

The Birth of New JICA

In October 2008, JICA (Japan International Cooperation Agency) made a new start as an integrated aid organization as it merged with the Overseas Economic Cooperation Operations of JBIC (Japan Bank for International Cooperation). In addition, Grant Aid performed by Ministry of Foreign Affairs (MOFA) was partly shifted to this newly merged organization.

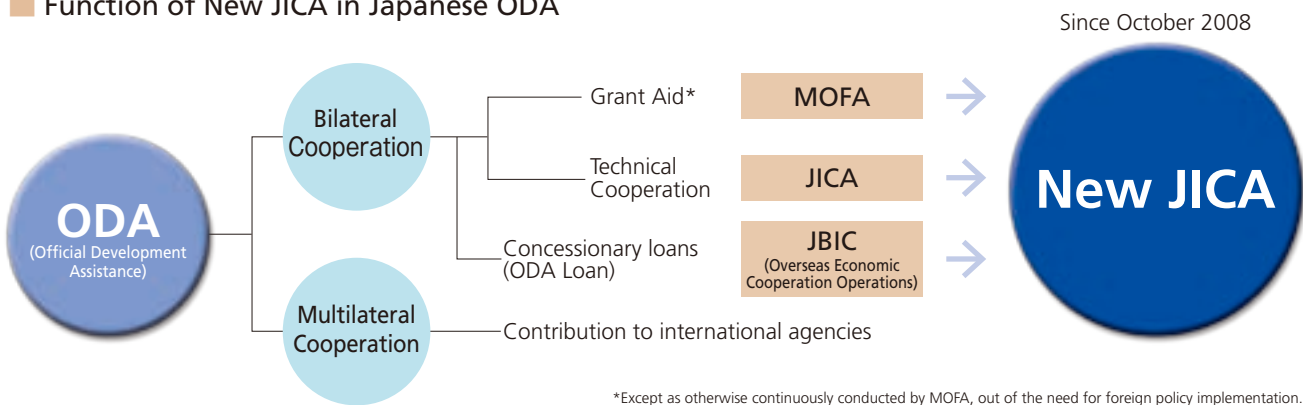
Background and Summary of New JICA

As the global issues such as poverty reduction and global warming become more obvious, the United States and European countries have expanded their Official Development Assistance (ODA) and at the same time, there is the rise in emerging aid countries such as China. On the other hand, in recent years, Japanese ODA has shrunk in size due to the hard financial situation in Japan. In response to this world trend and the undergoing administrative reform in Japan, the Japanese government initiated a reform in ODA. As part of this reform to reinforce the ODA implementation system, separate agencies for ODA implementation were integrated as the "New JICA".

New JICA operates, in an integrated manner, the three assistance schemes ("Technical Cooperation", "Japanese ODA Loan", and "Grant Aid") that had been operated by different agencies. New JICA now has annually 1 trillion yen worth of assistance projects and a network covering around 100 countries. As one of the world's leading comprehensive ODA agency, it aims to provide high quality international cooperation to better meet the needs of the developing countries.

4 schemes of ODA	
Technical Cooperation It dispatches Japanese experts to the developing countries to provide technical training, and receives people from the developing countries to Japan to offer training on special knowledge and technique.	Japanese ODA Loan It offers funds in yen value to developing countries to help them to build a foundation for their economic and social development and stability. The interest rate is set low and repayment term long, so that the payment does not burden the recipient country.
Grant Aid It provides the funds necessary for the development of certain areas, such as education, health, transportation. Repayment is unnecessary.	Multilateral Assistance It is the assistance through international organizations such as the United Nations. Contribution from the Japanese government is pooled in the international organization as a source of funds to support more developing countries.

Function of New JICA in Japanese ODA



*Except as otherwise continuously conducted by MOFA, out of the need for foreign policy implementation.

Expectation from the merger - "3S"

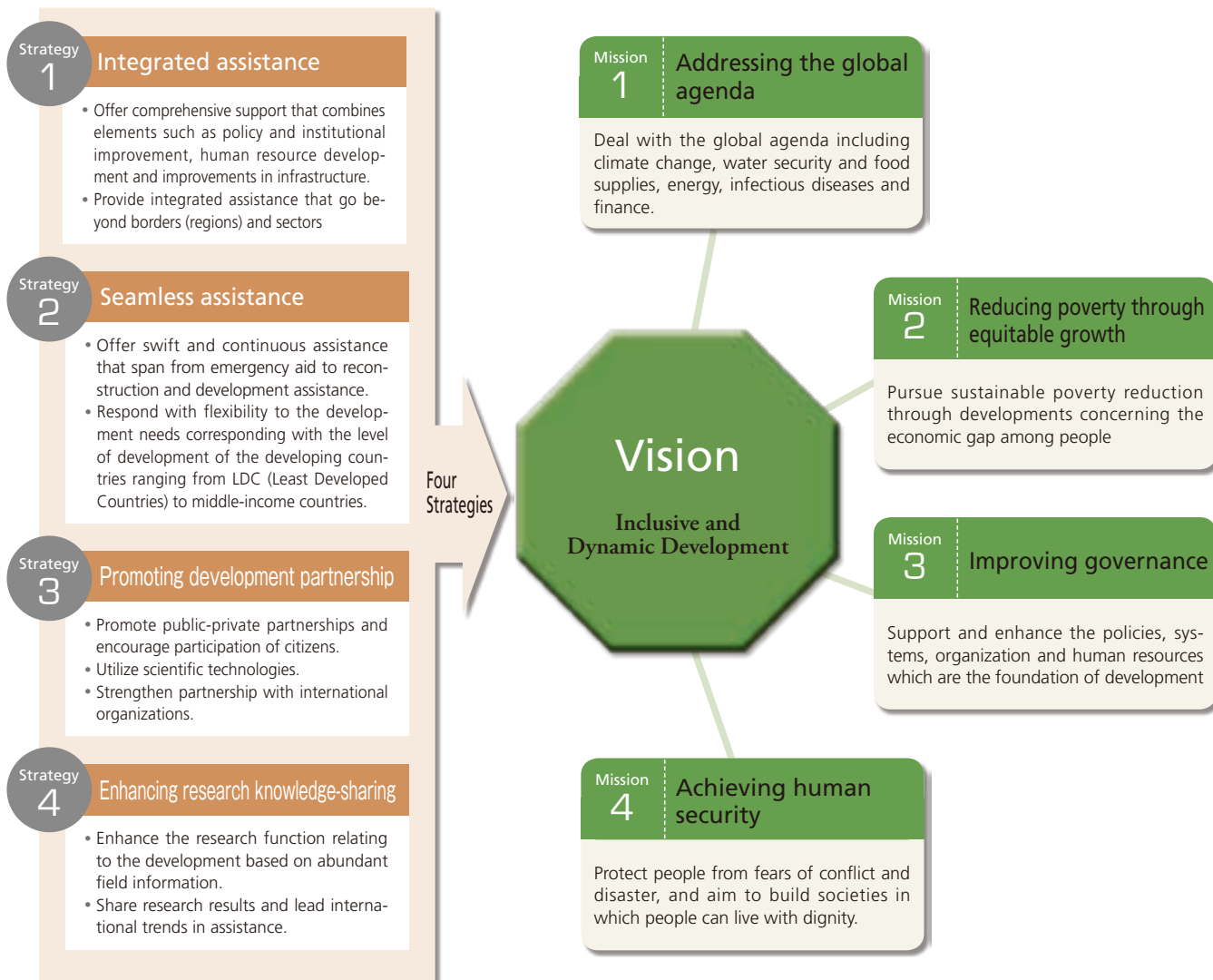
It is expected that the birth of New JICA with the three assistance modalities will make dynamic improvements in ODA operation. The 3S; "Speed-up", "Scale-up" and "Spread-out" will generate synergy to realize international cooperation of better quality.

"3S"	
Speed-up	Provide assistance quickly by strategic program planning.
Scale-up	Produce larger and better results by combining aid modalities.
Spread-out	Diffuse and expand in extensive and comprehensive manner cooperation outcomes to people responding to their needs.

Mission, Strategy and Evaluation in New JICA

New JICA announced its new vision, "Inclusive and Dynamic Development". To make this vision a reality, JICA has adopted the "four missions" to be achieved through "four strategies" as listed below.

JICA's cooperation project is administered to fulfill the vision and missions. The evaluation of New JICA contributes to fulfill the vision and missions.



*LDC: Least Developed Countries

Column

Evaluation of Independent Administrative Agencies

While JICA's individual cooperation projects are evaluated with the system mentioned in this report, its operations management as an organization is evaluated by an evaluation system applied to "Independent Administrative Agencies (IAAs)" following its corporate status.

The Minister for Foreign Affairs, the competent minister, prescribes 3 to 5 years "Mid-term Objectives" as JICA's operations management goal. Based on this, JICA draws up "mid-term plan" and "one-year plan" in conducting its planned operations. And its operational results are evaluated every fiscal year and at the termination of mid-term objectives, by third party agencies, such as Evaluation Committee for IAAs in MOFA and Committee for the Evaluation of Policies and IAA in Ministry of Internal Affairs and Communications (MIC).

World Situation and Role of Japan's ODA

A large proportion of the world's populations today are still living under harsh environments such as poverty, hunger and disaster. To solve this urgent problem, enhanced international programs under the United Nations have been offered, and Japan should likewise increase its contribution and improve its quality of assistance.

Current Situation and Issues in Developing Countries

More than 80% of world's populations live in the developing countries. They do not have basic necessities such as water, foods and clothes nor receive sufficient medication or education. On top of these physical constraints, there exist social and political problems, such as conflicts between tribes and re-

ligions, oppression of human rights and democracy, and gender issues. Moreover, many are faced with global issues such as environmental problems, climate changes and HIV/AIDS, to which developed countries are exposed as well.

	Ratio of people who have access to safe drinking water	Number of children who die below 5 years old (per 1,000 people)	Ratio of adult literacy	Ratio of children who receive a education (within the age group)	Ratio of people with lifespan beyond 64 years old (Left: Male, Right: Female)
Least Developed Countries	59%	153	53.4%	27%	44.3% 49.9%
Developing Countries	79%	83	77.1%	53%	62.6% 70.3%
Japan	100%	4	99% and above	100%	86.1% 93.1%

Source: UNDP

Millennium Development Goals (MDGs)

Based on the United Nation's Millennium Declaration adopted in September 2000, Millennium Development Goals (MDGs) were set as goals to solve global issues, namely human development and poverty eradication. Comprised of 8 goals which are listed below, MDGs have 18 targets and 49 indicators with clear numerical target respectively. With an achievement deadline of 2015, each government, aid organization, and NGO are working together to reach these targets.

JICA supports the efforts of developing countries to achieve their goals. For example, through Technical Cooperation focused on Capacity Development (to enhance developing countries' capacity to manage their own development issues), JICA aims to assist in human development, organization enhancement and system creation. At the same time, through financial cooperation (ODA Loan, Grant Aid), JICA also provides infrastructure development which contributes to the poverty reduction. Through these assistances, JICA aims to contribute actively to the achievement of MDGs.

Millennium Development Goals and major targets

Eradicate extreme poverty and hunger	Halve, between 1990 to 2015, the proportion of people whose income is less than one dollar a day.
Achieve universal primary education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education preferably by 2005, and in all levels by 2015
Reduce child mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
Improve maternal health	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
Combat HIV/AIDS, malaria, and other diseases	Have halted by 2015 and begun to reverse the spread of HIV/AIDS
Ensure environmental sustainability	Halve, by 2015, the proportion of people without sustainable access to safe drinking water
Develop a global partnership for development	Develop an open, rule-based, predictable, non-discriminatory trading and financial system

Japan's ODA and its role

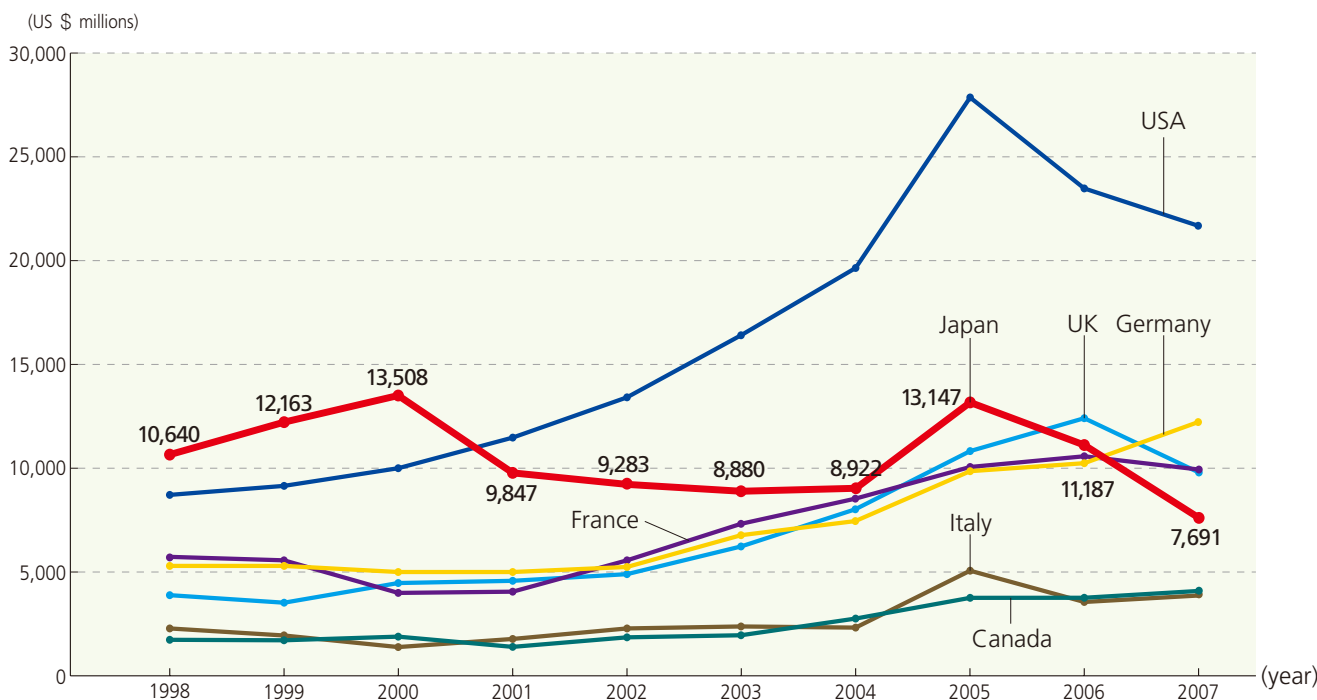
Reflecting the tough economic and financial situation, Japan's ODA budget has been declining from its fiscal year 1997 peak. For a decade, between 1991 and 2000, Japan took the first place in the world for its ODA contribution. In 2001, however, it dropped to rank number two and from then onwards, it slid further to third ranking in 2006 and fifth in 2007. In terms of the ODA ratio to GNI (Gross National Income), it has been around 0.25%, and ranking wise GNI has been ranked 20th among 22 other nations (DAC members) for the last few years. The result in 2007 was 0.17% (ODA/GNI) and ranked 20th.

In the world, however, there are still plenty of people suffering the effects of poverty. At the same time, global problems remain unresolved, including environmental issues, climate change, health and medical concerns. In light of this, Japan

has to contribute even more to help achieve MDGs. To realize the sustainable economic growth, Japan's ODA is characterized as "aid for self-help effort", which aims to assist people in developing countries by developing themselves through their own efforts. At the same time, Japan has an important responsibility to build stronger relationships with developing countries to benefit the public in future as it relies heavily on imports from these countries for its energy and food supply as well as its export of production sales to these markets.

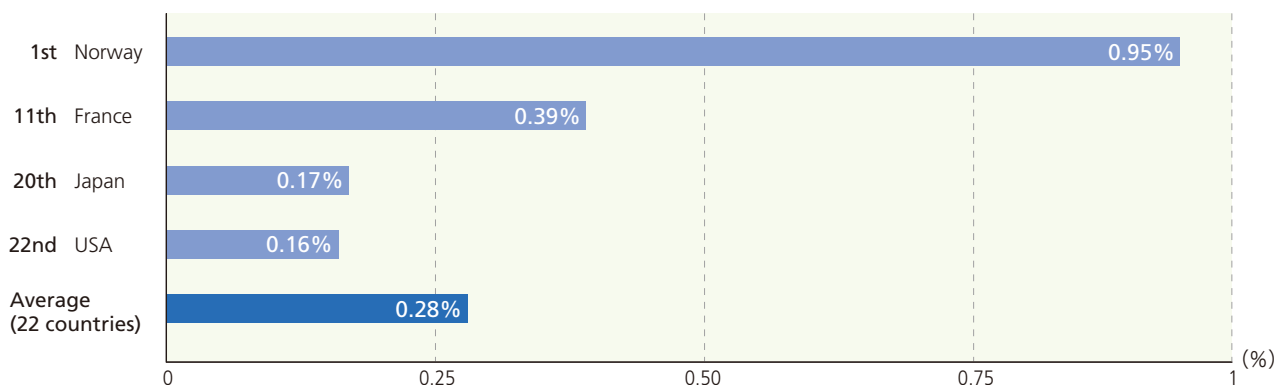
From now on, not only is it required to maintain the quantity of ODA projects, quality of Japan's assistance should also be more effective and efficient.

■ Year-on year ODA disbursement by major contributing countries (Net ODA)



Source: OECD-DAC
 Note 1: Exclude ODA to Eastern Europe and countries graduated from ODA
 Note 2: Data for 2007 is provisional

■ ODA as percentage of GNI



Source: OECD-DAC
 Note: All data are provisional

Column

Japan's ODA: Strategic and Intensive assistance

Although Japan's ODA is operated under a tight budget, Japan has been providing assistance in recent important issues, such as aid to African nations and the global environment in a strategic and intensive manner.

● Aid to Africa

Recent assistance to the African continent has been increasing. ODA from member countries of OECD-DAC (Organization for Economic Cooperation and Development, Development Assistance Committee) has increased rapidly and the ratio of their aid to Africa in gross ODA has gone up. At the same time, overseas investments in African natural resource development have grown, due to the Continent's ample resources such as oil and minerals. In 2006, the sub-Saharan Africa region has achieved 5.5% economic development. On the other hand, 40% of the sub-African populations still live on less than a dollar per day. This figure is very low compared with the target of MDGs in 2015. Other than the eradication of poverty, there are many more issues, such as curbing the spread of HIV.

Japan has provided intensive assistance to Africa in-

cluding "Tokyo International Conference on African Development (TICAD)", which was established by Japanese initiative in 1993. Japan's ODA to Africa identifies "poverty reduction through economic growth" as a focal point, and it focuses on independent and sustainable development and their ownership of development.

In recent years, Japan has been providing support in the form of "public and private cooperation", to further utilize African capabilities for their own growth. It especially focuses on providing cooperation using its development experiences in Asia and expanding partnership with private corporations, to provide aid that "accelerates growth" in the areas key to economic growth, such as installing infrastructure and promoting trade and investment.

● Counter measure to the Climate Change

The emission of Greenhouse Gases (GHGs) has been increasing rapidly in developing countries along with their economic growth. It is said that without handling the reduction of GHGs in the developing countries, it would be difficult to control the anticipated damage by climate changes. Therefore, "sustainable development" is encouraged, in which emissions are controlled whilst economic activities are conducted, and the natural environment is protected through the efficient use of resources.

In this aspect, Japan has been leading the interna-

tional community in creating a common systematic framework. It has advocated the creation of "Cool Earth Partnership" which supports developing countries in their effort to reduce GHGs and economic development. At the same time, in its individual cooperation projects conducted within developing countries, it offers strategic assistance on climate change both with respect to mitigation "Support in the reduction of GHGs" and adaptation "Support to adapt the impact", by applying its own experiences during its rapid economic growth.



After roads are paved, traffic access has improved (Mozambique)



Developing the technology to conserve the forest genes in order to protect natural forests and expand the forest areas (China)