

【Press Release】

Budget screening for better ODA! NGOs call for fundamental review of development aid.

14 December, 2009

On 14 December, 35 groups and 45 individuals sent a statement to Prime Minister Hatoyama, State Minister for Civil Service Reform Sengoku, Foreign Minister Okada, and Motoyuki Odachi and Makiko Kikuta in the Second Working Group of the Government Revitalization Unit, calling for raising the quality of Japanese ODA by addressing the issues mentioned in the budget screening process.

The statement welcomes the Unit's screening of the budget related to the Ministry of Foreign Affairs and reads 'effectiveness of ODA is not proportional to the amount spent for building construction, but is reflected in the quality of projects supported by ODA.' It also states 'if we address the issues raised in the screening, we can raise the quality of ODA.'

The statement calls for the following:

- The budget for the next fiscal year and related policies should take into account the outcome of the budget screening. Goals mentioned in the screening process, which include abolishment of grant aid for fisheries, information disclosure of counterpart fund of non-project grant aid, scrutinization and sales of JICA's foreign investment securities, should be realised.
- Loan aid should be screened in the same way as budget.
- Grant aid should not be provided to large-scale economic infrastructure projects. Large-scale economic infrastructure projects such as road construction, bridge construction and electric power generation should be implemented with loan aid when profits can be expected. However, it is inappropriate to support large-scale economic infrastructure projects with grant aid when the infrastructure is not of much use.
- Checkbook diplomacy (pledge by the total amount of aid) must come to an end. Pledges made by the total amount increase the number of large-scale infrastructure projects. They may also become a source of uncontrolled fund provision to the countries where human rights abuse and corruption are found, preserving their structural problems.
- Establishment of a system to examine and assess ODA projects should be discussed. An examination and assessment system independent of the Ministry of Foreign Affairs and JICA is necessary.

[Click here to see the statement \(in Japanese\)](#)

Budget screening yielded a clear conclusion that grant aid should not be offered to

large-scale economic infrastructure. However, there is an increasing possibility that grant aid will be distributed from this fiscal year's budget to the construction of Second Mekong Bridge in Cambodia. The total cost will be approximately ¥ 6.5 billion according to the Final Report in 2006. This project is profitable enough to be a loan aid case and its cost is too great for grant aid. There is a concern that grant aid for this project may make the outcome of budget screening meaningless.

[Click here for details \(in Japanese\).](#)

Loan aid, which was not screened this time, amounts to ¥ 926 billion in FY 2009 including ¥ 127.3 billion from the general account budget. JICA is in charge of handling this large amount. In the past, we have seen loan aid projects which turned out to be ineffective, unnecessary and even damaging to the environment. If we do not screen unnecessary loan aid projects, we will be wasting money for all the expenditures related to the projects.

FoE Japan, which signed the statement alongside with other organisations, argues, 'Lessons learned from the past unsuccessful ODA are not reflected in the new projects and examinations, despite that post-ante evaluation has been conducted on all projects. A system to carry out independent examinations on needs and quality of projects is lacking.' ODA is now at a crossroads where it should prioritise quality over quantity.

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