



## Japan-UK Aid Partnership for 2008 and beyond

GRIPS Development Forum

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## About GRIPS Development Forum (GDF)

- Launched in 2002, within the National Graduate Institute for Policy Studies (GRIPS)
- A research unit dedicated to policy studies and networking in the area of int'l development and aid
  - Industrial policy and globalization
  - Development administration and aid management
  - Growth support in Africa
  - ODA policy and reforms, etc.

<http://www.grips.ac.jp/forum-e/> (for GDF activities)



## 2008: The “*Year of Destiny*” of Japan’ Aid

- TICAD IV (Tokyo International Conference for African Development): May 28-30
  - Hosting G8 Summit: July 7-9
  - OECD H/L Forum on Aid Effectiveness: September (Accra)
  - New JICA: October
  - UN Conference on Finance for Development: November (Doha)
- *Excellent opportunities to demonstrate Japan’s renewed commitment to aid and share its development visions*



## GoJ Preparation for 2008

- TICAD IV *Towards a Vibrant Africa*
  - Boosting economic growth in Africa
  - Ensuring “Human Security”
    - Poverty reduction towards achieving MDGs
    - Peace and stability, and democratization
  - Addressing environmental issues/climate change
- G8 Summit Hokkaido, Lake Toya
  - Climate change/environment, as priority agenda
  - A new financing mechanism being explored (totaling \$10 billion for five years)
- Related activities
  - A proposal by the Foreign Minister’s Advisory Committee on International Cooperation (Jan. 2008)
  - JICA/JBIC study on “Lessons from Asian Economic Growth for African Development” (July 2007 - Spring 2008)



## Our Observation

- Japan's promise of doubling ODA to Africa (2005-07) at the 2005 Gleneagles Summit: likely to be achieved, if debt relief is also included
- Political inertia continues (except for several supporters in LDP); Japan's vision for future ODA strategy and volume for Africa remains unclear
- Modest public interests in the African agenda, compared to climate change/environment
- Concerns expressed by African Diplomatic Corps in Tokyo, academia, CSOs (TCSF, TNNet, CCfA), etc.
- Japan 2008 G8 NGO Forum (Jan. 2007- ), intensifying advocacy efforts and preparing common platform

TSCF: TICAD Civil Society Forum / TNNet: TICAD IV NGO Network / CCfA: Civic Commission for Africa



## GDF's Initiatives for 2008

- Private ODA Manifesto
- Japan-UK Aid Partnership Report



## **GDF Initiatives for 2008 (1): Private ODA Manifesto**

- Monthly discussion forum among aid stakeholders on Japan's ODA renovation
  - July 2006 - October 2007 (met 12 times)
  - Over 120 participants
- Voluntary initiative by those professionals who share a sense of crisis in Japan's ODA and the importance of 2008
- Formulated 30 concrete proposals for renovating Japan's ODA (issued in Oct. 2007)

[http://www.grips.ac.jp/forum/oda\\_salon/index.htm](http://www.grips.ac.jp/forum/oda_salon/index.htm)

<http://www.grips.ac.jp/forum-e/> (for English version)

## **Our Private ODA Manifesto: Main Issues**

- Clarify the vision and strategies
- Satisfy the needs of developing countries and strengthen the field-level functions of ODA implementation
- Lead the global development debates
- Promote the understanding and participation of citizens
- Restructure and strengthen the systems for ODA policy implementation
- Reform and improve the administrative systems and procedures
- Increase the ODA budget and reform its funding mechanisms
- Develop the career paths and improve the human resources development system
- Enhance collaboration with the private sector and form public-private alliances
- Clarify the vision and sharpen the focus of Japan's aid to Africa



## GDF Initiatives for 2008 (2): Japan-UK Aid Partnership Report

- ODA policy report (published in Feb. 2008):
  - Serving as the conceptual basis for Japan-UK partnership
  - Assisting GoJ in formulating key messages in the 2008 events
- Independent research initiative by GDF, in collaboration with the interested parties in UK
  - Authors: researchers, policymakers and practitioners in UK, Japan, Asia (Malaysia) and Africa (Uganda)



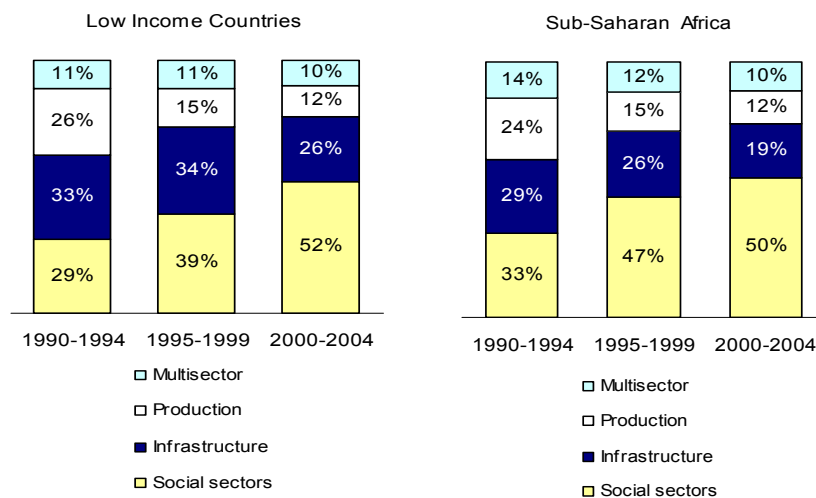
## Japan-UK Aid Partnership: Key Concept

- Donor collaboration based on the principle of “*diversity and complementarity*”
- Arguments for strategic and instrumental diversity
  - *Comparative advantages of donors*
  - *Non-fungibility of ideas*
  - *Inseparability of content and instruments*
- ➔ Japan-UK bilateral aid partnership should be also guided by this principle

## Comparative Advantages of Donors

- *Is global convergence to a single idea or approach desirable?* (← large swings in development vision in the past decades)
- Heterogeneity of partner countries, as well as the donor community
- Each donor has different strengths and weaknesses relative to others
- Donor diversity likely to increase in the future
- Importance to seek an inclusive approach to enhance combined aid effectiveness

### Distribution of Sector Allocable ODA to Low Income Countries and Sub-Saharan Africa (commitments, period averages, %, 1990-2004)



Source: IDA (2007) *Aid Architecture: An overview of the main trends in official development assistance flows*. p.11, Chart 7.



## Non-fungibility of Ideas

- Policy ideas are often non-fungible even under harmonized procedures.
- In light of diversity of donors and partner countries, we should be open to various possibilities and explore ways most suitable for each case.
- Importance of providing alternatives
- Country ownership, based on policy multiplicity.



## Non-fungibility of Ideas (Examples)

- Debate over transition strategy: “big bang” vs. “gradualism”
  - Different strategies adopted by China, Vietnam, as compared to Russia, Eastern Europe
- Some East Asian countries took advantages of non-fungibility of policy ideas
  - Deliberately seeking a variety of competing advice from different donors to match country needs and donor expertise (e.g., Thailand’s Eastern Seaboard Development Plan, Malaysia’s response to financial crisis)



## Inseparability of Content and Instruments

- Different degree of specificity and transaction intensiveness in public sector activities
  - Pritchett and Woolcock (2002); Fukuyama (2004)
- Different development objectives call for diverse aid instruments
  - Conflict with the need for instrumental harmonization?
  - Need to match aid modalities with development priorities of each country



## Inseparability of Content and Instruments

It is important to match country needs, instruments, and *comparative advantages of donors*

	<b>Projects</b>	<b>Budget Support</b>
<b>Instruments</b>	Addressing specific problems, seeking policy innovation, implementing pilot activities (for well-defined objectives)	Providing large resource transfers (incl. recurrent expenditures), generating multiple policy and institutional reforms in a synergic manner
<b>Donors</b>	Preferred by donors who emphasize field-based process support, as an entry point	Preferred by donors who excel in policy dialogue and administrative reform

## How Different?: Japan's Bottom-up Approach to Quality Improvement

	<b>JICA Project</b>	<b>EU Project</b>
Project Objectives	<ul style="list-style-type: none"> <li>■ Strengthening international competitiveness of <b>Tunisian</b> industries</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthening international competitiveness of</li> </ul>
Main Activities	<ul style="list-style-type: none"> <li>■ Quality improvement guidance at the production floor of model firms</li> </ul>	<ul style="list-style-type: none"> <li>■ Assistance for firms to acquire ISO certification (int'l standards)</li> </ul>
Features of Assistance	<ul style="list-style-type: none"> <li>■ Different approach for each firm (<i>order made</i>)</li> <li>■ Instructors required to have practical experiences on the production floor</li> <li>■ Formulation of M/P through the bottom-up approach, deriving from the production floor</li> </ul>	<ul style="list-style-type: none"> <li>■ Common approach for all firms (<i>ready made</i>)</li> <li>■ Instructors not required to have practical experiences</li> <li>■ Focus on quality management &amp; document management systems</li> </ul> <p style="text-align: right; font-size: small;">(Source: Kikuchi 2007)</p>

## How Different?: Japan-UK as Donors

	<b>Japan</b>	<b>UK</b>
Volume (ODA/GNI) (2006: net disbursement)	\$ 11,187 mn (0.25%)	\$12,459 mn (0.51%)
Regional distribution (2004-05: % of total gross disbursement)	<ol style="list-style-type: none"> <li>1. East Asia &amp; Oceania (40.7%)</li> <li>2. Middle East &amp; North Africa (19.3%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Sub-Saharan Africa (53.6%)</li> <li>2. South &amp; Central Asia (21%)</li> </ol>
Major aid use (2004-05: % of total bilateral commitments)	<ol style="list-style-type: none"> <li>1. Economic infrastructure (26.8%)</li> <li>2. Social &amp; administrative infrastructure (21.4%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Social &amp; administrative infrastructure (30.0%)</li> <li>2. Humanitarian aid (8.1%)</li> </ol>
Grant share (2005: % of total ODA commitments)	48.8%	96.5%
Budget support	5 countries (2007)	17 countries (2004/05)
ODA through NGOs (2004-05: % of total bilateral commitments)	1.7%	9.2%

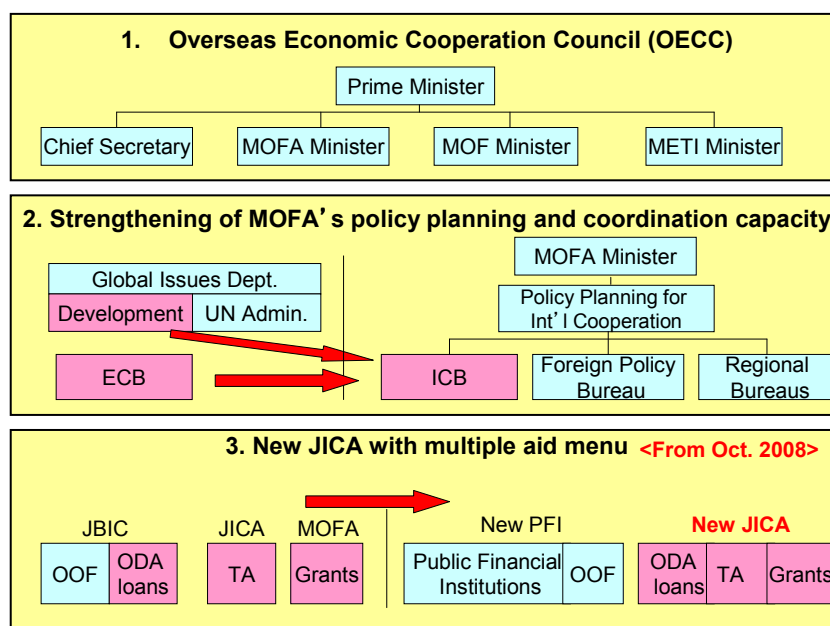
Source: OECD/DAC (Development Cooperation Report 2006, CRS online database)



## Features of Japanese Aid

- Dual identity as donor and latecomer: growth aspiration, real sector concern
- Field-based, concrete thinking; pragmatism
- Passive ODA policy; clumsy speaker
  - Ethical debts to neighboring Asian countries
  - Fragmented aid system (both policy and implementation)
  - Weak political interest in ODA policymaking
- Modest stance in aid relations can contribute to fostering relationships of mutual trust?
- Currently, reforms underway, on ODA institutional framework

## New Institutional Framework for Japan's ODA



Source: Ministry of Foreign Affairs Notes: ECB: Economic Cooperation Bureau / ICB: International Cooperation Bureau



## Features of British Aid

- DFID, widely seen as effectively leading global development debates; coherent and organized approach to aid delivery
- Good at designing policy frameworks and institutional architecture; strong drive for innovative approaches
- Sometimes perceived as promoting its own model? (DAC Peer Review 2006)
- “Policy-rich”; but driven by idealism, detached from field-based practices?



## Why Japan-UK Aid Partnership Now?

- Japan and UK are important players in the donor community (2<sup>nd</sup> & 3<sup>rd</sup> largest DAC donors)
- Because the two are very different, there exists a great potential for productive cooperation
- 2008 offers a window of opportunities for promoting fruitful collaboration, esp. in growth support in Africa
- The two can also make important contributions to engaging Asian “emerging donors” in supporting African development

***The END***