

Role of Japan's ODA  
in implementing the "Comprehensive Cooperation Package to Address the  
International Digital Divide"

June 2001  
Ministry of Foreign Affairs

1. Background

(1) Announcement of Comprehensive Cooperation Package

At the time of the G-8 Kyushu-Okinawa Summit in July 2000, Japan presented a comprehensive co-operation package for bridging the international digital divide consisting of non-ODA (OOF: Other Official Flows<sup>1</sup>) and ODA public funding with the view to extending a total of US\$15 billion over five years. This comprehensive package puts importance on the following four fields:

- (a) Raising Awareness and Contributing Intellectually to Policy and Institution-building;
- (b) Developing and Training of Human Resources;
- (c) Building IT Infrastructure and Providing Assistance for Network Establishment;
- (d) Promoting the Use of IT in Development Assistance.

As IT is in the sector that develops largely through private initiative, an important part of the cooperation package will be covered by non-ODA public funds (OOF), particularly for the "(c) assistance to the building of infrastructure and networks for the IT." The following touches on the IT assistance policy by Japan's ODA.

(2) Works necessary for the implementation of cooperation package

Although some projects are already in progress in the fields covered by the cooperation package, Japan is taking initiatives to further advance aid programs by dispatching various missions to Asian countries so far to maintain policy dialogue and to help formulate concrete projects. Japan will take every opportunity to continue consultations with developing countries on the implementation of cooperation package.

(3) The basic framework of IT assistance by ODA

The Cooperation Package will be carried out by positively examining IT-related project proposals, because the package will be implemented through existing cooperation schemes by non-ODA and ODA public funding. No special framework

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<sup>1</sup> OOF (Other Official Flows) is undertaken by International Financial Operations (overseas investment loans, export loans, untied loans, equity participation, etc.) of Japan Bank for International Cooperation.

will be set up for IT cooperation. It will be necessary, therefore, for recipient countries to follow the regular procedures of requesting ODA projects, if they want to get help for IT support through the ODA. As for Japan, she will attempt to make the best use of IT for economic and social development of these countries, giving special heed for finding and formulating IT-related ODA projects.

The proof of Japan's stance attaching great importance to IT assistance by ODA is the allocation of the government budget for IT-related items in fiscal 2001. As stated above, the IT-related projects will be considered in a forward-looking manner also in other various ODA schemes.

(a) IT grant aid: Within the framework of the general grant aid for projects, a total of ¥6.5-billion is set aside of the 2001 fiscal budget for the building of telecommunication infrastructure, facilities for remote education and medical services as well as the provision for equipment and materials.

(b) J-NET: Centers of IT utilization will be established to promote Human Resources Development in developing countries, where wide range of Japan's technical cooperation will be provided through remote training facilities. Some ¥1.5-billion is allocated in the supplementary budget for fiscal 2000 and the regular budget for 2001.

(c) The "IT fund" contribution to the UNDP: The purpose of the fund is to promote IT in developing countries through UNDP projects. In the fiscal 2001 budget, \$5-million is earmarked for the fund.

## 2.The cooperation policy for the future

As a result of the study so far conducted, it is considered appropriate to promote IT assistance by the ODA, with the following points in mind. We intend to widely inform developing countries and stakeholders including the private sector of our cooperation policies and to encourage the drawing-up of project proposals in line with these policies.

### (1) Basic Principle

#### (a) Respect for the ownership of the developing countries

In order to make use of IT for development, it is essential that the governments of developing countries themselves take the ownership of their development policy. Japan is prepared to consider extending positive assistance to developing countries that have serious intentions to continuously take the necessary policy measures. Also, she will help the developing countries in accordance with their efforts preparing the

conditions necessary for the success of IT-related projects, giving them policy advice where necessary.

(b) A country-specific approach in proportion to their actual conditions

The circumstances of the developing countries relating to IT utilization and other economic and social conditions differ greatly from country to country. It will be necessary, therefore, to deal with problems taking a country-specific approach in extending cooperation. To ascertain that the assistance produces the expected results, it is not sufficient to simply provide facilities and materials. It is essential to procure the conditions such as maintenance control and training of personnel so that the projects are formulated in accordance with the concrete conditions in the recipient country.

(c) Coordination with other donors including international organizations

The World Bank, ADB, USAID and other principal donors have recently come to attach a great importance to IT. In order to make Japan's assistance really effective and efficient, it is important to coordinate and closely associate with them by exchanging information to coordinate the content of the aid and work together, if necessary, to make appropriate aid programs.

(d) Promoting south-south cooperation, multifaceted cooperation with regional organizations, the private sector, and NGOs, etc.

It would be useful to utilize the experience gained in other developing countries, and Japan is determined to positively assist promoting south-south cooperation. It would also be important to liaise with such regional frameworks as e-ASEAN. Furthermore, it would be necessary to consider utilizing the flexible thinking of various stakeholders including the private sector and NGOs, so that IT can be put to good use meeting the local needs and conditions.

With these points in mind, Japan will take every opportunity to exchange information with all the partners so as to make its assistance more meaningful.

(e) Studying innovative approaches

As regards IT, new technologies and ideas have been developing one after another day by day. So the ODA should also be administered to flexibly respond to newly emerging needs. Japan will try to make as flexible responses as possible, where those new needs should be addressed by Japan's ODA.

(2) Policies by sectors

(a) Raising Awareness and Contributing Intellectually to Policy and Institution-building

There are considerable differences in concrete needs for policy advice and system making depending on the circumstances of the developing country. Just to give a few

examples from the actual requests we have received, two divisions can be pointed out:

(i) Needs for making policy, building legal framework, and preparing action plans to develop IT.

(ii) Needs for technical assistance to deal with concrete problems in making organizations or institutions to actually promote IT.

As for assistance in this field, while it is particularly important to respect the ownership of the developing countries, Japan will be actively involved in cases where the making of policy framework is needed as a basis of its concrete assistance projects.

The assistance Japan can provide would be (i) to give policy advice by experts, (ii) to formulate plans in specific fields by conducting a development study, and (iii) to raise awareness and share information and knowledge by organizing seminars, etc.

#### (b) Developing and Training Human Resources

To utilize IT, it is necessary to tackle human resource building of various kinds, ranging from higher education to foster policy planners and software developers, and professional education for specialists and engineers, to the enhancement of the consciousness and knowledge of IT users at large. Also, the introduction of the qualification system and international mutual attestation is important as a system for fostering industrial personnel training and putting it to social use.

In order to support developing countries in this field, Japan would (i) dispatch experts, accept trainees and support training in a third country through its technical cooperation programs, (ii) extend grant aid assistance to establish research/training centers, and to offer equipment and materials to education/training institutes, etc., and (iii) to implement the support combining the foregoing cooperation as circumstances demand.

#### (c) Building IT Infrastructure and Providing Assistance for Network Establishment

For the IT infrastructure building, it is necessary to efficiently combine appropriate choice of technologies (such as cable, wireless, and satellite communication technology, various media like telephone, radio and Internet, and power procurement for remote areas), the project promoter and the financing system, etc. Such combination should be considered in accordance with the circumstances of each country and region. For example, in a poverty-stricken remote region or area where the rate of illiteracy is high, the utilization of broadcast technology is considered effective in many cases.

In LLDC, the assistance by grant aid could be considered to make available communication facilities and equipment that will serve as the basic life infrastructure in

areas where commercial profitability is low. Also, efforts should positively be made to offer information conducive to the amelioration of people's living conditions like elementary education, guidance in health care and hygiene, disaster prevention information and so forth. Japan is prepared to assist in the implementation of these projects with grant aid and technical cooperation. (IT and education, IT and health care, and IT and disaster prevention)

With regard to yen loans, Japan will consider granting them for the construction of infrastructure to promote economic development through IT, such infrastructure as broadcasting and telecommunication networks and other serving IT-related industries in the recipient countries. For the selection of concrete projects, it will be necessary to weigh development strategic priority and the needs of the recipient countries.

In case the communication sector is completely privatized, it is usually difficult to directly use ODA funds to improve the communication infrastructure. Japan will consider assistance by ODA, however, both for policy advice and financial cooperation, including the utilization of private sector initiatives, in remote areas where the infrastructure cannot be expected to become prevalent on a commercial basis. Furthermore, because the fostering of small and medium-sized businesses in the IT-related sector is conducive to the rise of the economic level in general, the assistance by two-step-loans will be considered.

#### (d) Promoting the Use of IT in Development Assistance

With the implementation of Japanese development assistance, the IT utilization is promoted for remote training, remote education, and remote medical care. J-NET, which implements technical cooperation through remote training, connects the core centers built in Tokyo and Okinawa with satellite centers set up in developing countries via satellite link. At the same time, with the cooperation of the World Bank's Global Development Learning Network (GDLN), Japan intends to offer her technical cooperation content to wide areas throughout the world.

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