developing countries is more effective with sound fiscal and financial systems and economic stability as its underpinning. However, foundations of the economy in many developing countries are fragile and economic management unstable.

Many ASEAN countries suffered from the loss of their assets and employment in the Asian financial crisis that hit in 1997, causing enormous economic loss. Vulnerability in ASEAN countries' financial systems was cited as one of the main factors behind the crisis. The global financial and economic crises of 2008 reconfirmed the need to bolster financial systems.

It is essential to utilize limited financial resources effectively and efficiently in public financial management, such as by properly managing income and expenditures, allocating funds to priority areas of development based on a budget, and efficiently implementing plans that have budget allocations. However, such initiatives have not been adequately implemented in many developing countries.

JICA's support in this sector is aimed at fundamentally strengthening the structure of developing countries to handle fiscal and financial matters.

### ■ JICA Activities in the Fiscal and Financial Sector

It is important to expand the tax base and increase tax revenues in order to implement policies and provide government services in developing countries. For that reason, JICA's initiatives aim to strengthen the administrative capacity of collecting agencies of national tax and tariffs. JICA supports efforts to enhance the policy formulation capabilities of the central government and governmental agencies, including the Ministry of Finance. JICA also promotes capacity development of tax administration agencies to ensure appropriate tax collection based on laws as well as the suitable management and utilization of tax revenues. In addition, JICA provides assistance to internal auditing functions in the public sector and auditing capabilities of supreme audit institutions and other inspection agencies to strengthen their ability to perform audits that identify whether their finances are being appropriately managed.

To reinforce financial systems, JICA provides support with regard to boosting capacity in financial supervision, enhancing financial intermediary functions and improving small business finance. Stability in financial systems and efficient management of these systems underpins the foundations for a country's stable economic policies; therefore, JICA supports development of capacity of central banks and development banks.

For the development of a macroeconomic management infrastructure, JICA provides support for the establishment of economic laws such as competition law, the formulation of macroeconomic models and the improvement of economic statistics including industry-related tables.

Since there are a number of donors with a proven track record in general budget support\* in the fiscal and financial sector, it is important to harmonize with their support and promote collaboration between financial support and technical assistance. Raising the profile of Japanese assistance while taking limited cooperation resources into account is a future challenge in the fiscal and financial sector.

\*General budget support: A method of assistance aimed at driving development at the national level in which funds are injected directly into the general account of the recipient country in accordance with an agreed-upon strategy between the developing country and donor countries/institutions.



Bhutan Local Governance and Decentralization Support Project (Phase 3)  
The district manager and staff from a neighboring province observe a pilot project



Rule books for international trade that was prepared as part of the Indonesia Project on Capacity Development for Trade-related Administration



An anti-monopoly law seminar held in China

## Case Study

## Philippines Analytical Survey of Preferential Taxation Systems

### Use of Preferential Taxation Systems and Proposals for Improvements

The Philippines offer a number of preferential taxation measures such as tax exemptions, deductions and refunds in public service fields like education, health and environment. However, the government has not been able to grasp how these systems were being used, how much tax revenue was being lost and if they were achieving their policy objectives. Thus, JICA conducted a survey to determine the usage of these systems, and proposed reforms and formulated action plans to improve their effectiveness and efficiency.

The utilization survey revealed that about 40% of preferential taxation systems were not in use. Moreover, it showed that it was impossible to estimate the amount of lost tax revenue because there is no monitoring in



The final survey report

place. (An estimate using a different statistical data showed that the largest source of lost tax revenue was corporate tax exemptions for NPOs and cooperative associations in addition to VAT exemptions for seniors.) Furthermore, weak auditing and supervisory functions were allowing for the preferential taxation systems to be abused or used for other purposes, revealing how the systems were creating an inefficient condition in respect to achieving policy targets.

JICA took the findings to make a number of proposals for improvements, such as establishing guidelines for actions that include auditing, tax investigations, sharing of information among associated departments and agencies, publicizing data on tax expenditures and confirming eligibility for preferential taxes. Introducing sunset clauses\* was another recommendation. A compiled report

of proposals was presented at a seminar attended by government officials, legislators, NPO representatives and others. We look forward to seeing the proposals being applied to produce benefits in the future.

\*A clause that automatically terminates a preferential taxation system at the end of a certain period.

#### From the Partner Country's Government Official

**Gil Beltran, Deputy Minister,  
Ministry of Finance**

I believe the results of this survey will help improve our preferential taxation systems, particularly regarding management



of these systems and monitoring their use, as well as ensuring the transparency of procedures. Moreover, I think that some of the suggestions can lead to the improvement of the systems' framework itself.