

International Conference on 50 Years of Japan ODA  
Reality of Aid Asia-Pacific Network  
Japan NGO Centre for International Co-operation (JANIC) & Pacific Asia Resource Centre (PARC)  
Tokyo, October 6-8, 2004

**Narrow Visions & Grim Outcomes**  
**Aid from Tokyo to Islamabad via Washington and Manila**  
Who decides what happens to whom in Pakistan?

A. Ercelan\*

Pakistan began receiving aid from Japan as technical assistance in the mid-50s. Over the past half-century Japan has become a major donor for Pakistan. ODA comes directly through official agencies, such as the Japan International Co-operation Agency (JICA) and the Japan Bank for International Co-operation (JBIC), and indirectly through the IFIs, now largely from the Asian Development Bank (ADB).

Bi-lateral aid as grants and loans comes directly for projects and programmes initiated and implemented by Japan agencies, largely to be spent on procurement from Japanese industry and consultants (which include academics). Through direct grants and loans, and more so through "subscriptions and contributions," Japan also actively supports projects and programmes that have been initiated and are implemented by ADB and the World Bank (WB) in Pakistan. These provide Japan an opportunity to reduce visible interventions in the Pakistani state – an obviously successful strategy in that Pakistan activists, as elsewhere in South Asia, focus on IFIs themselves rather than on their major funders in Washington and Tokyo.

The influence of Japan ODA goes substantially beyond simple financing of projects -- through the support given to conceptual preparation of interventions by IFIs using Japan Trust Funds (the most recent include the Japan Fund for Poverty Reduction administered by the ADB, and the Japan Social Development Fund at WB). A subtle source of influence through IFIs is Japanese nationals in senior management at IFIs, especially whose professional expertise has been nurtured by extensive service to the Japanese state.

In 1998, Japan suspended direct assistance when Pakistan publicly announced its nuclear capability in a tit-for-tat with India's actions. Significantly, Japan placed no restrictions on its indirect but

---

\* Taking note of discussions at the Conference and the Symposium at Sophia University, this is a revised version of the Country paper delivered at the Conference. The author works for the South Asian labour movement as Senior Fellow at PILER, and joins broader activist solidarity in Pakistan as a Co-ordinator of the creed alliance. However, neither PILER nor creed assumes agreement or responsibility for all of the views expressed in the paper.



Social Watch

Promoting a Democratic & Effective Labour Movement

**Pakistan Institute of Labour Education & Research**  
PILER Centre, ST-001, Sector X, Sub-Sector V, Gulshan-e-Maymar, Karachi 75340 - Pakistan  
Ph: (9221) 6351145, 46, 47 Fax: (9221) 6350354  
awarakhi@yahoo.com piler@cyber.net.pk

substantial support through the IFIs to either of the countries. Since 2001, other on-going projects were provided direct assistance in both Pakistan and India as “*projects not covered by the sanctions.*” Additional levels of direct assistance were also provided to General Musharraf’s government after 9/11, apparently “*to promote the stability of Pakistan and support the country’s commitment to anti-terrorism.*”<sup>1</sup>

A recent visit to Pakistan by its Foreign Minister confirms that the Japan government will return to a high level of direct assistance. In a dramatic reversal of long-standing public policy, Japan will apparently no longer require Pakistan to sign international agreements on nuclear controls (NPT and CTBT).<sup>2</sup> No doubt persuaded by the US, Japan apparently sees militant Islamic groups as a greater threat than nuclear weapons.

Both the Japan Embassy and senior officials at the Ministry of Foreign Affairs, JICA and JBIC in Tokyo confirm that a Country Assistance Program is currently in active preparation. However, little has been made public about specific plans, with Japan continuing its tradition of restricting serious consultations overseas to those between governments.

Japanese capital dominates direct foreign investment in Pakistan, with much of it in the transportation sector. It will grow because of the stress on private sector operations by the IFIs, and the integration of Japan industry into its policy making establishment. This paper does not, however, deal with this aspect of Japan’s influence on Pakistan’s development.<sup>3</sup>

The paper begins with summary data on levels of Japan ODA to Pakistan.<sup>4</sup> Specific case studies are then used to draw attention to problems in Japan ODA. The probable future course of Japan ODA is presented as official perspectives. The concluding section uses this opportunity to dwell, briefly, on both the need and possibility of influencing state actors in Pakistan and Japan by international alliances of civil society organisations.

### 1. Data on Japan ODA

Pakistan’s external (mostly public) debt plus foreign exchange liabilities are around \$36 billion – almost half of the GDP.<sup>5</sup> Of the total outstanding bilateral debt (excluding that owed to ADB, WB and other multilateral institutions) of \$13 billion, Japan’s share was almost half at \$5.5 billion in 2003. The

<sup>1</sup> [www.jbic.go.jp/autocontents/english/news/2003/000006/](http://www.jbic.go.jp/autocontents/english/news/2003/000006/) There is a general impression that only low levels of aid were provided since 2001; this is mistaken, as evident from the information given by the Japan Embassy: “a grant of \$300 million was pledged in November 2001;” see *Official Development Assistance to Pakistan*, Embassy of Japan: Islamabad [[www.pk.emb-japan.go.jp/ECONOMIC/ODA%20Pamphlet/Overview.htm](http://www.pk.emb-japan.go.jp/ECONOMIC/ODA%20Pamphlet/Overview.htm)].

<sup>2</sup> Following debt cancellation of around a billion dollars, the US has begun to implement large-scale economic and military *grant* aid to Pakistan. It would be surprising if Pakistan’s nuclear weapons program did not obtain additional financial resources without visible allocations from the public budget. President General Musharraf has repeatedly stated that Pakistan ‘joined’ the ‘war on terror’ because its nuclear assets came under threat (from whom?).

<sup>3</sup> Japan NGOs may want to focus additional attention on DFI from Japan -- since the division between private and public sectors should be seen more as a division of who manages resources rather than who owns resources. General and specific subsidies given to Japan industry by Japan and Pakistan are a specific intervention. A dubious impact on Pakistan development is evident from the coincident expansion of Japan auto industry and decline of public investment in mass transit. Is it any wonder that Japan ODA supports road projects in infrastructure assistance?

<sup>4</sup> The paper would have but could not benefit from the requested sharing of information from IFIs and Japan agencies resident in Islamabad. Country offices of WB and ADB were similarly unresponsive. The knowledge of power among the few clearly excludes many from the power of knowledge.

<sup>5</sup> Official data sources of the Pakistan government are the *Economic Survey* by the Ministry of Finance [[www.finance.gov.pk/](http://www.finance.gov.pk/)] and the *Annual Report* by the State Bank [[www.sbp.org.pk/reports/](http://www.sbp.org.pk/reports/)]; the latter is considered less propagandist though both are largely social abstractions. It is not clear if this includes contingent liabilities on account of private external debt.

level of indebtedness to Japan is substantially increased once we recognise that multilateral debt is more than half of all external debt.

External debt servicing, which exceeded \$6 billion recently, claims a high share of exports – at over one-third -- and is a substantial share of foreign exchange ‘earnings’ (including remittances at high levels from the US since 9/11). When private protection of capital is added (foreign exchange cover and the like), the burden on the poor (through mostly indirect taxation) is much higher. Recent debt servicing for Japan bilateral debt has been nearly \$200 million annually.

Through loans of over \$3 billion, grants and technical co-operation, Japan ODA totalled \$4.5 billion by end 2001. Annual aid rose from over \$100 million in 1991 to nearly \$500 million by 1998. Aid declined after the nuclear tests, but still exceeded \$600 million over the next three years.<sup>6</sup> These figures appear to exclude contributions through the ADB and the WB.

Direct ODA from Japan has been a substantial proportion of total ODA to Pakistan. By 1998, Japan ODA was nearly one-half of all assistance, and dwarfed all other country donors. Even compared to the international organisations, Japan ODA (\$490m) exceeded the combined aid from the ADB (\$235m) and WB (\$170m) in 1998.

While the primary vehicle for ‘policy reforms’ remains the WB, the main conduit for Japan ODA (at least currently) is the ADB. According to its most recent news release, ADB support to Pakistan (at end 2003) has amounted to \$12.5 billion in loans, and \$115 million in (grants for?) technical assistance. The ADB Bank Country Strategy plans to lend nearly \$2 billion over 2005-2006.<sup>7</sup>

*Presently [in 2002?], 53 public sector loans covering 38 projects are under implementation, of which 83% loans are rated satisfactory. In addition, 8 private sector loans for a total of \$152.5 million are under implementation. 57 TAs for a total of \$29.5 million are under implementation.*

Data for ODA should also be viewed in the context of other inflows of foreign exchange, where exports and direct foreign investment are obviously other ways to assist development (e.g. fairer prices for exports tied to labour and environmental justice; private equity investment in provision of services to the poor and in labour intensive enterprises; production of buses rather than cars).

During 2003, exports came close to \$10 billion, and nearly \$4 billion arrived in remittances (much as possibly reverse capital flight from the US).<sup>8</sup> Direct foreign investment was 0.8 billion, and project aid from donors was \$1 billion.

## 2. Peoples Views from Pakistan

Japan ODA comes both as direct aid to projects, and as indirect aid through the ADB and other IFIs. It is not only difficult but irrelevant to analyse these two channels of aid separately – Japan government is responsible for all projects regardless of the channels or nature of funding; and the issues are similar. We also see no point in distinguishing between ‘software’ (training or experts) -- and

<sup>6</sup> *Official Development Assistance to Pakistan*, Japan Embassy: Islamabad [www.pk.emb-japan.go.jp/ECONOMIC/ODA%20Pamphlet/Overview.htm]. A list of projects is provided in www.pk.emb-japan.go.jp/ECONOMIC/ODA%20Pamphlet/ODA%20projects.htm. See also *Japan as Top Donor*, Japan Embassy: Islamabad [www.pk.emb-japan.go.jp/Booklet/Economic%20Relations/Japan%20Top%20Donor.htm].

<sup>7</sup> *News Release*, ADB: Manila, September 27, 2004 [www.adb.org/Documents/News/2004/nr2004124.asp] and *Country Strategy And Program 2004–2006*, ADB: Manila, July 2003 [www.adb.org/Documents/CSPs/PAK/2003/default.asp]. The strategy and program are discussed in a later section.

<sup>8</sup> As things go, overseas labour has little official recognition of its major contribution to the Pakistan economy.

'hardware' assistance. Similarly, there is not much use in separating case studies of grants and loans. Even when grants are given, a project usually has other components that place future tax burdens on the poor. Furthermore, when a project is ill conceived, its adverse impacts occur independent of the specifics of financing. In fact, grant aid can lead to more ill conceived projects since local oversight mechanisms become weaker.

Serious problems with projects may be grouped into three categories:

- Inappropriate and ill-conceived
- Directly adverse impacts upon peoples lives and livelihoods -- that are especially harsh because excessive, and mitigation measures are absent, inadequate or delayed; inadequate or delayed compensation, rehabilitation and resettlement of displaced people.
- Excessive fiscal burdens – whether direct cost-recovery from beneficiaries, or general taxes, people suffer because of large-scale waste and corruption, including hardware that can neither be used efficiently nor maintained.

As citizens, our experience points us towards the main source of the problems.

Peoples Participation is the core issue. In the absence of meaningful public debate and discussion, adverse consequences are inevitable when ODA:

- identifies broad development needs correctly but responds with the wrong action priorities
- identifies a specific need but comes up with an inappropriate technical response
- places undue emphasis upon bricks and mortar, equipment and training rather than upon institutional arrangements for cost-effective implementation and subsequent sustainable operations
- produces impacts and burdens that penalise large numbers of poor people.

These issues are illustrated below through specific projects. Some of which – such as the National Drainage Project or the Social Action Program – have (mis)used billions of dollars of public resources, including billions of yen from taxes of Japanese citizens. These are mostly projects which reflect the author's direct involvement in research or as an activist in solidarity with people affected adversely by the projects.<sup>9</sup>

Disregarding constitutional and international commitments, the Government of Pakistan rarely pays attention to the actual implementation of rights-based development. Hence most donor projects often violate one or more core labour rights defined by the ILO Declaration of Principles – most notably, child and forced labour are present directly or indirectly through procured materials and out-sourced contracts; collective bargaining is severely curtailed or not permitted; women are discriminated against in pay and in jobs. Like other donors, Japan has yet to publish a review of project compliance with core labour rights or environmental standards (or even local laws).<sup>10</sup>

<sup>9</sup> *National Drainage Program: A Curse for Coastal Communities*, ActionAid: Islamabad, September 2004; see also submission to Inspection Panel of the World Bank. *Displacement, Dislocation and Adverse Impact of Chashma Right Bank Irrigation Project*, NIPA: Karachi, June 2003 [[www.nipa-khi.edu.pk/Perils-june2003.pdf](http://www.nipa-khi.edu.pk/Perils-june2003.pdf)]; *NGO Visit to the Asian Development Bank's Chashma Right Bank Irrigation Project (CRBIP) in Pakistan: Trip Report*, Bank Information Centre: Washington DC, March 2004 [[www.bicusa.org/bicusa/issues/Chashma\\_Trip\\_Report\\_final\\_March\\_15.pdf](http://www.bicusa.org/bicusa/issues/Chashma_Trip_Report_final_March_15.pdf)]; *Chashma Right Bank Irrigation Project*, NGO Forum on the ADB: Manila [[www.forum-adb.org/projects](http://www.forum-adb.org/projects)]; see also submission to the Inspection Committee of the ADB. *Market Friendly Rights: The ADB Access to Justice Programme*, PILER: Karachi, Social Watch [[www.epw.org.in/](http://www.epw.org.in/)]. *Poverty Reduction in Sindh: Donor Strategy in Search for Country Vision*, PILER: Karachi, Social Watch. *ADB Korangi Wastewater Project: Ill-Conceived Boondoggle*, creed: Karachi; *Dirty Business* Newsline June 1999. *ADB-Funded KWSB Sewage Plan for Baldia*, Urban Resource Centre: Karachi [[www.urckarachi.org/iswm.htm](http://www.urckarachi.org/iswm.htm)]. *Pakistan's Karachi Water and Sewerage Board – World Bank's Guinea Pig on Water Privatization in South Asia*, NGO-Forum on the ADB: Manila, August 1998 [[www.forum-adb.org/RESOURCES/Briefers/0124.pdf](http://www.forum-adb.org/RESOURCES/Briefers/0124.pdf)]; *Urban Water Reforms: Whose Water? Whose City?* in *The Politics of Managing Water*, Oxford Univ Press: Karachi. *Securing Fisherfolk Rights in Environmental Law and Policy*, Shirkat Gah & PILER: Karachi.

<sup>10</sup> For example, construction involves bonded adult and child labour in brick kilns. See *Forced Labour in Pakistan*, Asia Pacific Research Network Journal, Manila, December 2003 [[www.aprnet.org/journals/9/v9-2.htm](http://www.aprnet.org/journals/9/v9-2.htm)] or *Unfree Labour in South Asia*, Economic & Political Weekly, May 29, 2004 [[www.epw.org.in/](http://www.epw.org.in/)].

### Illustrative Impacts of Japan ODA in Selected Projects

<b>Project</b>	<b>Direct Adverse Impacts</b>	<b>Excessive Fiscal Burdens</b>	<b>Response to Complaints</b>
<b>Chashma Irrigation (ADB)</b>	<i>Flood damage to crops and houses in some areas Loss of water in other areas Inadequate and delayed compensation for loss of land, crops and housing Destruction of fragile ecology</i>	<i>Poor design and construction Large private investment in water pumping</i>	<i>ADB Mgt denied complaints; ADB Board accepted Inspection Report; Pak Govt delaying Action Plan</i>
<b>Left Bank Outfall Drain/National Drainage Plan (WB)</b>	<i>Drainage effluent and backwash salinity has inundated coast: destroying wetlands, forests, agriculture and fisheries; pollution of drinking water Special severity during cyclone</i>	<i>Poor design and construction Privatisation of Irrigation &amp; Drainage</i>	<i>WB Mgt denied complaints; Affectees have filed Complaint with Board</i>
<b>Chotiari Reservoir (WB)</b>	<i>Loss of crop land, grazing land and fisheries Destruction of fragile ecology Inadequate compensation to landowners for land and houses No compensation to landless, herders and fisherfolk</i>	<i>Widespread corruption</i>	<i>WB withdrew from project without solving any problems</i>
<b>Ghazi-Barotha Hydropower (WB)</b>	<i>Crops and drinking water suffering because of loss of water; no compensation</i>	<i>Delays in Compensation and Resettlement, leading to Penalties paid to Contractor</i>	
<b>Korangi Deep Sea Fisheries Harbour (ADB)</b>	<i>Foreign and Local Trawlers taking away large catch of prime species and wasting larger volume of by-catch</i>	<i>Underutilisation by local fisheries due to inappropriate location and lack of complementary infrastructure</i>	
<b>Korangi Wastewater Project (ADB; postponed)</b>	<i>Destruction of peoples investment in sewage system</i>	<i>Duplication of sewerage infrastructure Underutilisation</i>	<i>Submission to Inspection Committee rejected Provincial government finally refused loan</i>

<b>Project</b>	<b>Direct Adverse Impacts</b>	<b>Excessive Fiscal Burdens</b>	<b>Response to Complaints</b>
<b>Baldia Sewerage (ADB)</b>		<i>Inappropriate design and hence severe underutilisation</i>	
<b>Solid Waste Disposal Project (UNDP)</b>		<i>Unusable hardware Complementary public investments not made</i>	
<b>Lyari Expressway (??)</b>	<i>Massive displacement of people and enterprises without compensation</i>	<i>Core problem of transport not solved Improper design</i>	<i>ADB denies funding</i>
<b>Social Action Programme (WB)</b>		<i>Phantom infrastructure Unused infrastructure Low-quality service delivery</i>	
<b>Privatisation of Karachi Water Services (WB &amp; ADB; postponed)</b>	<i>300% increase in tariffs for all Minimal increase in coverage of poor and low-income areas Small reduction in water loss Minimal expansion of safe waste water disposal No performance conditions Private monopoly over entire city for 20 years</i>	<i>Guaranteed profits Additional loans Outstanding loans remain public liability</i>	
<b>Access to Justice Programme (ADB)</b>		<i>No correspondence between public needs and programme actions Over half goes to Police; Judiciary gets more than one-third</i>	

Note: IFI in parenthesis is the lead donor in project/program. For evaluations see references in footnotes. All projects/programs have large slush funds for consultants, which mostly serve to distract professionals from social obligations.

Under pressure from the WB, the Government of Pakistan has prepared a *Poverty Reduction Strategy Paper (PRSP)*. As for other countries, this paper is supposed to provide the general framework for future assistance from all donors, including Japan. In the aid establishment of Japan there has been some public voicing of critical views about the *PRSP*, but the aid agencies seem to have generally accepted the approach of the WB.<sup>11</sup>

<sup>11</sup> For critical views disseminated by JICA through its journal, see e.g. *Approach to Poverty Reduction in Developing Countries and Japan's Contribution*, Technology and Development, No.16, January 2003; and, *On the Effectiveness of the PRSP Regime*,

The fact that *PRSP* is essentially an elaboration of the World Bank's (neo-liberal) approach to development should surprise no one. It is equally unsurprising that the *PRSP* has been produced with little substantive consultation from civil society in Pakistan. Despite contrary claims, there is little domestic ownership -- even among state elites -- since the government has not attempted to get formal endorsement of the National Assembly or Senate or even of the new National Security Council installed by the President General.<sup>12</sup> To obtain funds directly from donors, provinces have 'prepared' their own strategies within the overall framework.<sup>13</sup>

There is no doubt that the current ODA system (of all donors) is far from being an effective instrument for development -- benefits are narrowly distributed while burdens are imposed widely on the poor. In fact ODA often increases poverty.<sup>14</sup> Aid projects may provide large but only temporary increases in jobs, hence creating a short-lived impact upon poverty. The temporary reduction in poverty for some just does not offset the permanent increase in the poverty of many others currently and in future, besides from the fact that redistributing poverty is unacceptable. International bidding, and tied aid in particular raises costs dramatically. Donor countries get back ODA loans twice over once the principal is repaid, and often high rates of interest over and above this. The simple macroeconomics of loans also casts serious doubt about ODA loans. The economy can hardly grow more than 4 percent annually, but interest rates usually exceed this rate of growth. ODA enhances patronage funds for government, thus deflecting calls for good, democratic governance.

Specially through IFIs, Japan ODA has promoted market-based provision of public needs. Pakistan has been straitjacketed by Structural Adjustment Loans with the goal of reducing public spending and privatizing public enterprises. As has happened elsewhere, the poor have suffered from increasingly inequitable access to quality education and health care, and even to clean drinking water. Even as the number of unemployed and the poor has risen, livelihoods of labour have become insecure, and increasingly fewer people realise core labour rights.

### 3. Official Perspectives in Japan

We know that Japan ODA has serious problems in conceptualisation, implementation and operations. In view of substantial and increasing ODA levels, it is important to ask if the system of Japan ODA is likely to change appreciably so that such problems are minimised in the future? What is the view of development needed for people in Pakistan? Of consultative processes that privilege people rather than client government? Of improving projects and programmes to help rather than hurt people? It may well be useful to recall (in more ways than one) that 'the road to hell is paved with good intentions.' For an indicative answer to such queries, we look at some recent government documents. Since the ODA system is poorly equipped for public consultations, and it is expensive to interview top aid officials in Islamabad (even were they to be available), the paper does lack a frank perspective from those Japan officials who actually implement Japan ODA in Pakistan.<sup>15</sup>

---

Technology and Development, No.17, January 2004 [[www.jica.go.jp/english/publication/studyreport/topical/articles/](http://www.jica.go.jp/english/publication/studyreport/topical/articles/)]. The former article is more sensitive to the political economy of aid and development.

<sup>12</sup> A key political problem in all aid to Pakistan is that the government of Pakistan has always made even the most far-reaching agreements with donors without any endorsement or subsequent review by the National Assembly. Provinces are now following suit for direct agreements with donors without discussion by the provincial legislature. Even projects for enhancing municipal services are approved by the federal or provincial government without substantive consultation with public representatives in local government.

<sup>13</sup> For e.g., a provincial government (Sindh) invited NGOs to join in framing the provincial poverty strategy paper. Naturally the NGOs refused to be constrained by the framework of the draft PRSP produced by consultants for the federal government: e.g. *Poverty Reduction in Sindh: Donor Strategy in Search for Country Vision*, PILER: Karachi, Social Watch. The government's reaction to NGO suggestions was to simply hand over the work to a 'development professional', who dutifully produced the standard, technocratic, report required by IFIs. His task was made easier by the fact of being a former World Bank staffer.

<sup>14</sup> See e.g. various publications by the Reality of Aid network, and by Focus on the Global South.

JBIC published an ex-post evaluation of projects in February 2004.<sup>16</sup> Unfortunately, the study of Pakistan ODA is restricted to a relatively minor project of water supply. The *Annual Report* for 2003 merely lauds its road projects in Pakistan. JBIC has a narrow view of using aid for development (rather than growth) – an illustration of which is the recent *Special Term for Economic Partnership (STEP)*. More favourable terms for loans are offered when recipients commit themselves to a higher ratio of tying procurement to “*excellent Japan technology and know-how.*”

JICA last published its *Annual Report* in September 2003.<sup>17</sup> Impervious to peoples evaluation (as contrasted to evaluation by experts and governments) of its *Technical Co-operation*, the Report states blandly that “*JICA deems that an expansion of bilateral grants mainly involving technical co-operation is an essential requirement for increasing the grant ratio of Japan’s ODA [which is one of] two of the main indices of the quality of aid.*” Since Japanese expertise and training are usually requested for mega projects which are wholly anti-poor -- or for unsustainable state-of-the-art equipment peddled by Japan industry which are blatantly cost-ineffective – should this mean that Japan ODA will primarily support such boondoggle projects, in a business-as-usual approach?

In this regard, it is instructive to examine some of the terms used by JICA (in its *Annual Report*).

*Accountability [is the] responsibility to furnish adequate and accurate explanations to citizens and the people of a recipient country regarding content, financial affairs, and reasons behind decisions when proceeding with development aid and international cooperation activities and programs.*

*Core support for important policies [is] direct support for pivotal institutions within governments responsible for formulation of important policies such as financial and monetary policy, industrial policy, and regional policy concerned with transition to a market economy.*

It is refreshing to find that accountability will be to citizens and people (rather than just public representatives and government), but note that it is only to the extent of information rather than consent. In any case, one would be hard pressed to find evidence of systematic implementation of even such limited accountability. Note also that accountability does not seem to extend to sharing lessons learnt from (multiple, repeated and obvious) failures of programs.

Promotion of economic development through markets is understandably important to Japan’s economy and the Pakistani state. But why are other pressing issues of the Pakistani people such as poverty and environment not (genuinely) central to goals of Japan ODA. If Japan’s economy decides the character of Japan ODA, then is there much that ODA can really do for Pakistan’s (just and sustainable) development beyond (inequitable) growth? We all know that market-based growth in an inequitable economy will do little to reduce poverty specially when it is rapid growth; existing institutional mal-governance will also do little for poverty through the expansion of public investment made feasible through rapid growth.

A review of *ODA to Pakistan [Review]* was prepared for JICA in 2003. The aid agency expected the *Review*<sup>18</sup>

---

<sup>15</sup> Perhaps frankness is impossible with bureaucrats anywhere – not much was in evidence at the Tokyo-based meetings with senior officials of JICA, JBIC and MoFA.

<sup>16</sup> *Ex-post Evaluation on ODA Loan Projects 2003*, JBIC: Tokyo, February 2004 [[www.jbic.go.jp/english/oec/post/2003/index.php](http://www.jbic.go.jp/english/oec/post/2003/index.php)].

<sup>17</sup> *Annual Report*, JICA: Tokyo, September 2003.

<sup>18</sup> *Country Study for Japan’s Official Development Assistance to the Islamic Republic of Pakistan: Development Towards a Sustainable Society – Medium and Long-term Perspectives*, JICA: Tokyo, November 2003 [[www.jica.go.jp/english/publication/studyreport/country/pak/pdf/pak\\_01.pdf](http://www.jica.go.jp/english/publication/studyreport/country/pak/pdf/pak_01.pdf)]; emphasis added. The web summary is at

*to accomplish two major goals. One is to get to the bottom of the challenges facing Pakistan from a socio - structural perspective, while paying attention to new developments in and around the country so that analyses of sustainability of present economic recovery and development process become possible. The other is to explore both desirable directions for the development of Pakistan and the optimal approach for Japan's ODA to the country from the medium - and long - term perspectives based on the factors and paths to make present development sustainable.*

The reference to the present economic recovery is, to say the least, curious in view of increasing mass poverty and entrenched inequality (acknowledged by donors but denied by government).

From the JICA web summary and the introduction to the JICA study, the Japanese government apparently considers President General Musharraf to be on the right track for development. Furthermore, in its view Pakistan has not been “*able to overcome structural problems [of growth] due mainly to frequent regime changes and incoherent policies. The present government still faces many challenges including rampant terrorism, high poverty rate, Kashmir conflict with India and contraband traffic from Afghanistan.*”<sup>19</sup>

Since the *Review* may be influential in both government and the larger policy community of Japan, its analysis and recommendations require comments. We find a host of issues for which the *Review* can be taken to task.

*There are at least three necessary conditions for sustainable development: maintenance of law [whose?]; and order [for whom?]; and the consistency and continuation of policy directions [which are?]; ensuring equality of opportunities [through what structural changes?]; and strengthening social monitoring capacity...as the framework of the interaction between the ruling structure and the countervailing forces [?] of society... It is this weak social monitoring capacity that has failed to check the rent-seeking behavior of the ruling elites and [who has?] invited military intervention at times of civilian government failure.*

*The military action of the US against terrorists in Afghanistan has highlighted the significance of imbalanced regional development (ignoring the role of US and Pakistan military in creating the Taliban!). The redirection of public investment seems urgent [implying support to dubious mega infrastructure projects?]....*

*Sustainability can be assured through the rapid growth of social monitoring capacity, a healthy market economy [for people or capital?] and balanced regional development [without strengthening fiscal federalism?]....*

*We have identified three directions for development efforts. The first is the direction of human development, in which the main objectives are to eliminate gender bias and to accelerate the growth of the middle class, and to ensure equality in medical and health services and human security [meaning what and how?]. The second is the direction of economic development, in which the main emphasis is placed on agricultural growth to*

---

www.jica.go.jp/english/publication/studyreport/country/pak/index.html. The study team was led by Professor Shigemochi Hirashima (of Meiji Gakuin University), a respected academic in Pakistan since his fieldwork for Ph.D. at Cornell University.

<sup>19</sup> A comparison of the review summary posted on the JICA website with the full Review is illuminating. Taking the web summary as closer to official thinking, it is apparent that the official view will not admit of being seriously influenced by the study, perhaps because negotiations within the Japanese establishment on the new ODA Charter had already been completed before the JICA study was completed.

*enhance employment absorption [how?], control the 'black economy,' and ensure industrial growth and the development of a pro-poor infrastructure [meaning what and how?]. The third is the direction of regional development ...public investment for the purpose of equalizing socio-economic opportunities and to support the rapid development of regional capitals [including Karachi and Lahore!] as economic centers...*

*The most effective means of modifying the power structure would be, as has been frequently asserted by the international agencies, the introduction of radical land reforms...Given the social character of political forces in Pakistan, it would be unrealistic to draft a strategy incorporating the 'required land reform' for the achievement of sustainable development. Alternatively, we presume that ... rapid human development and the pro-poor growth of a market economy could create an environment in which the capability, leadership and resources of the rent-seeking power elites could be mobilized for development [how and by whom?].*

*Given limitations and problems [with PRSP], Japan's ODA should stress consistency with the PRSP and at the same time have medium- and long-term perspectives...*

*Japan is committed to helping Pakistan to improve its debt servicing capacity and achieve high economic growth, and for this purpose will resume assistance for high-quality infrastructure development with yen loans [rather than grants because infrastructure for the middle class?].*

For the authors of the *Review*, and for JICA, development is seen essentially as economic and service delivery. Claims to the contrary, the political economy analysis is then naturally quite narrow in scope. Sustainability considerations pay no real attention to the environment, especially to peoples control over natural resources. We should then not be surprised that the recommended strategies for ODA are unlikely to promote basic rights of people, and may even do the reverse under conditions of neo-colonial imperialism masquerading as globalisation and 'war against terror'.

Among the serious questions not raised by the *Review* are those that relate to militarisation of the polity and economy in general and the expanding economic control by the armed forces, directly and through their foundations.<sup>20</sup> The human rights consequences are severe, as exemplified by the repression of peasants in Panjab who have challenged the continued role of the military as landlords over government land.<sup>21</sup>

When properly framed, donor guidelines for projects can help to mitigate adverse impacts. The ADB and WB have (relatively) comprehensive guidelines for their staff (though being gradually weakened and repeatedly violated). How does Japan ODA fare? JBIC last published its guidelines in 2002. A JICA document revised this year also sets out a basic framework.<sup>22</sup> It would seem that these guidelines apply only to directly aided projects, i.e. that complaints against IFI projects will not be taken up formally by either of these agencies.

<sup>20</sup> See *Militarization of Globalization: Impacts upon Economic & Social Rights of Labour*, APRN Conference on War and Terror: People's Rights & the Militarization of Globalization, Beirut: November 2003, in PILER: Social Watch; *South Asian Labour for Peace & Development*, Conference on Peace in South Asia, University of Texas: Austin, April 2004, in PILER: Social Watch.

<sup>21</sup> See [www.satribune.com/archives/oct19\\_25\\_03/P1\\_grab.htm](http://www.satribune.com/archives/oct19_25_03/P1_grab.htm), and a fuller expose in *Soiled Hands: Pakistan Army's Repression of the Punjab Farmers' Movement*, Human Rights Watch [hrw.org/reports/2004/pakistan0704/ ].

<sup>22</sup> *Guidelines For Confirmation Of Environmental And Social Considerations*, JBIC: Tokyo, April 2002 [[www.jbic.go.jp/english/environ/guide/finance/eguide/pdf/guide.pdf](http://www.jbic.go.jp/english/environ/guide/finance/eguide/pdf/guide.pdf)]; *Guidelines for Environmental & Social Considerations*, JICA: Tokyo, April 2004 [[www.jica.go.jp/environment/guideline/pdf/guideline\\_eng.pdf](http://www.jica.go.jp/environment/guideline/pdf/guideline_eng.pdf)].

The *JBIC Guidelines* apparently extend to all *future* projects of direct assistance. They provide a welcome, broad determination of adverse impacts, and one can only wish that they would actually be applied to Japan ODA and reduced the immense suffering of people.

However, extracts from guidelines provide little optimism for reversing serious problems in Japan ODA. The *JICA Guidelines* seem to apply to projects where the *client government requests* JICA assistance for dealing with social and environmental problems. It is not obvious why an undemocratic client government will so request JICA; it is not clear that JICA can then be asked to do this task by the Japan government; and whether the client is then bound by recommendations of a report that it did not ask for. As further reading reveals, one should also have reservations about the seriousness of agency intentions for genuine compliance.

Since there is not much difference between the JICA and JBIC *Guidelines*, we quote extracts together.<sup>23</sup>

*In its confirmation of environmental and social considerations, JBIC places importance on dialogue with the host country [but not its people?] regarding environmental and social considerations, while respecting the sovereignty of the host country [regardless of international commitments? Of the Japan constitution?].*

*When third parties [from Japan only?] point out in concrete terms that environmental and social considerations are not being fully undertaken, JBIC forwards such claims to the borrowers and, if necessary, encourages them to request the project proponents to take appropriate action.*

*If JBIC judges that there is a need for improvement in the situation with respect to environmental and social considerations, it may ask the project proponent, through the borrower, to take appropriate action in accordance with the loan agreement [and if that is incomplete?]. If the response of the project proponent is inappropriate, JBIC may consider ... suspension of the disbursement [and let people suffer without remedial actions?].*

*The guidelines outline JICA 's responsibility and procedures, and requirements for the recipient governments to facilitate [but not compel?] achievement of the objectives.*

*Various documents prepared through the EIA process and reports (EIA documents) must be written in official languages or in languages familiar to people within the host countries. Documents written in understandable languages and forms for local people must be prepared and explained to them. It is requested [but not mandated] that EIA documents be made open to local stakeholders including local people. In addition, EIA documents should be available for public reading at all times, and the making of copies of these for the local stakeholders should be permitted. [what is the responsibility of Japan if recipients fail to do any or all of these?]*

*'environmental impact assessment' means evaluating environmental and social, analyzing alternative plans and preparing adequate mitigation measures and monitoring plans in accordance with laws or guidelines of the recipient governments [and what if they are weak as compared to international standards?].*

*JICA makes a decision to stop cooperation projects and recommends MOFA to do the same when JICA concludes that it is impossible to ensure environmental and social*

---

<sup>23</sup> Emphasis added.

*considerations even if the above measures are taken. [how then is MOFA made accountable to affectees?]*

Revised in 2003, the *ODA Charter* represents the official framework for international assistance – to be certainly followed by Japanese government agencies, and likely to be also a consensus of State elites.<sup>24</sup> Excerpts are illuminating -- as inconsistent goals, as well as for deviance between precept and practice (as the case studies illustrate).

Among *Basic Policies*, and *Priority Issues* the *Charter* includes “*Perspective of human security; Poverty reduction; Sustainable growth.*” The *Principle of ODA Implementation* makes clear that this requires “*Environmental conservation and development should be pursued in tandem.*” Further, “*Any use of ODA for military purposes should be avoided; Full attention should be paid to military expenditure, their development and production of weapons of mass destruction, and export and import of arms.*”

So how will additional ODA to Pakistan be justified when it is widely felt that nuclear capability was attained and nuclear development pursued by covert transfers of public resources, including ODA?<sup>25</sup> Presumably Japan’s establishment sleeps comfortably by ignoring this *Principle*, and being quite confused about the implications of another *Principle* (which has its own inconsistencies) – “*Full attention to promoting democratisation, introduction of a market economy, protection of basic human rights and freedom.*”

And how will policy be formulated and implemented? Mostly by Japan and international bureaucrats in the donor community, with a token reference to domestic and international NGOs. Explicit consultations with citizens are restricted to Japan.

Donors meet annually with government in Islamabad at the *Pakistan Development Forum* to make public their consensual perspectives in a spirit of ‘harmony’. At the 2004 Forum, it is notable that the Japan delegation chaired a single session, and that too on Water Resources Development.<sup>26</sup> For Pakistan this usually means mega projects that rob the many to enrich the few, i.e. whose history is both contestable from the view of efficiency and equity, and evidently depriving many poor people from secure life and livelihood.

Being considerably more influential in Manila than in Washington, the most important conduit for Japan ODA (and state interests) remains the ADB. What is it that the ADB says should be done for Pakistan and why?

Towards the end of September 2004, the Bank issued a significant press release after a Board update of the *Country Assistance Strategy*. It welcomed the improvement in GDP growth, exports and remittances – all macroeconomic indicators. Notably missing was any reference to poverty and unemployment, conveniently since both the incidence and intensity of poverty have been increasing. The data on remittances is self-serving since neither government nor donors can claim credit for increased remittances -- except perversely, since remittances are coming at high levels in consequence of the ‘war on terror.’

<sup>24</sup> *Revision of Japan’s Official Development Assistance Charter*, Ministry of Foreign Affairs: Tokyo [www.mofa.go.jp/policy/oda/reform/revision0308.pdf](http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf). We cite the summary given by JICA in its *Annual Report 2003*.

<sup>25</sup> Under Pakistan’s political system, the military budget is not open for debate by the National Assembly. According to General Musharraf, oversight of the entire nuclear program development was restricted to the President, Chief of Army, and the Prime Minister. Most Prime Ministers would deny serious consultation.

<sup>26</sup> [www.worldbank.org/PAKISTANEXTN/Resources/Pakistan-Development-Forum-2004/PDF2004-Agenda.pdf](http://www.worldbank.org/PAKISTANEXTN/Resources/Pakistan-Development-Forum-2004/PDF2004-Agenda.pdf).

The ADB goes on to state that

*The program in Pakistan will put new emphasis on assisting infrastructure projects with greatest impact for growth and poverty reduction over the next two years. ADB supports the Government's shift in emphasis toward higher sustained growth to ensure that the benefits of structural reforms that are taking place reach the poor. Priority will be on rehabilitating existing infrastructure in irrigation, roads, and urban centres, as well as addressing critical gaps in the power sector. ADB will also promote public-private partnerships for infrastructure development through a combination of loan and risk mitigation products.*

Additional details from the *Country Assistance Strategy* are revealing in ADB's vision of development strategies for Pakistan (extracts in the Appendix).<sup>27</sup> These are no doubt shared by the Japan aid establishment. ADB expects (supplementary?) contributions from Japan to include:

*Potential support to improvement in electric power distribution. JBIC [is] currently providing financing for Ghazi-Barotha for transmission lines. JBIC will also support public-private partnerships [privatization?] and promote effective electricity distribution and tariff collection, and provide financial assistance for hydropower [mega dams?] and rural electrification.*

*SME enterprise development program, investment promotion, and information technology promotion [pro-poor?]. JBIC to also support SME development.*

*Support for Irrigation and drainage improvement program [ignoring downstream impacts?]. Flood control assistance [diversionary boondoggles or Chashma-type disasters?]. Support for water resources development program [mega projects?]. JBIC support for sustainable irrigation development [corporatization?].*

*Support for urban water supply schemes, environmental monitoring systems, solid waste management and sewage disposal [more Korangi and Baldia boondoggles?]. JBIC's support for organizational reforms in urban water supply [privatization?].*

On the other hand, this is what the ADB Country Director has to say:<sup>28</sup>

*ADB has endorsed the Government's reform program and has provided an assistance of \$3.2 billion during 1999-2002 in support of the reform effort and investments for poverty reduction and economic growth. Over the last decade, the ADB's development policy in Pakistan ... shifting from an emphasis on infrastructure projects to a more defined focus on poverty reduction*

Are these real conflicts between Manila and Islamabad, or just the usual double-speak of IFIs?

#### 4. Improving ODA

From the *perspective of peoples both in Japan and Pakistan*, all ODA problems point to the *core issue of conceptualisation of projects and programmes*. What can we do to push for a *rights-based*

<sup>27</sup> [www.adb.org/Documents/CSPs/PAK/2003/default.asp](http://www.adb.org/Documents/CSPs/PAK/2003/default.asp)

<sup>28</sup> Country Director Pakistan Resident Mission, speaking at a National Seminar on Child Labour organised by Ministry of Labour, Manpower and Overseas, Government of Pakistan in collaboration with the Social Policy and Development Centre (SPDC) on 15 October at Islamabad [[www.adb.org/Documents/Speeches/2003/ms2003077.asp](http://www.adb.org/Documents/Speeches/2003/ms2003077.asp)].

*development agenda, so that ODA no longer remains an Odious Debt Alliance?*<sup>29</sup> What can we do to ensure that aid institutions – in Japan and in IFIs, as well as in Pakistan – acknowledge and accomplish a more significant role of people and communities in the selection, design and implementation of projects?

Japan aid agencies have serious outstanding obligations towards poor people substantially hurt by its funded projects – directly and through IFIs. Restitution as compensation for damages and restoration of livelihoods must be comprehensive and prompt. There are two ways in which this can be done. One is to cancel debts with the condition that debt servicing saved is applied for this purpose. Another route is allocating additional funds in new projects for the purpose (and conditionality). There is a precedent for this in the Ghazi-Barotha Hydropower Project, where funds for the new project were made conditional on adequate compensation to affectees of Tarbela Dam. As long as Japan aid agencies deny their obligations to redressal, what can be done to halt additional projects?

We may be able to reform only future ODA. How then could Japan ODA agencies such as JICA and JBIC be persuaded to evaluate compliance with guidelines in a participatory manner with affectees and then stop funding projects if their guidelines are not being implemented?

These (limited) issues have, in fact, been raised repeatedly even within the Japan aid agencies themselves. Almost a decade ago, a JICA Aid Study Committee posed the issues as follows.<sup>30</sup>

*Why is it necessary to incorporate the concepts of participatory development and good governance into the implementation of Japan's aid to developing countries? How should they be incorporated?*

*What should be taken into account in the actual process of aid planning and implementation? What specific types of aid will promote participatory development and good governance in developing countries?*

*What are the relevant challenges and points to be borne in mind when implementing aid?*

In its recent *Annual Report*, JICA includes in its “*Pillars of Aid – Eradication of Poverty*,” the need for “*approaches to structural issues by examining reasons why the [Southwest Asia] region has so many poor people, and why the number of poor people does not decrease despite economic development.*” How do we hold JICA accountable for actions consistent with its pronouncements?

However one phrases the responses, the outcomes of the answers largely depend on what Japanese civil society organisations want to and can do. Within Japan, it is a question of the scope of greater political action – lobbying with public representatives as well as with government representatives in IFIs (such as the Executive Directors in ADB and WB).

More meaningful accountability is also needed from ODA organisations such as JICA and JBIC, including the participation of Japan NGOs in post-project evaluations. Stronger complaint mechanisms need to be established, which not only cover directly aided projects but also require a public response from government agencies when a complaint is filed with IFIs supported by Japan ODA.

<sup>29</sup> This is not the place for discussion on a development agenda. These perspectives are available in a note written at PILER for the Five-Year Plan (2005-10) Working Group on Poverty Reduction, Social Protection, Nutrition and Income Distribution.

<sup>30</sup> *Participatory Development And Good Governance Report Of The Aid Study Committee*, JICA: Tokyo, March 1995 [[www.jica.go.jp/english/publication/studyreport/country/part/part\\_03.html](http://www.jica.go.jp/english/publication/studyreport/country/part/part_03.html)].

These are difficult tasks since the Japan government acts (as do most governments) as if its primary accountability is to other client governments rather than to people – e.g. as late as 2003, the MOFA-led Workshop on ODA Evaluation was confined to participants from other governments.<sup>31</sup>

Some advocacy NGOs of Japan (such as JACSES) have recently begun active collaboration with organisations in Pakistan.<sup>32</sup> This needs to become both more extensive and intensive. Exchange of information is useful but cannot replace more frequent and extended visits to Pakistan by Japan NGOs. When the visits are in genuine solidarity there can be no fear of critical interactions between comrades who deny cultural and geographic borders constructed by state elites. Capital is unified in the new global order: labour has no choice but to seek universal solidarity for social justice.

It is evident that serious problems in Japan ODA are shared by most recipient countries. Hence the need for fundamental reforms in all ODA, including that from Japan. The direction of reforms – ‘harmonised’ across donors -- can be summarised through a recent statement by the Reality of Aid network (*Focus on Governance & Rights in International Co-operation*).<sup>33</sup>

- *Development co-operation programs to reflect binding obligations under human rights law and the rights based approach, including the right to development*
- *Any terms must be fairly and transparently negotiated with participation of and accountability to people living in poverty*
- *Efforts to achieve MDGs must be founded on strategies that empower and recognise the rights of all people, including the poor no matter where they live*
- *Aid should support governments, representative institutions and legislatures in formulating national poverty reduction strategies; aid should not determine the process; IFIs must not remain the monopoly providers of policy advice or the gatekeepers on resource transfers*
- *Aid should be treated as money held in trust for poverty*

---

<sup>31</sup> *The Third Tokyo Workshop on ODA Evaluation*, MOFA: Tokyo, November 2003 [[www.mofa.go.jp/policy/oda/evaluation/2003/workshop.pdf](http://www.mofa.go.jp/policy/oda/evaluation/2003/workshop.pdf)].

<sup>32</sup> JICA has a NGO Partnership program for Japan NGOs but which is focused on service delivery, and hence unlikely to be suited to NGOs that advocate critical engagement with government, i.e. debate ODA perspectives and dispute project impacts.

<sup>33</sup> *Annual Report* for 2004, published by Ibon: Manila, and Zed Books: London.

## Appendices

Extracts from *Official Development Assistance to Pakistan*, Japan Embassy-JICA-JBIC

Extracts from *Country Strategy and Program Update 2004-2006*, Asian Development Bank, Manila: July 2003

## Selected Web Links

### Embassy of Japan

[www.pk.emb-japan.go.jp/ECONOMIC/ODA%20Pamphlet/ODA%20toppage.htm](http://www.pk.emb-japan.go.jp/ECONOMIC/ODA%20Pamphlet/ODA%20toppage.htm) (*Official Development Assistance to Pakistan published by Japan Embassy*)

### Ministry of Foreign Affairs

[www.mofa.go.jp/policy/oda/white/2001/contents.pdf](http://www.mofa.go.jp/policy/oda/white/2001/contents.pdf) (*Japan's Official Development Assistance White Paper 2001*)

[www.mofa.go.jp/policy/oda/reform/revision0308.pdf](http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf) (*ODA Charter 2003*)

### JICA

[www.jica.go.jp/english/publication/studyreport/country/pak/pdf/pak\\_01.pdf](http://www.jica.go.jp/english/publication/studyreport/country/pak/pdf/pak_01.pdf) (*Country Study for ODA to Pakistan 2003*)

[www.jica.go.jp/english/publication/studyreport/country/part/part\\_03.html](http://www.jica.go.jp/english/publication/studyreport/country/part/part_03.html) (*Participatory development and good governance report of the Aid Study Committee 1995*).

[www.jica.go.jp/environment/guideline/pdf/guideline\\_eng.pdf](http://www.jica.go.jp/environment/guideline/pdf/guideline_eng.pdf) (*JICA Guidelines for Environmental & Social Considerations*)

[www.jcif.or.jp/e/about/](http://www.jcif.or.jp/e/about/) (*Japan Center for International Finance*)

### JBIC

[www.jbic.go.jp/english/environ/guide/finance/eguide/pdf/guide.pdf](http://www.jbic.go.jp/english/environ/guide/finance/eguide/pdf/guide.pdf) (*JBIC Guidelines For Confirmation Of Environmental And Social Considerations*)

[www.jbic.go.jp/english/oec/environ/hand/index.php](http://www.jbic.go.jp/english/oec/environ/hand/index.php) (*JBIC Handbook on Social Dimensions for ODA Projects*)

[www.jbic.go.jp/english/base/achieve/annual/2000/pdf/2000.pdf](http://www.jbic.go.jp/english/base/achieve/annual/2000/pdf/2000.pdf) (*Japan Bank for International Cooperation, Annual Report*)

### Asian Development Bank

[www.adb.org/Documents/CSPs/PAK/2003/default.asp](http://www.adb.org/Documents/CSPs/PAK/2003/default.asp) (*ADB Country Assistance Strategy 2004-2006*)

[adb.org/Inspection/Projects/Chasma/appendix01.pdf](http://adb.org/Inspection/Projects/Chasma/appendix01.pdf);

[adb.org/Inspection/Projects/Chasma/appendix03.pdf](http://adb.org/Inspection/Projects/Chasma/appendix03.pdf) (*Complaint on Chashma filed with the ADB in 2002*)

[www.adb.org/Media/Articles/2004/5674\\_pakistan\\_inspection\\_committee/default.asp?RegistrationID=6684](http://www.adb.org/Media/Articles/2004/5674_pakistan_inspection_committee/default.asp?RegistrationID=6684) (*ADB Board Response to Complain on Chashma*)

[www.adb.org/Inspection/Projects/korangi\\_wastewater\\_creed.asp](http://www.adb.org/Inspection/Projects/korangi_wastewater_creed.asp) (*ADB version of complaint filed for Korangi Wastewater Management Project*)

### World Bank

[textsearch.worldbank.org/servlet/SiteSearchServlet?q=japan+assistance+to+pakistan](http://textsearch.worldbank.org/servlet/SiteSearchServlet?q=japan+assistance+to+pakistan) (*World Bank survey of Japan ODA*)

[wbln0018.worldbank.org/IPN/IPNWeb.nsf/\(attachmentweb\)/PAKNoticeofRegistration/\\$FILE/PAKNoticeofRegistration.pdf](http://wbln0018.worldbank.org/IPN/IPNWeb.nsf/(attachmentweb)/PAKNoticeofRegistration/$FILE/PAKNoticeofRegistration.pdf)

(*Complaint on National Drainage Plan filed with the World Bank in 2004*)

### Government of Pakistan

[www.finance.gov.pk/survey/home.htm](http://www.finance.gov.pk/survey/home.htm) (*Annual Economic Survey*)

[www.sbp.org.pk/reports](http://www.sbp.org.pk/reports) (Annual Report by the State Bank)

### Others

[www.chashma-struggles.net/](http://www.chashma-struggles.net/) (*Activist website on Chashma Irrigation Project*)

[www.bicusa.org/bicusa/issues/](http://www.bicusa.org/bicusa/issues/) (*Aid-watch website of the Bank Information Centre*)

[www.forum-adb.org/policies](http://www.forum-adb.org/policies) (*Aid-watch website of the NGO Forum on the ADB*)

[www.focusweb.org/main/html/index.php](http://www.focusweb.org/main/html/index.php) (*Development website of Focus on the Global South*)

[www.realityofaid.org/Asia/](http://www.realityofaid.org/Asia/) (*Aid-watch website of the Reality of Aid Network*)

## APPENDIX

**Official Development Assistance to Pakistan  
Japan Embassy-JBIC-JICA**

**JAPAN, A TRUSTED DEVELOPMENT PARTNER TO PAKISTAN SINCE 1952**

Japan and Pakistan in April 2002 commemorated the 50th anniversary of diplomatic relations between the two countries. Japan opened its Embassy in Karachi on 28th of April 1952, and initiated its economic assistance with provision of technical assistance in 1954; ODA loan in 1961 and grant aid in 1970 and has continuously played an important role in Pakistan's development.

Both the countries have been enjoying very cordial and friendly relationship for the last five decades. Japan through its Official Development Assistance (ODA) has long been supporting Pakistan in a wide range of fields including development of large-scale infrastructure, social sector projects as well as human resource development. The commitment of Japan being a development partner to Pakistan is unchanged and Japan will continue to assist the country in its efforts to reduce poverty by addressing the prioritized areas of assistance.

**JAPAN ASSISTED PROJECTS IN PAKISTAN IN VARIOUS SECTORS**

In 2003, Study Committee on Japanese ODA to Pakistan, comprised of Japanese academics, Embassy of Japan, JBIC, and JICA, completed its study on Japanese long term assistance strategy to Pakistan. The Committee concluded that Japan should assist Pakistan's efforts for sustainable development.

In order to achieve such a goal, Japan is actively supporting the efforts of the Government of Pakistan to revive its economy and to reduce poverty through series of reforms and Poverty Reduction Strategy Paper (PRSP). In doing so, seven areas were identified as being crucial: 'Health', 'Education', 'Water', 'Economic Infrastructure and Development', 'Governance and Economic Reform', 'Agriculture', and 'Environment'.

**HEALTH** The Japanese government is supporting Pakistan's efforts to reduce infant mortality rate. Since 1996, under Expanded Programme of Immunization (EPI) of the Pakistani government, continuous support for procurement of oral polio vaccine has been provided that constitutes almost half of the total vaccine requirements to eradicate polio among Pakistani children. Similarly, grant is also being extended for immunization against Neonatal Tetanus, since 2000. Technical cooperation is also expected to begin on TB control for the DOTS implementation in Punjab.

Pakistan Institute of Medical Sciences (PIMS) is one of the prominent examples, where the Government of Japan has supported the improvement of health services and human resources development. Japan continues to provide its support to health sector through programs such as In-country training "Safe Management of Newborn Infants" which has been conducted since 2001 in Children's Hospital, a set up with in PIMS. Another In-country Training "Safe Motherhood" will be carried out starting from this year in Mother and Child Health Care Center (MCHC) which is also a part of PIMS.

In addition, Japan has started a study on Improvement of Management Information Systems in Health Sector since January 2004. The major objective of this study is to formulate a national action plan for the improvement of health information system, which will respond to the information needs at each level of public health service delivery.

**Education** Balochistan Middle Level Education Project is an ongoing ODA loan project that aims to improve access and quality of middle level education and reduce gender disparity in the province of Balochistan. Japan supports upgrading of 200 primary schools to middle schools, construction of science rooms and technical workshops, together with the provision of necessary equipment. The project scope also includes recruitment and training of general and technical teachers.

Government of Japan has also assisted for strengthening literacy programs in Pakistan. Japanese experts were dispatched to EFA Wing, Ministry of Education in order to strengthen the function of policy formulation and coordination capacity of EFA Wing. A 3-year project for improving the District Literacy Programs will also be starting to establish Literacy Management Information System (LitMIS) in 4 districts of Punjab

## Water

**Irrigation** In this sector, the Japanese Government has been the prime bilateral donor along with multilateral donors as the World Bank, and has provided assistance through ODA loans, grant assistance and technical assistance. Under On-farm Management Project, which is an ODA Loan project, watercourses at the on-farm level were improved, training centers were established, and farmers and government officials received trainings. Japan is also assisting a project such as National Drainage Program, which is co-financed by the World Bank and Asian Development Bank.

**Water Supply and Sanitation** Unsafe water and insufficient sanitation lead to high mortality and water borne diseases, and Pakistan, along with other developing countries greatly suffers from such problems. In this sector, the Japanese Government has assisted through ODA loans, grants and technical assistance.

Metropolitan Water Projects (Khanpur I and Simly), which were completed in 1997 and 2000, are ODA Loan projects aimed at building water supply system in Islamabad and Rawalpindi. Karachi Water supply Project is another project, which is currently being implemented to strengthen water supply capacity at Hub and Pipri treatment plants.

## Economic Infrastructure and Economic Development

**Transportation** Kohat Tunnel Construction Project is an ODA Loan project that was completed in 2003. The project was a first major tunnel project in Pakistan, aiming to remove the impediments in Indus Highway (N55), which the Japanese Government has been assisting for many years. There is another on going project for rural road development, which is administered by Federal Ministry and implemented by Provincial Governments. Japan is also extending various technical assistance and trainings, such as dispatching advisor to NHA.

**Power** Ghazi-Barotha Hydropower Project is one of such ODA Loan projects co-financed by various donors including the World Bank, the Asian Development Bank, and the Islamic Development Bank. The project is expected to cover the estimated increase in power demand in Pakistan and change its dependency from thermal power to hydropower. Japanese Government has also provided assistance for ODA loan projects such as rural electrification, national grid line strengthening, and power generation such as Bin Qasim and Jamshoro.

**Private Sector and Investment** Japan has cooperated in projects designed to promote the development of Pakistan's industries. In 1977, Japan extended the first ODA loan for the establishment of two cement plants and provided grant assistance for the establishment of "National College of Textile Engineering in Faisalabad".

'Establishment of Geo-science Laboratory Project' was carried out in 1989 and 1990 through grant aid support to the Geological Survey of Pakistan for the establishment of a modern research laboratory, furnished with high degree analytical equipment for exploration of the very rich natural resources of Pakistan.

Japan is also providing support for 'Pakistan Industrial Technical Assistance Center (PITAC)', Lahore in the filed of 'Plastic Molding Technology' by means of Project-Type Technical Cooperation for a period of four years. The project which was started in September 2002 currently has 4 Japanese experts who are training the local manpower in this new technology.

**GOVERNANCE** Japan will continue the training programme on "Local Administration" for 30 young officials from key fields, selected each year from various federal/provincial government departments, thus contributing to Pakistan's future development. Also, in order to enhance administrative capacity of

local government, a technical cooperation project will be carried out in three selected districts of Punjab. Support will also be provided to develop an effective monitoring mechanism under PRSP.

**AGRICULTURE** A grant was provided in 1993 to the National Agricultural Research Center, Islamabad for establishment of "Plant Genetic Resource Preservation Laboratory" to conduct research for development of high-yield plants. A five-year Project Type Technical Cooperation was implemented in 1993 through 1998. Numerous Japanese experts were dispatched and provided their expertise in enhancing the capacity of the local scientists through transfer of technology and skills in areas of genetic resources preservation.

**Environment** Japan is focusing mainly on Urban Environmental Protection in the areas of Air & Water Pollution and Solid Waste Management

Currently, two Japanese experts are working with the Pakistan Environmental Protection Agency (Pak-EPA). One expert deals with Urban Environmental Protection which includes: Air Pollution Control, Water Pollution Control and another expert is working in the area of Solid Waste Management on a project called "Integrated Management of Solid Waste".

In addition to dispatching experts, studies for two projects will be carried out in near future: A Basic Design Study for "Establishment of Environmental Monitoring System in Pakistan" and "Master Plan Study on Karachi Industrial Wastewater Management".

## APPENDIX

**COUNTRY STRATEGY AND PROGRAM UPDATE 2004–2006 PAKISTAN  
ASIAN DEVELOPMENT BANK  
July 2003**

**LENDING PRODUCTS**

- (i) Table A3.1: Sustainable Livelihoods in Barani Areas Project (Punjab)
- (ii) Table A3.2: Agriculture Diversification and Agribusiness Development
- (iii) Table A3.3: Cleaner Fuel
- (iv) Table A3.4: Balochistan Public Resource Management Program
- (v) Table A3.5: Southern Punjab Basic Urban Services
- (vi) Table A3.6: Decentralized Social Services  
(Balochistan, North-West Frontier Province, Punjab, and Sindh)
- (vii) Table A3.7: Restructuring of Technical Education and Vocational Training System
- (viii) Table A3.8: Rawalpindi Environment Improvement
- (ix) Table A3.9: North-West Road Development Sector and Subregional Connectivity
- (x) Table A3.10: Balochistan Rural Development and Drought Mitigation
- (xi) Table A3.11: Sindh Coastal and Inland Community Development Project
- (xii) Table A3.12: Renewable Energy Development
- (xiii) Table A3.13: Punjab Resource Management Program—Subprogram 2 and 3
- (xiv) Table A3.14: Federally Administered Tribal Areas (FATA) Governance
- (xv) Table A3.15: Public-Private Infrastructure Financing Facility
- (xvi) Table A3.16: Family Protection Project
- (xvii) Table A3.17: Sindh Basic Urban Services
- (xviii) Table A3.18: Water Sector Development
- (xix) Table A3.19: Sindh Forestry Sector Development II
- (xx) Table A3.20: Microfinance Sector Development Program II
- (xxi) Table A3.21: Punjab Local Justice Support Program
- (xxii) Table A3.22: Social Health Insurance
- (xxiii) Table A3.23: Subregional Connectivity I
- (xxiv) Table A3.24: Power Transmission and Distribution Enhancement
- (xxv) Table A3.25: Trade, Export Promotion, and Industry Program (TEPI) II

**NONLENDING PRODUCTS**

- (i) Table A4.1: Water Sector and Irrigation Development in Pakistan
- (ii) Table A4.2: Strengthening NGO Engagement in ADB Policy and Operations  
(Balochistan and Punjab)
- (iii) Table A4.3: Punjab Resource Management Program
- (iv) Table A4.4: Strengthening Alignment of ADB Operations to Devolution
- (v) Table A4.5: Enhancing Pakistan's International Competitiveness
- (vi) Table A4.6: Private Sector Infrastructure Financing
- (vii) Table A4.7: Decentralization Support Program
- (viii) Table A4.8: Border Area Rural Development (NWFP)
- (ix) Table A4.9: Energy Sector Development Fund
- (x) Table A4.10: Pension Reform
- (xi) Table A4.11: Balochistan Basic Urban Services
- (xii) Table A4.12: Provincial Road/Rural Access (Cluster TA II)