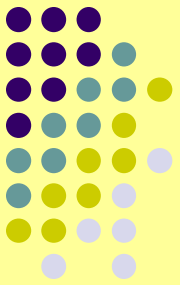


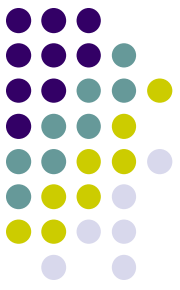
International Development Policy
Lecture #2, February 9, 2015



Development Cooperation Policies of Major Donors

Izumi Ohno, GRIPS

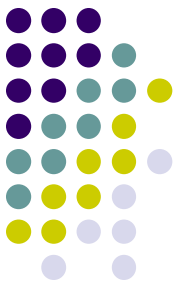
i-ohno@grips.ac.jp (Room E-411)



Different Aid Motives of Donors

Historical factors affect the philosophy and motives of foreign aid by donors

- UK & France: From colonial administration to foreign aid relationship → charity, poverty reduction
- US: National security (esp. Cold War) → American value such as democracy & market economy
- Japan: War reparation and post-war recovery → Self-help effort, economic development, non-policy interference
- Emerging donors (Korea, China, India, Brazil, etc.): Bringing new and non-Western/Asian perspectives?



Outline of Today's Lecture

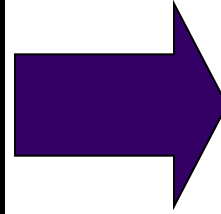
1. Changing global development environment (esp. post-Cold War era and after Lehman financial crisis)
2. Development cooperation policies of major traditional donors – US, UK, and Japan
3. Rise of emerging donors – Korea and China
4. Future perspectives for Japan's development cooperation

1. Global Development Trend in the Post-Cold War Era



Background

- “Aid fatigue” after ending ideological war (Western vs. Eastern camps)
- Rising roles of civil society and NGOs
- Increase of regional & ethnic conflicts
- Transnational, global agenda (e.g., infectious diseases, climate changes, terrorism)
- Increase of private flows to developing countries
- Rise of emerging donors; but widening gaps among developing countries



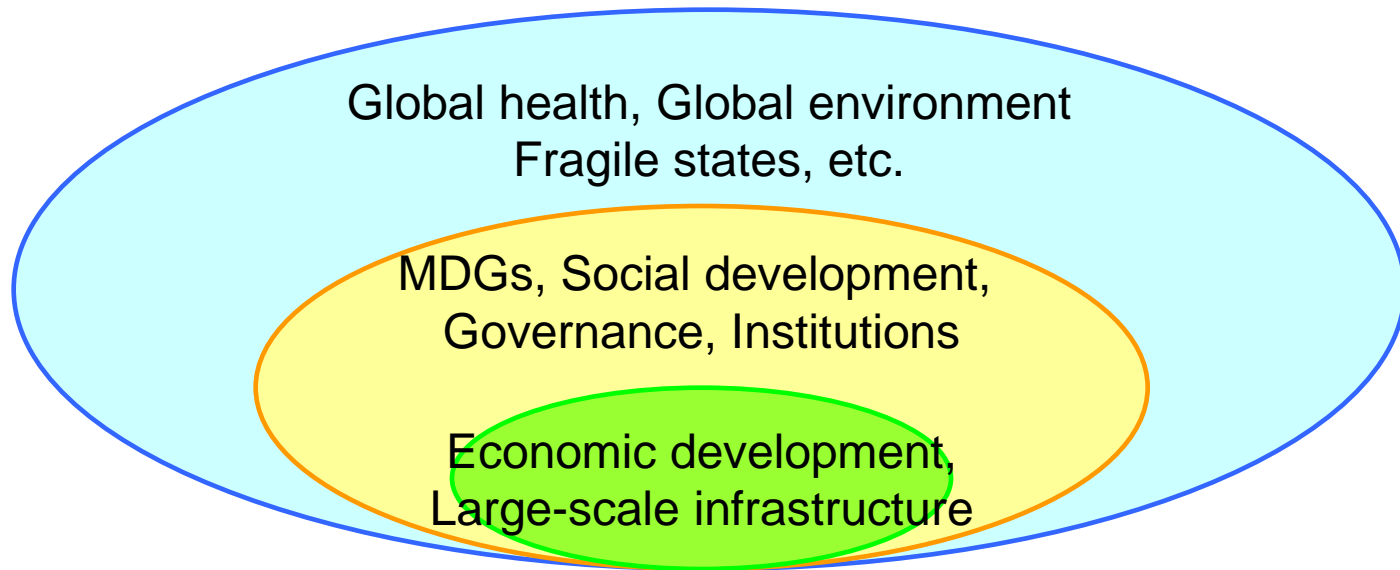
New Trends

- Revisiting the rationale for aid -- MDGs (international solidarity for fight against poverty) and aid effectiveness
- Focusing on poorest countries & fragile states, peace-building, debt relief and grant aid
- Tackling global agenda
- Public-private partnership, BoP Business
- Attempt to engage emerging donors in global rules

Changing Global Development Environment (esp. Post-Cold War Era)

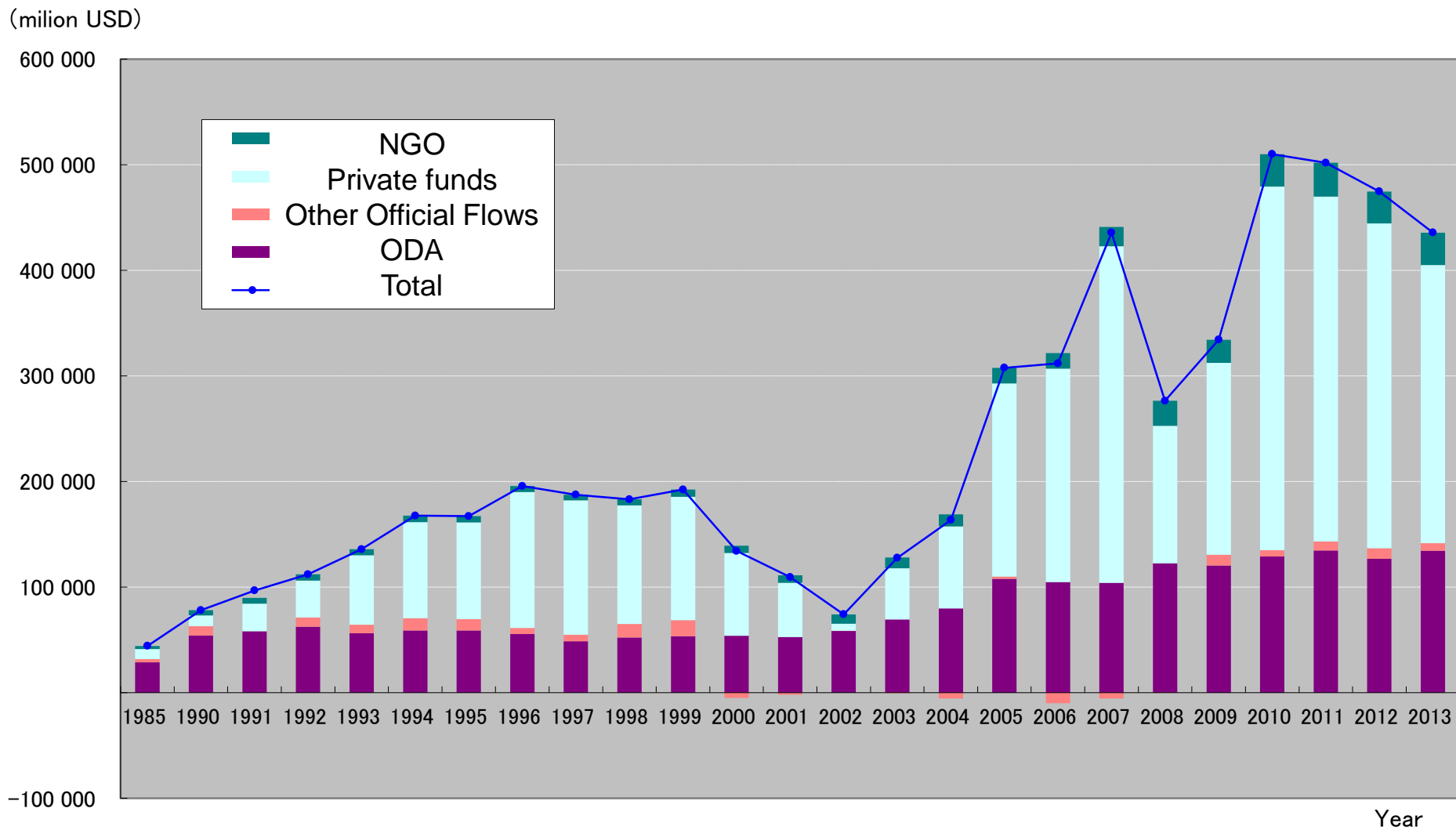


- More diverse development agenda



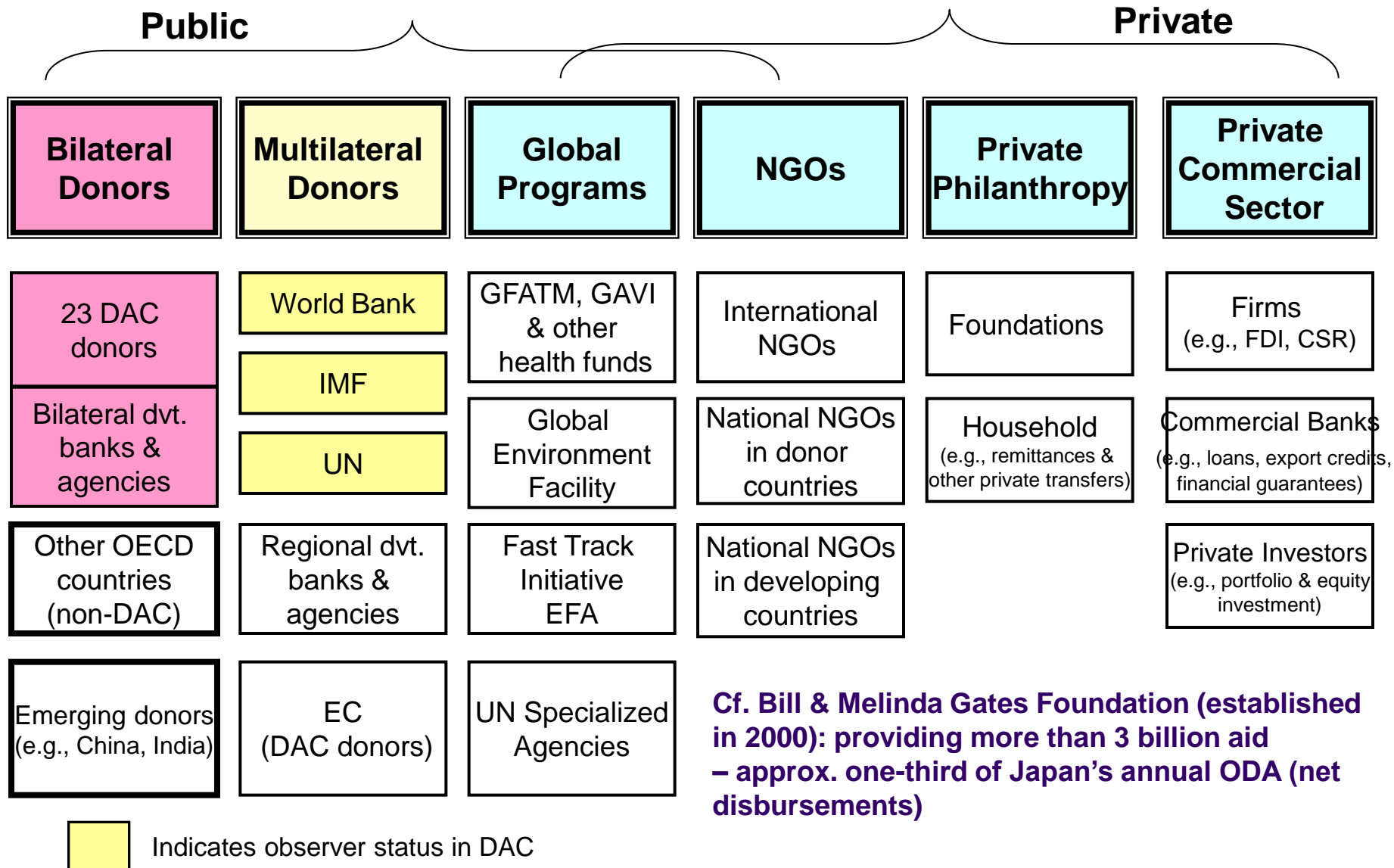
- New actors charged in development
 - Emerging donors (Korea, China, India, Brazil, etc.)
 - Civil society, NGOs, business and private foundations
- Multi-polar system, global power shift
 - G7/G8 → G20

Financial Flows from OECD (DAC) Countries to Developing Countries



(Source) Elaborated by the author, based on the OECD DAC database (StatExtracts)

Aid Architecture: Diversification and Fragmentation

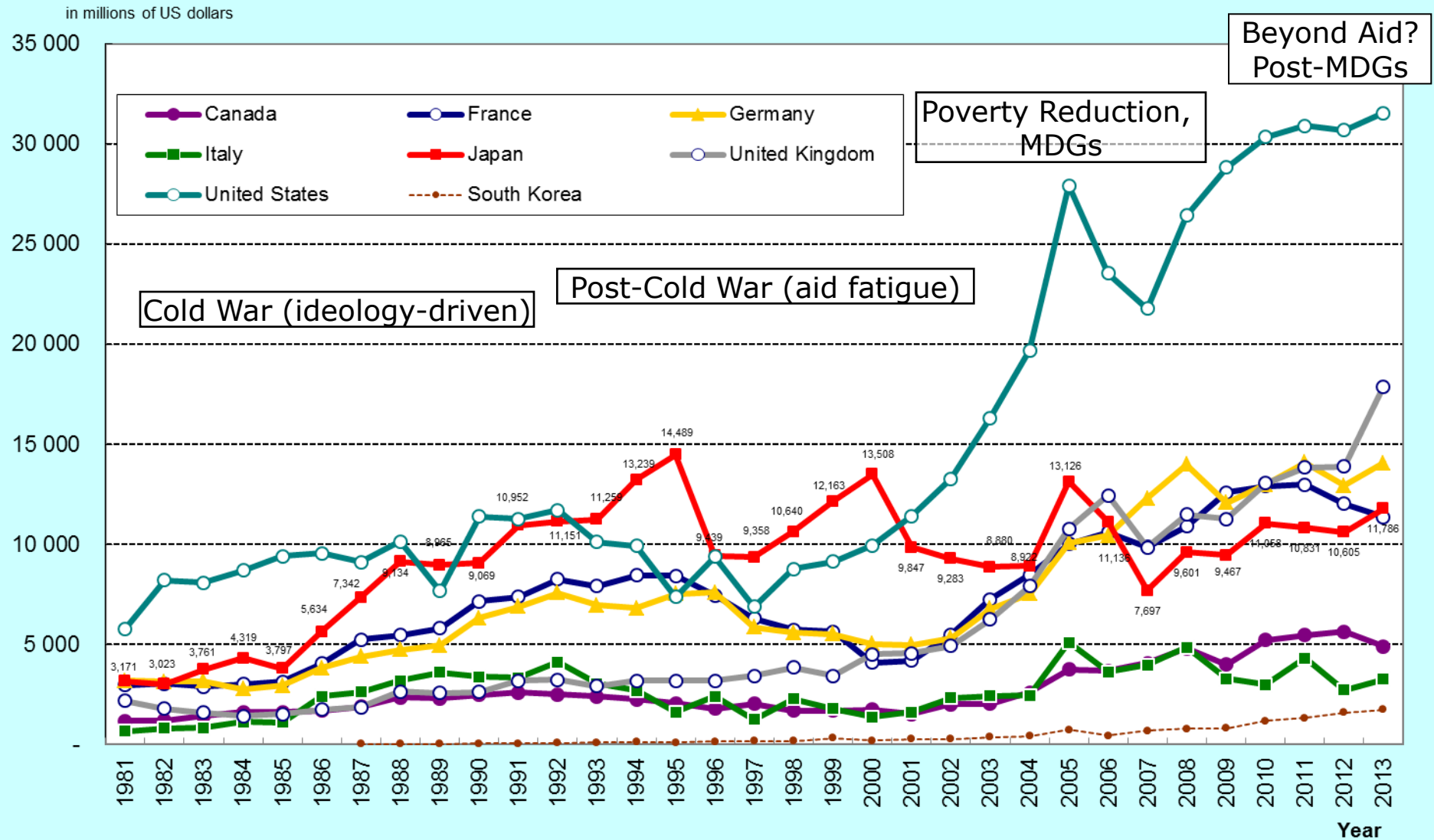


Cf. Bill & Melinda Gates Foundation (established in 2000): providing more than 3 billion aid – approx. one-third of Japan's annual ODA (net disbursements)

2. Features of ODA Policies of Major Donors under the Changing Global Development Environment

US	<ul style="list-style-type: none">● Development as integral part of the National Security Strategy (3Ds)● Development diplomacy (esp. Obama administration, Hillary Clinton), emphasizing civilian power and soft power, rather than hard power (under the Bush administration)● Focus on 3 strategic agenda: food security, global health, climate changes
UK	<ul style="list-style-type: none">● MDGs (poverty reduction) as overarching goal, clear separation from diplomatic and commercial interests● Using development as soft power and appealing to the public, by leading rule-making of the international development policy and system● Selectivity and sharpening the focus of international development policy
Japan	<ul style="list-style-type: none">● Top donor in the 90s (peak 1997), but sharp decline of ODA budget for the past 15 years due to fiscal stringency● Coped with broader development agenda to include human security and peace building (New ODA Charter: 2003)● Grouping for the rationale for development cooperation, as Asian countries graduating from aid and Japan faces huge resource needs for 2011 3.11 earthquake reconstruction
Korea	<ul style="list-style-type: none">● As a new OECD/DAC member, willingness to play a bridging role btw. developing countries and traditional countries● Launching “Knowledge Sharing Program” to make intellectual contribution to the international community, based on Korean development experiences (as part of national branding, soft power strategy)

Trends of Net ODA from G7 Countries + Korea: 1981-2013 (net disbursement basis)



Source: OECD Development Assistance Committee (DAC), Statistical Annex of the 2011 Development Co-operation Report, CRS online database (2014.05.)

Features of ODA: UK, UK, Japan and South Korea

	US	UK	Japan	S. Korea
Volume (ODA/GNI) (2013: net disbursement)	\$30,878 mn (0.18%)	\$17,920 mn (0.71%)	\$11,582 mn (0.23%)	\$1,755 mn (0.13%)
Regional distribution (2012-13: % of total gross disbursement)	1.Su-Saharan Africa (45.9%) 2.South & Central Asia (19.8%)	1.Sub-Saharan Africa (54.1%) 2.South & Central Asia (28.6%)	1.South & Central Asia (42.3%) 2.East Asia & Oceania (30.8%)	1.East Asia & Oceania (39.0%) 2.South & Central Asia (25.3%)
Major aid use (2012-13: % of total bilateral commitments)	1.Social & admin. infrastructure (49.7%) 2.Humanitarian assistance (16.5%)	1.Social & admin. Infrastructure (48.6%) 2.Humanitarian assistance (11.3%)	1.Economic infrastructure (41.0%) 2.Social & admin. Infrastructure (20.0%)	1.Social & admin. Infrastructure (52.2%) 2.Economic infrastructure (26.3%)
Grant share (2011-12: % of total ODA commitments)	100%	94.8%	54.3%	48.7%
NGO/ODA (2012-13:% of total bilateral commitments)	20.6%	11.3%	2.6%	1.6%

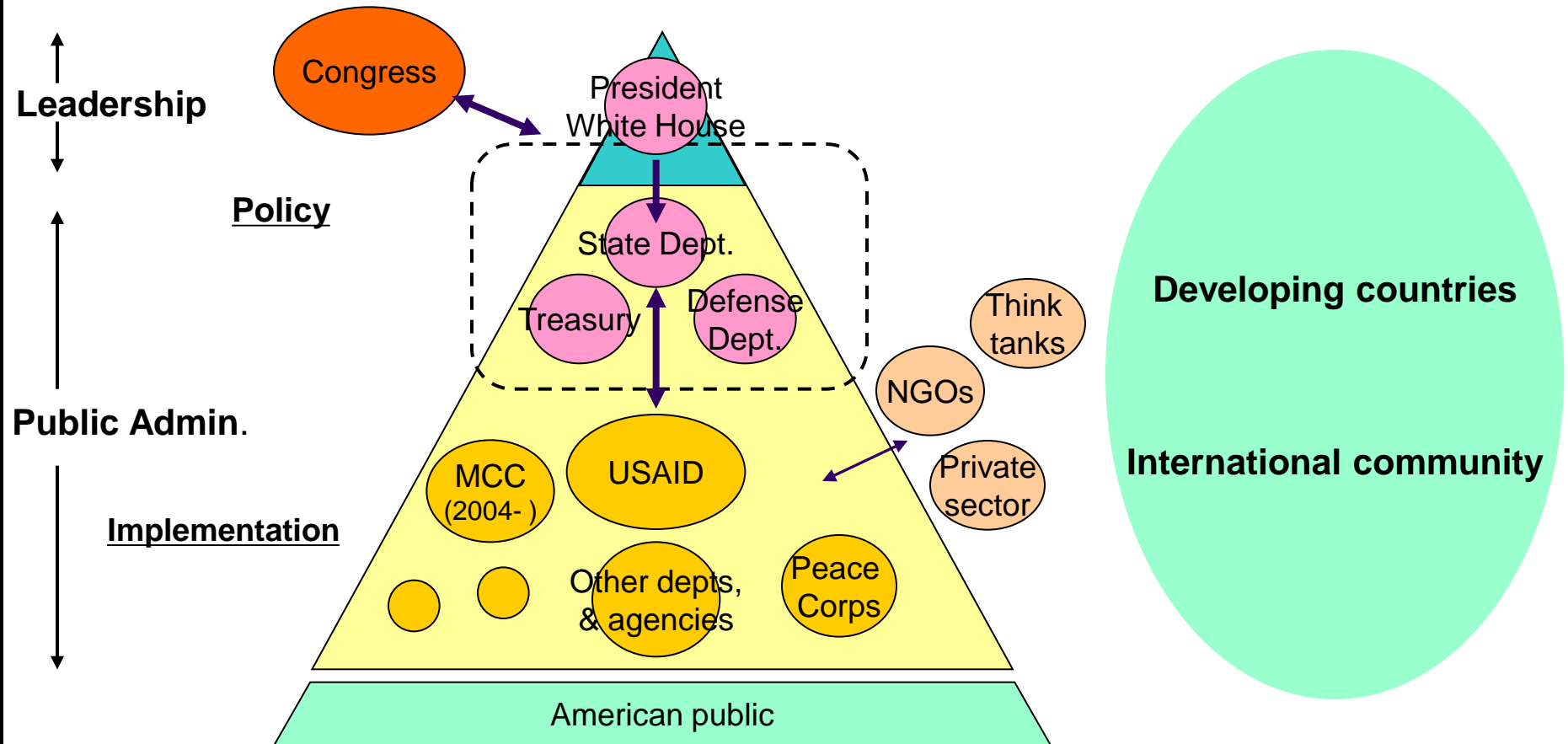
Source: OECD Development Assistance Committee (Statistics on Resource Flows to Developing Countries, as of May 7, 2014)

ODA Policy and Institutional Framework: US, UK, and Japan

	US	UK	Japan
Legal and policy framework	<ul style="list-style-type: none"> ■ Foreign Assistance Act (1961, amended) ■ WH National Security Strategy (2002, 2006, 2010) 	<ul style="list-style-type: none"> ■ Int'l Development Act (2002) ■ DFID White Papers (1997, 2000, 2006, 2009) 	<ul style="list-style-type: none"> ■ No law ■ ODA Charter (Cabinet decision 1992, 2003 amended), Medium-Term Policy
Policy formulation and implementation coordination	<ul style="list-style-type: none"> ■ Fragmented system, with active check & control by Congress ■ USAID: semi-independent, subcabinet-level agency ■ MCC (2004-): govt-owned corporation ■ Other depts. & agencies 	<ul style="list-style-type: none"> ■ Coherent & organized system ■ DFID (1997-): cabinet-level dept. for ODA policy & implementation ■ Public Service Agreement with Treasury 	<ul style="list-style-type: none"> ■ Fragmented system ■ Policy: MOFA (overall) MOF, METI ■ Implementation (2008-): JICA (grants, TA, loans), MOFA (grants) ■ Other ministries & agencies
Role of legislature	<ul style="list-style-type: none"> ■ Vigorous scrutiny by Congress (strategy, budget, programs) ■ No specialized committee for ODA 	<ul style="list-style-type: none"> ■ Comprehensive review by Int'l Dvt. Committee (House of Commons, est. in 1997) 	<ul style="list-style-type: none"> ■ Special committee for ODA established (House of Councilors in 2006)

US Aid System (2001/02-)

- Fragmented aid system
- Strong Congressional involvement in ODA strategy and budget
- Presidential leadership driving political & public support, incl. significant ODA budget increase



US: ODA Policy Formulation and Implementation Coordination



- Development as integral part of the National Security Strategy; Presidential vision matters
- Fragmented aid system
 - Executive branch: implementation assumed by various depts. And agencies (27 agencies, 50 programs)
 - Strong involvement by the Congress on strategy, basic direction, and the volume/programs of ODA
- USAID: established under Foreign Assistance Act (1961); traditionally serving as the core agency for aid implementation, reporting to the State Dept.
- NGOs: the voice of developmental interests and aid lobby, as main contractors of ODA projects
- Active aid policy debates: civil society and think tanks

ODA Policy and Implementation under the Bush Administration (2001/02-08)



- Vision: driven by “War on Terror”
- Presidential leadership and National Security Strategy (2002, 2006): 3Ds (diplomacy, defense, and development)
 - In reality, development was subordinate to the other 2Ds
- Mobilizing Congressional and public support, significant ODA budget increase
 - But, the role of USAID undermined (strategic planning functions removed, and absorbed by State Dept.)
 - Creating a new aid agency in 2004 -- “Millennium Challenge Corporation (MCC)”-- to promote core American values
 - Expanding the role of Defense Dept. in ODA
- ➔ *Further fragmentation in aid implementation*
 - Concern about a declining share of USAID in total ODA (50.2%(02) → 38.8%(05)), sacrificing developmental goal



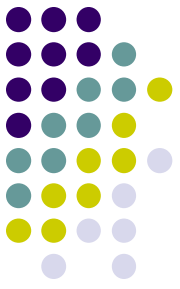
© 2008 AP / Rick Bowmer

Global Development Policy under the Obama Administration (2009-)



- Vision: SMART Power
- Presidential leadership and new National Security Strategy (May 2010):
 - Role of ODA in promoting global partnership, as soft power
 - Calling for continuous increase of ODA budget
- US Global Development Policy
 - First presidential decree of international development, announced at the UN Millennium Summit (Sept. 2010)
 - Elevating USAID to participate in the National Security Council of the White House, as necessary
- Strong support by (former) Secretary of State, Hillary Clinton
 - “Leading Through Civilian Power” (QDDR Dec. 2010) and “development diplomacy”
- Nevertheless, faced with Congressional opposition (the Lower House dominated by the Republicans)

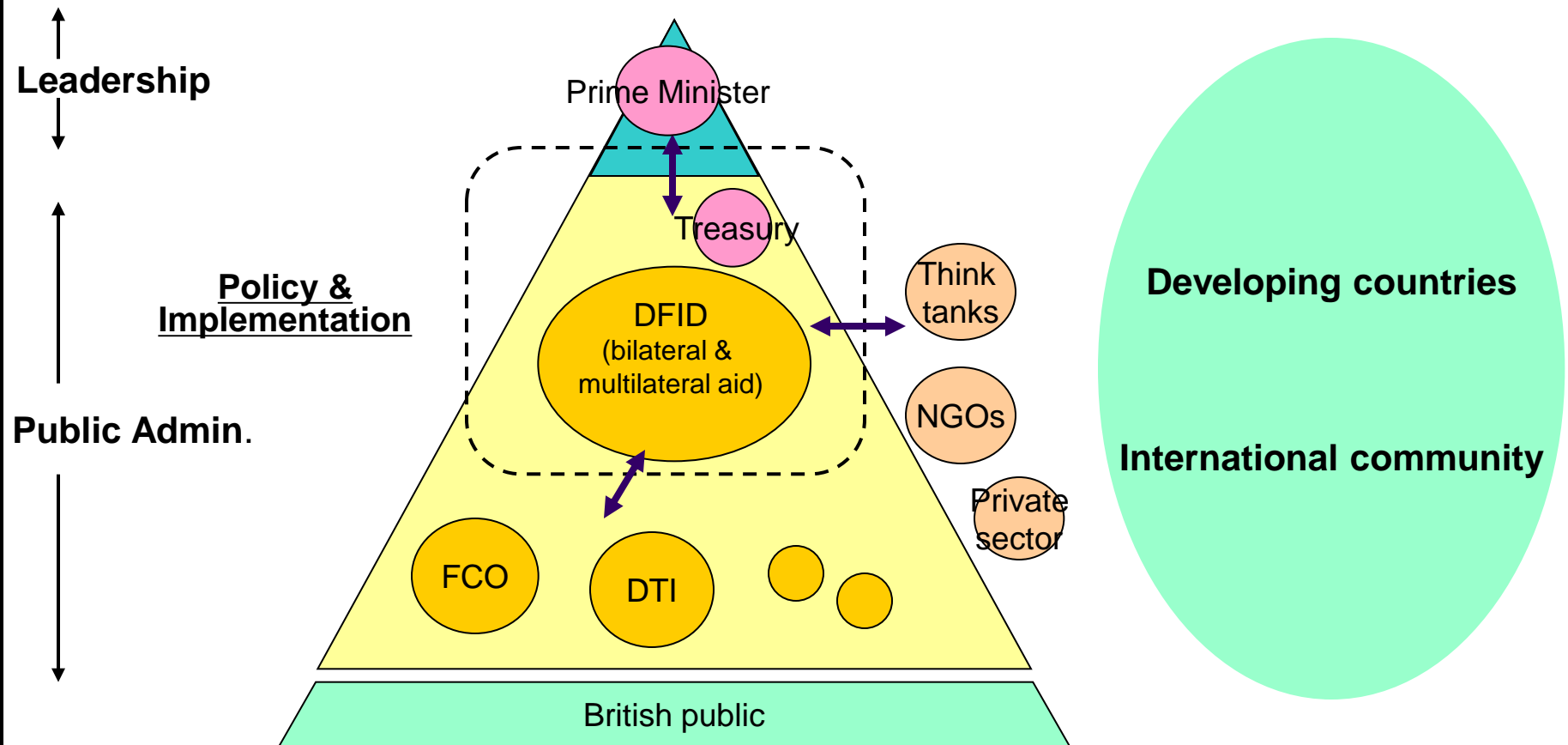
US Global Development Policy



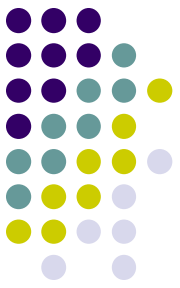
- Broad-based economic growth, as the overarching goal
 - Aimed at increasing “capable partners” (no more fragile states!)
- Whole-of-the Government approach, to address the problems of fragmented aid system
 - Inter-agency Policy Committee, chaired by NSC advisor
- Focus on three strategic agenda: food security, global health, and climate change
 - Assigning a focal agency for each agenda
- Greater attention to partnerships with other players and aid effectiveness issues

UK Aid System (1997-)

- Coherent aid system
- Clear legislative mandate and organized administrative approach
- High-level policy commitment and shared vision among Prime Minister, the Chancellor of Exchequer, and DFID Secretary



UK (1997-): Int'l Development Policy Formulation and Implementation



- Policy coherency and organized approach
 - Creation of DFID as the Cabinet-level Dept., charged with policy formulation and implementation of int'l development (both bilateral and multilateral aid)
 - Clear legislative mandate and organized administrative approach (International Development Act 1997)
Cf. Past trend: Labor administration → independent aid ministry, Conservative administration → aid agency under FCO
- High-level policy commitment shared by Prime Minister, the Chancellor of the Exchequer, and the Secretary of State for Int'l Development
- Overarching vision: poverty reduction and MDGs
 - 3-year Public Service Agreement with the Treasury, based on the achievement of MDGs
- Active engagement in the int'l community and global debates

Millennium Development Goals (MDGs) :

Eight Goals for 2015 using 1990 as benchmark

(21 targets and 60 indicators)



Eradicate extreme poverty and hunger



Achieve universal primary education



Promote gender equality and empower women



Reduce child mortality



Improve maternal health



Combat HIV/AIDS, malaria and other diseases

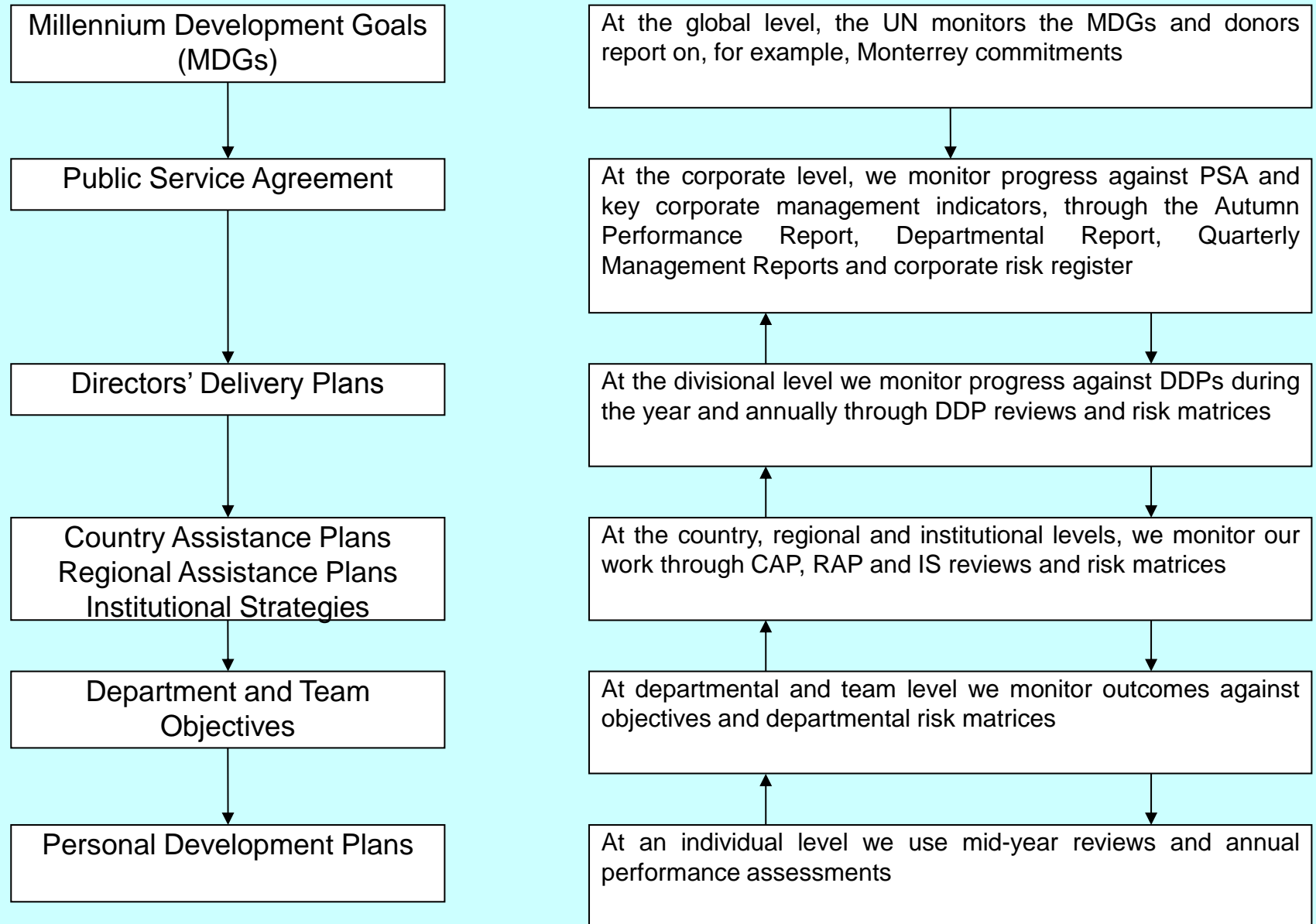


Ensure environmental sustainability



Develop a global partnership for development

DFID strategy and performance management – how it fits together

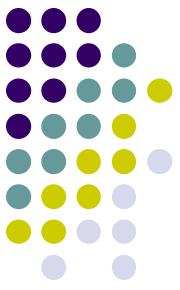




UK (1997-2010): Key Actors and Interests



- Prime Minister (Blair, Brown): attach high priority to development, incl. aid to Africa
- Chancellor of the Exchequer: strongly committed to development, supportive of aid budget increase
- DFID: the voice of developmental interests, standing up for poverty reduction in the faces of diplomatic interests (Foreign and Commonwealth Office: FCO) and commercial interests (Dept. of Trade and Industry: DTI)
 - Abolishing the Aid and Trade Provision in 1997 (tied grant aid)
- Strong civil society sector, active think tanks, Christian concept of charity
- High-level political and public support
 - “Aid for poverty reduction” attracts votes (connected to daily lives – e.g., refugees and asylum seekers, immigrant workers)



Engagement in Global Agenda

- DFID: entrusted with leading policy coordination for international development
 - Joint unit with other ministries, by agenda: Joint Trade Policy Unit (DFID-BERR), Post-Conflict and Reconstruction Unit (DFID-FCO-DOD), etc.
- Active use of multi-donor framework
 - Influencing policies of multilateral organizations
 - Global health: IHPA
 - PPP: PIDG (privately financed infrastructure), BoP Business
- Active involvement in the G8 & G20 processes
 - Commission for Africa (2005 Gleneagles Summit), led by PM office
 - Global Development Partnership Programme launched (2011), to engage emerging partners in the global agenda
- Aimed at gaining public support by leading the rule-making of international development policy and system (esp. poverty reduction in Africa and South Asia)



Int'l Development Policy under Conservative and LDP (May 2010)

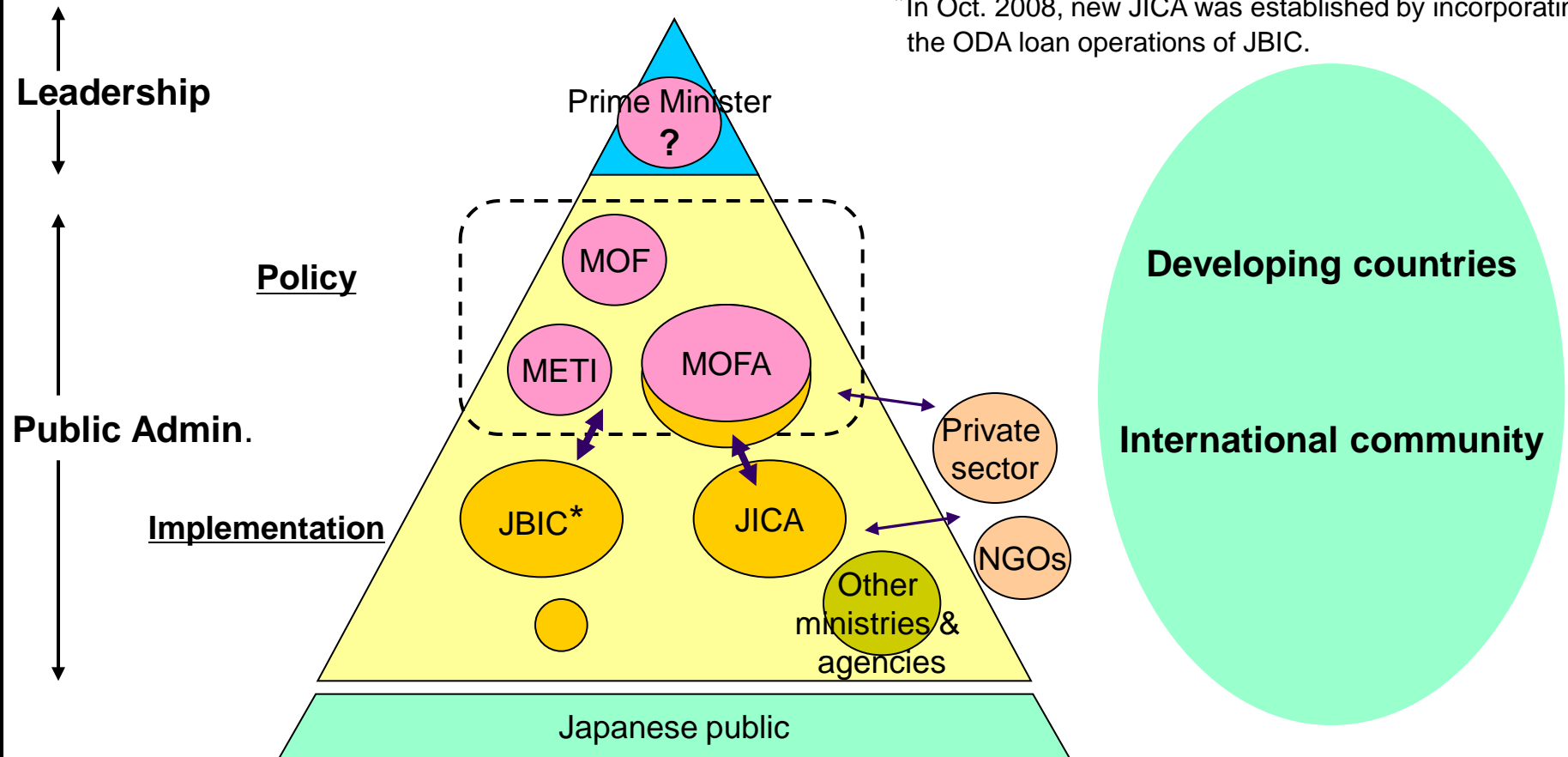


- Maintaining DFID as a cabinet-level ministry for international development policy and implementation
- Commitment to MDGs achievement and ODA increase (to raise ODA/GNI ratio to 0.7% by 2013 → **achieved!**)
- Keeping untied aid
- New aid policy (March 2011)
 - Further concentration of bilateral aid (to 27 countries) in the next five years; selectivity in multilateral aid based on performance
 - Emphasis on value for money (VfM), transparency, accountability for tax payers, results orientation
 - Further promoting private sector development
- Independent Committee for Aid Impact (May 2011), reporting to the International Development Committee of the Parliament

Japan's Aid System

- Recent efforts to improve coherence in aid implementation
- Limited involvement by Diet in aid policy, and weak political interest

*In Oct. 2008, new JICA was established by incorporating the ODA loan operations of JBIC.

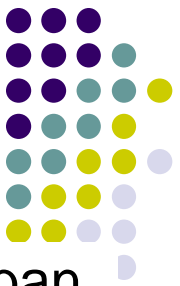


Japan: ODA Policy Formulation and Implementation Coordination



- Efforts underway to improve coherency of aid system:
 - Strengthening of MOFA's overall policy coordination functions
 - Establishment of new JICA through the merger of ex-JICA (TA) and ODA Loan operations of JBIC
- Lack of political and popular interest in ODA (Prime Minister's vision?)
 - Limited involvement by the Legislature on strategy and basic direction of ODA, leading to inactive policy debates
- Why and for what aid? -- domestically, views are divided
- Severe ODA budget cut (cumulatively -50% from the peak of 1997)

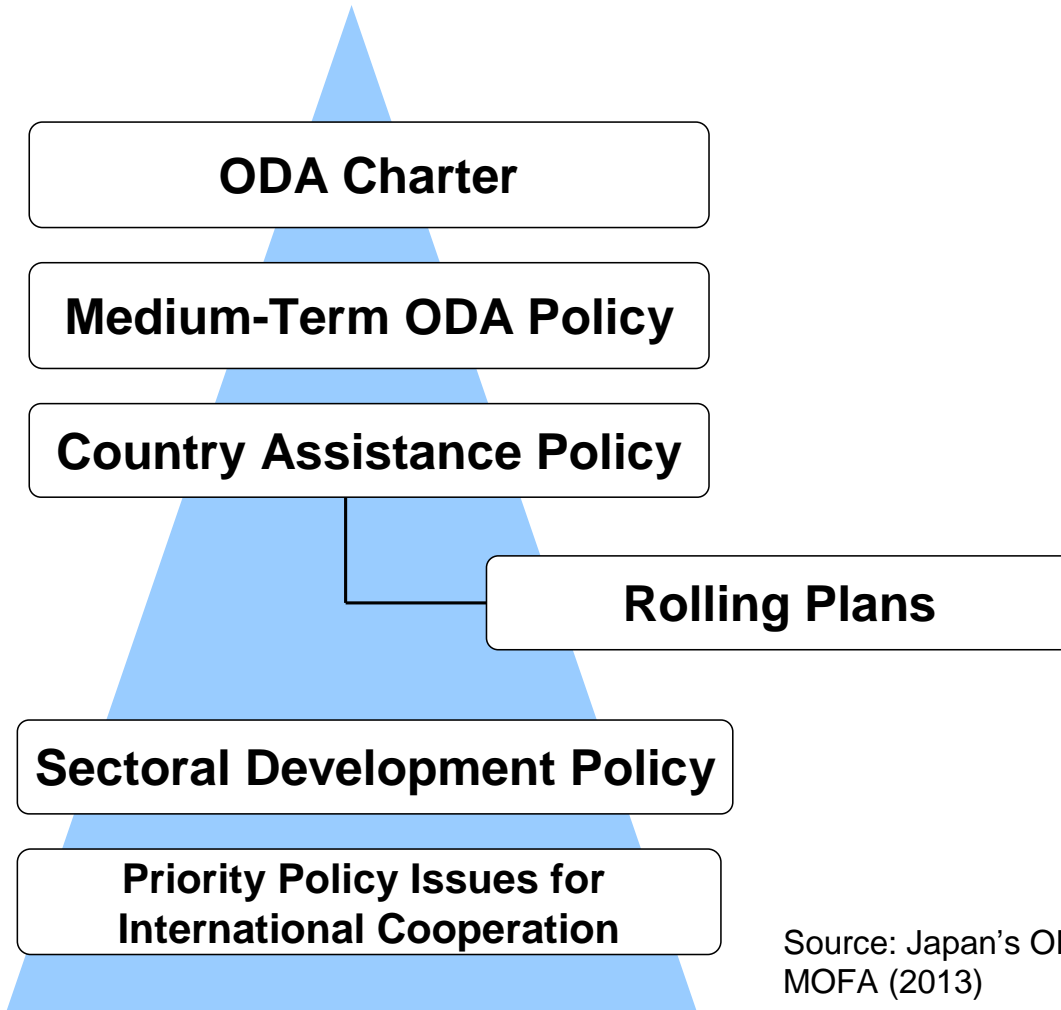
Japan's Development Cooperation after the 1990s



- After becoming top donor in 1989 and throughout the 90s, Japan has diversified the priority countries and expanded the scope of assistance, to respond to evolving needs of the international community and assume a greater global responsibility.
- But, due to the prolonged economic recession, the ODA budget was cut sharply. The citizens became inward-oriented. Ironically, this was the period when Western donors increased ODA to achieve the MDGs and support fragile states (e.g., Iraq and Afghanistan).
- Yet, it is notable that Japan implemented a series of ODA reforms in the first decade of the 2000s (e.g., ODA Charter revision, new JICA). Also, the govt. has maintained ODA volume in gross disbursements.
- The Great East Japan Earthquake (March 2011) has added more complexity; but together with the flooding in Thailand (Oct. 2011), the Japanese citizens have become keenly aware of global connectivity and mutual dependence, and the importance of international cooperation.

Policy Framework for Japan's ODA

(under the 2003 ODA Charter)



New elements from the 1992 ODA Charter:

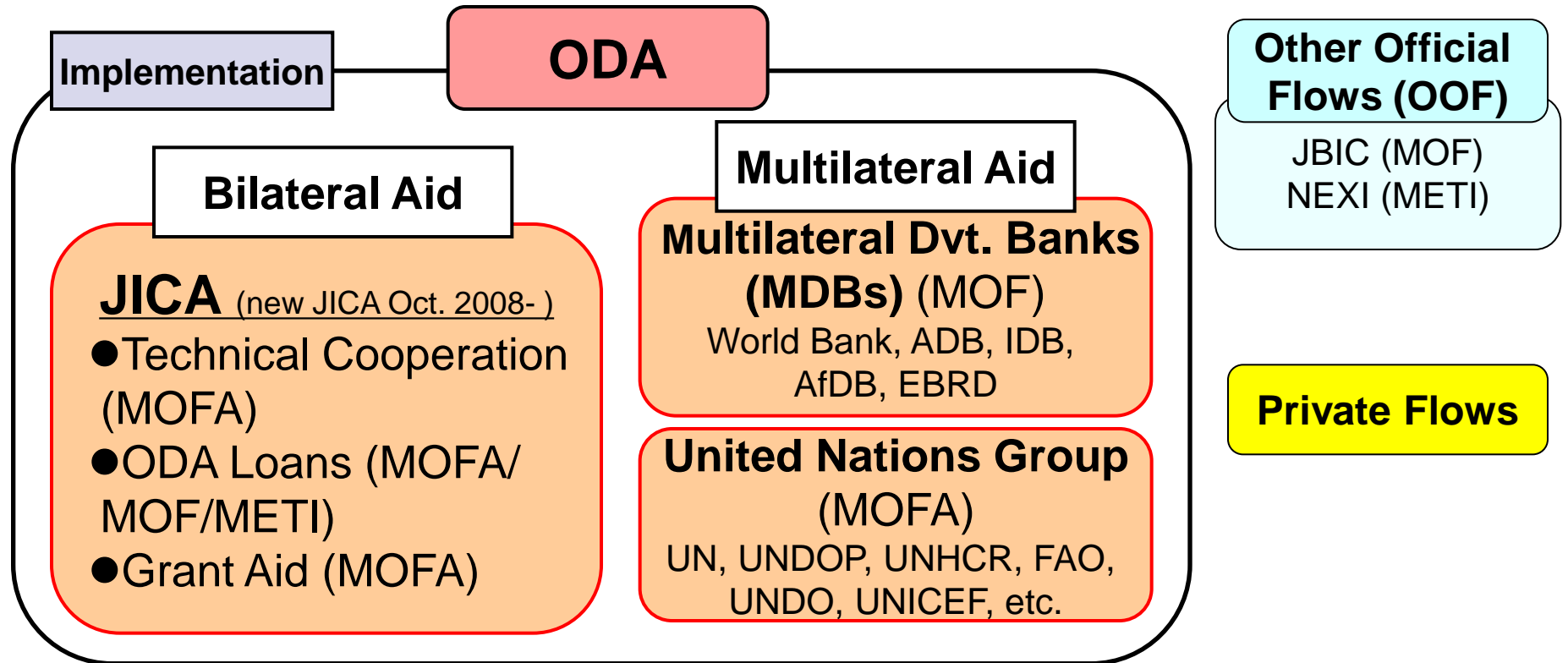
- Articulation of goals:
 - (1) Peace & development for the world
 - (2) Prosperity & security for Japan and East Asia
- Human security & peace building (in addition to poverty reduction, sustainable growth, global issues)
- More concrete guidelines for effective & efficient aid delivery

Aid delivery:

- Greater delegation to field-based "All Japan" teams:
 - Embassy of Japan
 - JICA (and JBIC, JETRO)
- Programmatic approach, cost-efficiency, evaluation, etc.

Source: Japan's ODA White Paper 2012, MOFA (2013)

Institutional Setting of Japan's ODA

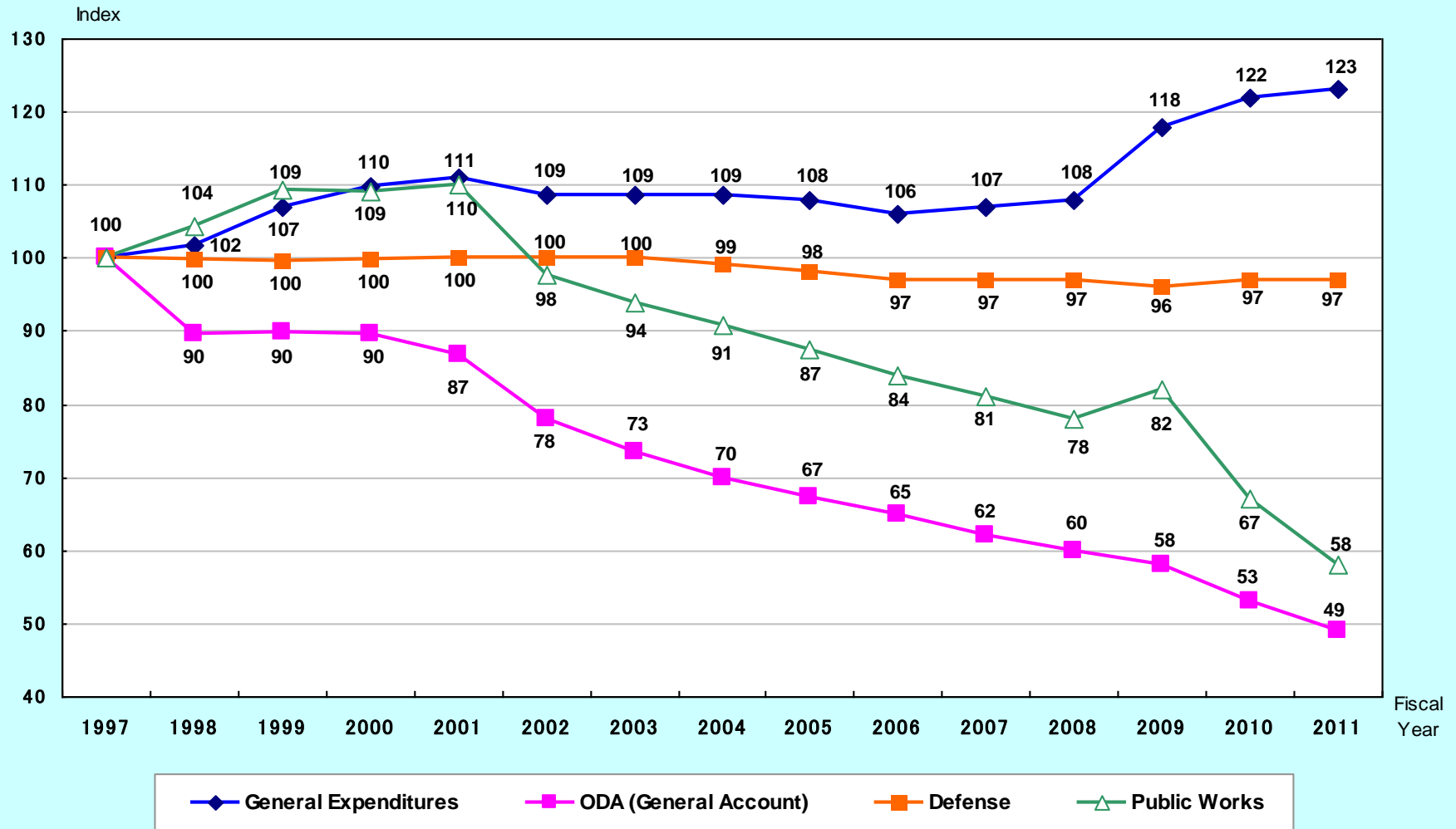


JICA: Japan International Cooperation Agency

ODA Policy

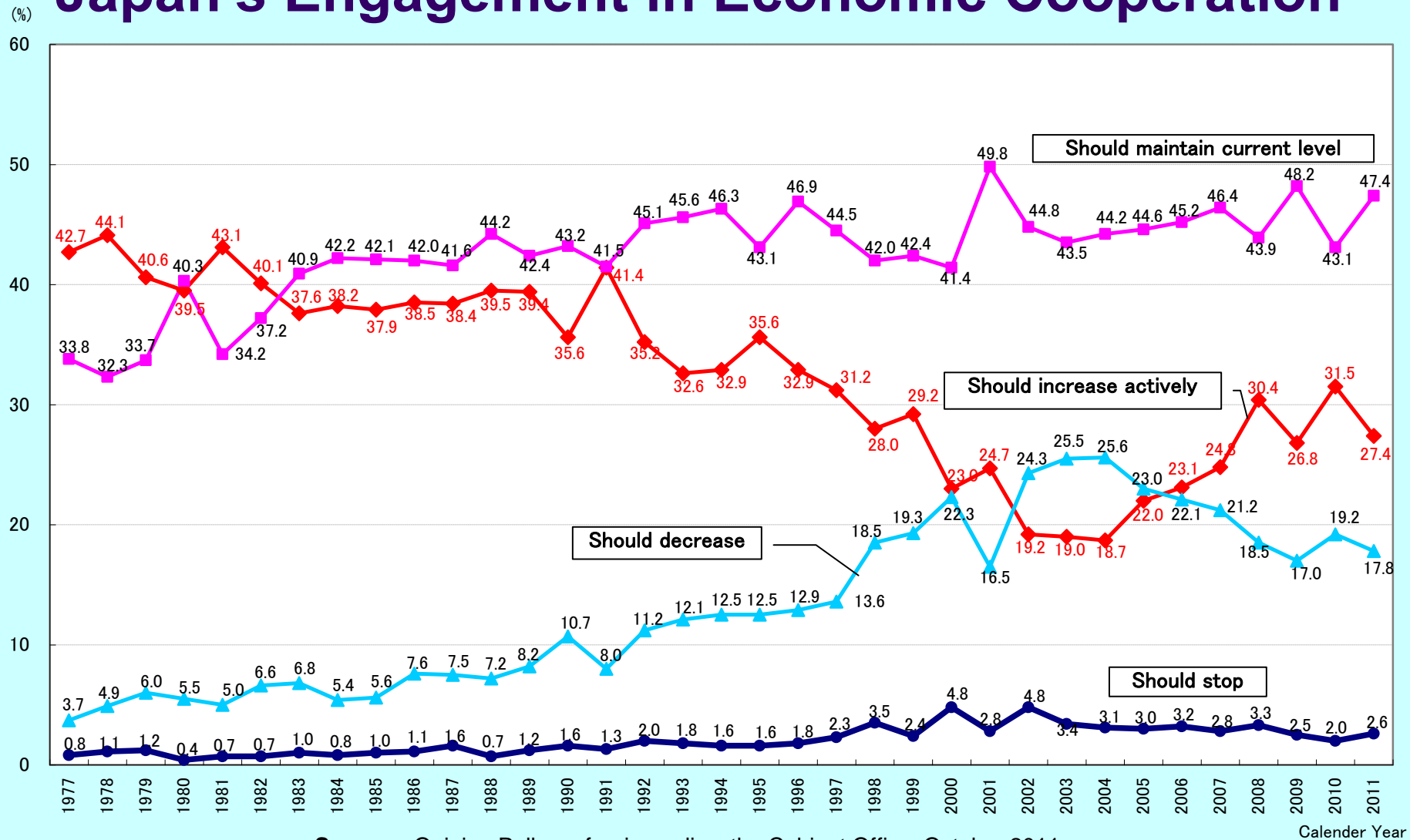
- Ministry of Foreign Affairs (MOFA): Overall policy coordination of bilateral ODA, UN
- Ministry of Finance (MOFA): Budget, MDBs, ODA loans
- Ministry of Economy, Trade and Industry (METI): ODA loans

Trends of ODA Budget and the Other Major Expenditures (Index)



Source: Ministry of Foreign Affairs, Japan's ODA White Paper 2011

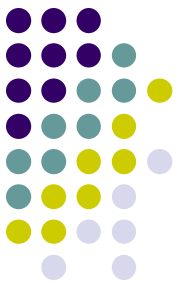
Popular Perception of ODA: Opinion Polls on Japan's Engagement in Economic Cooperation



Source: Opinion Polls on foreign policy, the Cabinet Office, October 2011.

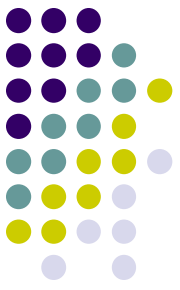
Note 1: The polls were conducted in August 1977-79, June 1980-85, October after 1986 (except for November 1998). The 2012-13 polls did not include the questions of economic cooperation.

Note 2: The 2014 polls used the terminology of Development Cooperation (instead of Economic Cooperation), resulting in: Should increase actively (30.7%), maintain current level (49.7%), should decrease (11.9%) and should stop (2.2%).



Opportunities

- About new JICA (Oct. 2008-)
 - Largest bilateral donor agency, in terms of aid volume (gross disbursements)
 - Broad menu of assistance: loans, TA, grants (about 60% of grant aid to be transferred from MOFA); greater synergy effects expected
 - Potential for further strengthening country-based approach, with enhanced functions of field offices
 - Potential for stronger research and dissemination capacity, by possessing a holistic view
 - Potential for linking business and NGO sectors, in light of recent interest in social business & CSR.



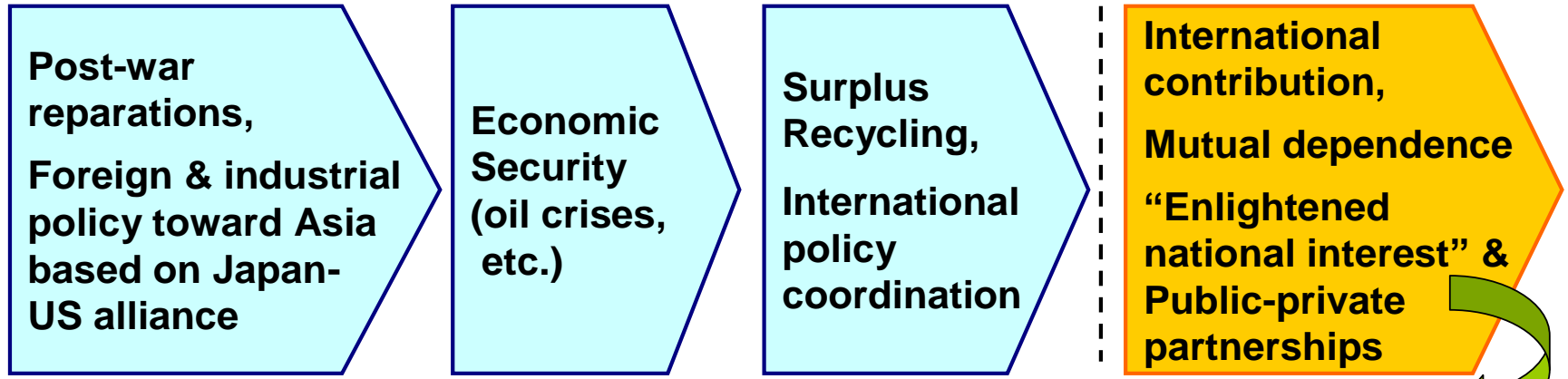
Challenges

- ODA does not give additional votes in Japan
 - Many competing priorities (e.g., reconstruction from earthquake damages, pension, economic reactivation)
 - Weak civil society and think tanks, leading to inactive policy debates
 - Bleak prospect for ODA budget increase
 - Rather, JICA activity has been severely scrutinized as part of DPJ's administrative reform campaign
 - Heavy fiscal burden; huge resource needs for 2011 3.11 earthquake reconstruction
 - Frequent staff rotation at the govt. level; bureaucratic rigidity in administrative procedures and systems, etc.
- ➔ *But, recent sign of citizen awareness of global links (consequence of the Great East Japan Earthquake)*

History of Japan's ODA Policy, focusing on the Post-Cold War Era

End of the Cold War (1990s-)

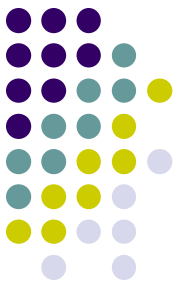
From top donor
→ 4th donor



- ◆ 1992: International Peace Cooperation Law (PKO Law) > revised 1998, 2001
Cambodia reconstruction support, Ministerial Conference on the Rehabilitation and Reconstruction of Cambodia (MCRRC)
- ◆ 1992: **ODA Charter**
- ◆ 1993: Tokyo International Conference for Africa (TICAD) > held every five years subsequently (1998, 2003, 2008, 2013)
- ◆ 2000: Kyushu/Okinawa G8 Summit "Okinawa Infectious Diseases Initiative"
- ◆ 2002: International Conference on Reconstruction Assistance to Afghanistan
- ◆ 2003: **ODA Charter (revised)**, enhanced efforts for human security & peace building
- ◆ 2004: Tokyo Meeting of International Reconstruction Fund Facility for Iraq (IRFFI)
- ◆ 2006: Overseas Economic Cooperation Council (OECC) created (until 2011);
Special Committee on ODA in the House of Councillors (upper house)
- ◆ 2008: MOFA internal reform (International Cooperation Bureau), new JICA created
G8 Toyoko Summit, Toyoko Framework for Action on Global Health, TICAD IV
- ◆ 2010: **MOFA ODA Review**
- ◆ 2011: Introduction of new cooperation mechanisms for PPP promotion

→ **2015: Development Cooperation Charter (draft)**

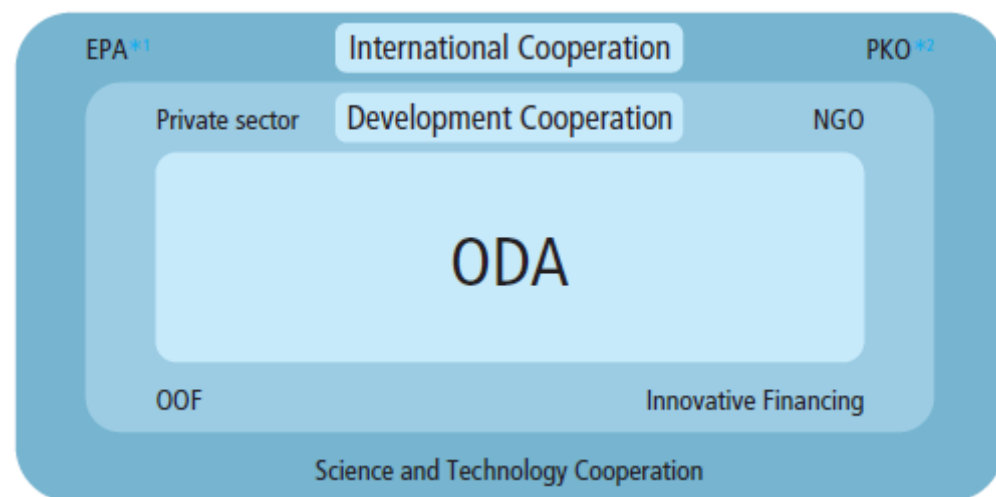
ODA Review: Rethinking ODA (MOFA, June 2010), DPJ Administration



- **Enhancing Enlightened National Interest**
 - Living In harmony with the world and promoting peace and prosperity
- The concept of “**Development Cooperation**”
 - Role of ODA within the context of coordination with OOF and non-public sector (private sector, NGOs, etc.) and In the larger framework for international cooperation
- Three pillars of Development Cooperation
 - Poverty reduction, contributing the achievement of MDGs
 - Investing in Peace
 - Supporting sustainable development

*1 EPA: Economic Partnership Agreement

*2 PKO: Peace Keeping Operations



Priority Policy Issues for International Cooperation for FY2013 (MOFA, April 2013), LDP Administration

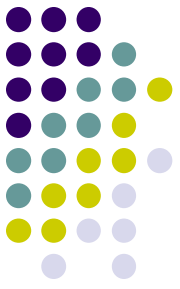


- Increasingly regards ODA as one of key diplomatic tools.
 - Realize a prosperous and stable international community with freedom
 - Support the growth of the emerging and developing economies together with the growth of the Japanese economy
 - Promote human security and strengthen trust in Japan (incl. building resilient societies, disaster risk reduction cooperation)
- Stronger emphasis on enhancing partnerships with diverse players outside the government and JICA
 - NGOs, private companies including SMEs, local govts. and universities.



PM Abe's Speech in Africa

Japan's Diplomacy towards Africa:
Strengthening Each Individual, One by One
(January 14, 2014 @AU, Addis Ababa)



- A Japan that values each individual
- The philosophy of kaizen
- Bringing a bright future to youth
- An Africa in which women shine
- Cooperation with the AU

<http://www.mofa.go.jp/mofaj/files/000023952.pdf>

New Development Cooperation Charter (draft): Major Changes



- Rename “ODA” → “Development Cooperation” Charter
Various actors cooperate with each other as equal partners by bringing respective strengths
- Keep Japan’s basic philosophy of ODA
 - Pursuing peace by non-military means
 - Supporting self-help efforts of partner countries
 - Promoting human security and fundamental human rights
- Expand the scope of ODA targets
 - Include middle-income countries (not just low-income countries)
 - Increased engagement in non-Asian regions as well
 - Allow for the collaboration with SDF and military personnel, for disaster relief and humanitarian assistance
- Sharpen the strategic focus of ODA, working with diverse actors, taking advantage of their experiences and technologies (e.g., business, local govt., NGOs, universities)

3. Emerging Donors in East Asia

	Korea	China	Thailand	Malaysia	Singapore
Policy formulation	Min. of Strategy & Finance (MOSF) Min. of Foreign Affairs (MOFA)	Min. of Commerce (MOFCOM)	NESDB Min. of Foreign Affairs (MOFA)	Economic Planning Unit (EPU)	Min. of Foreign Affairs (Technical Cooperation Directorate)
Concessional loans	EDCF (1987)	EXIM-Bank (1994)	NEDA (2005)		
Grant aid	KOICA (MOFAT)	MOFCOM (2003)			
Technical cooperation			TICA (2004)	MTCP: working with training & educational institutes (more than 50)	Working with training & educational institutes SCP:G-G basis SCE: fee-basis

<Korea> EDCF: Economic Development Cooperation Fund, KOICA: Korea International Cooperation Agency
 <Thailand> NESDB: National Economic and Social Development Board, NEDA: Neighboring Countries Economic Development Cooperation Agency, FPO: Fiscal Policy Office, TICA: Thailand International Cooperation Agency
 <Malaysia> MTCP: Malaysia Technical Cooperation Program
 <Singapore> SCP: Singapore Cooperation Program, SCE: Singapore Cooperation Enterprise

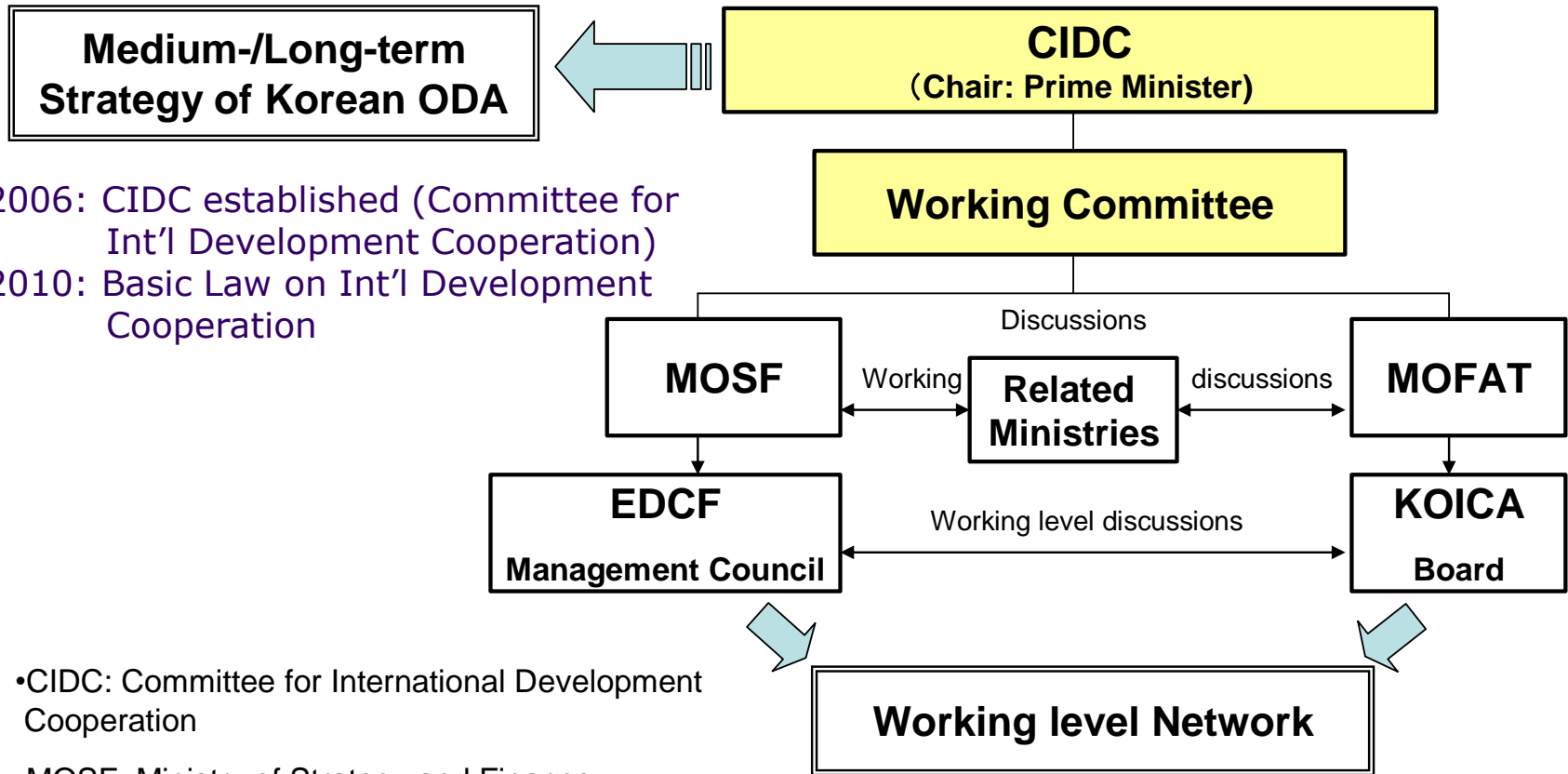
Korea: Dual History of Development Cooperation



Recipient		Donor	
1945-48	<ul style="list-style-type: none"> ●US military government GARIOA and EROA 	1963	<ul style="list-style-type: none"> ●Participated in a USAID project
1950-53	<ul style="list-style-type: none"> ●Korean War 	1982	<ul style="list-style-type: none"> ●KDI's International Development Exchange Program (IDEP)
1950s	<ul style="list-style-type: none"> ●UNKRA - Post-war Reconstruction Aid 	1987	<ul style="list-style-type: none"> ●Economic Development Cooperation Fund (EDCF): concessional loans
1945-60	<ul style="list-style-type: none"> ●70% of Grant aid provided during this period 	1991	<ul style="list-style-type: none"> ●Korea International Cooperation Agency (KOICA): grant aid & TA
1945-95	<ul style="list-style-type: none"> ●Total: \$12.78 billion ●Major donors <ul style="list-style-type: none"> - US:\$5,540 million (43.3%) - Japan: \$5,050 million (39.5%) - UN: \$615 million (4.8%) 	1995	<ul style="list-style-type: none"> ●Graduated from recipient status: WB loans paid off (excluding post-1997 crisis loans)
		2010	<ul style="list-style-type: none"> ●OECD/DAC member ●G20 Seoul Development Consensus for Shared Growth
		2011	<ul style="list-style-type: none"> ●OECD/DAC Busan HLF for Aid Effectiveness

Source: Updated by the author based on Wonhyuk Lim, Korea's Development Cooperation Agenda, presentation in May 2011, Seoul.

Korea: Coordination Mechanism for Development Cooperation Policy



2006: CIDC established (Committee for Int'l Development Cooperation)
 2010: Basic Law on Int'l Development Cooperation

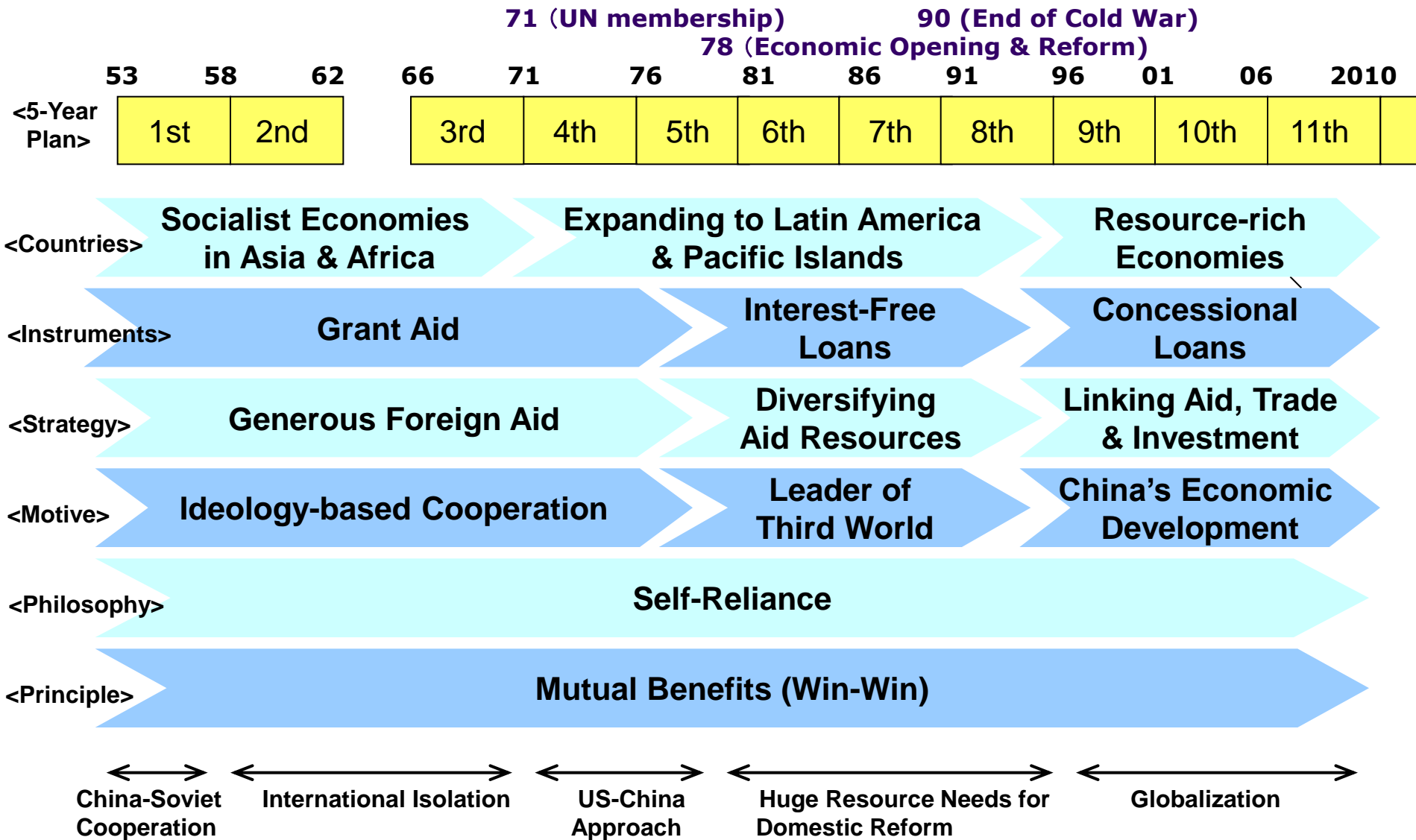
- CIDC: Committee for International Development Cooperation
- MOSF: Ministry of Strategy and Finance
- MOFAT: Ministry of Foreign Affairs and Trade

Korea: Priority Agenda for Development Cooperation



- DAC membership, assuming global responsibility
- Strategic use of ODA, as an instrument to enhance national brand
 - G20 Seoul Development Consensus (Nov. 2010)
 - OECD/DAC Busan HLF for Aid Effectiveness (Nov.-Dec. 2011)
 - Promoting Green ODA
- Commitment to tripling ODA by 2015 (to raise ODA/GNI ratio to 0.25% from current 0.1%)
- Launching “Knowledge Sharing Program (KSP)”
 - MOSF & KDI (100 modules under preparation); implementing intellectual cooperation
 - MOFAT & KOICA (integrating intellectual cooperation into Country Partnership Strategy)
- Philosophy: emphasis on economic development, growth, self-reliance (similar to Japan)

China: History of Foreign Aid (1953-)



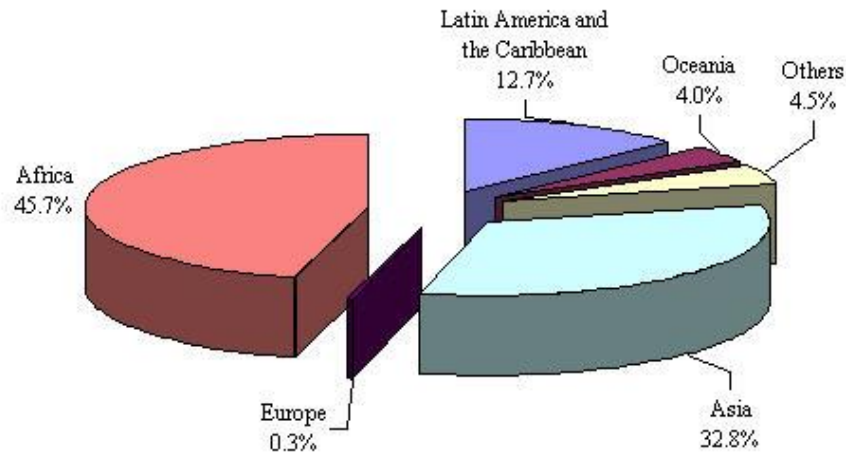
Source: Adapted from Takaaki Kobayashi "China's Foreign Aid Policy", JBIC Research Institute, Oct. 2007.

Features of China's Foreign Aid Policy

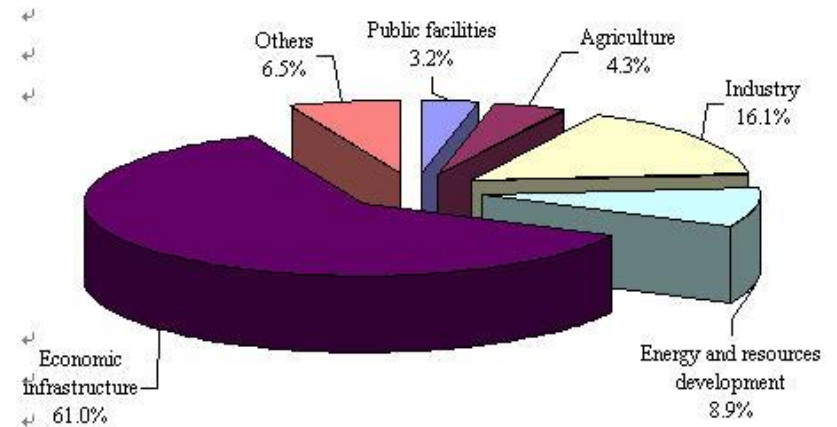


- Equality and mutual respect (partners, not “donor-recipients”)
- Bilateralism and co-development (mutual benefits)
- No-political strings attached and non-interference of domestic affairs
- Stress on the capability of self-reliance
- More recently, actively engaged in establishing new global framework
 - BRICS Bank (to start operations in 2016)
 - Asian Infrastructure Investment Bank (to start operations in 2015)

Geographical Distribution of China's Foreign Aid Funds (by end-2009)



Sectoral Distribution of Concessional Loans from China (by end-2009)

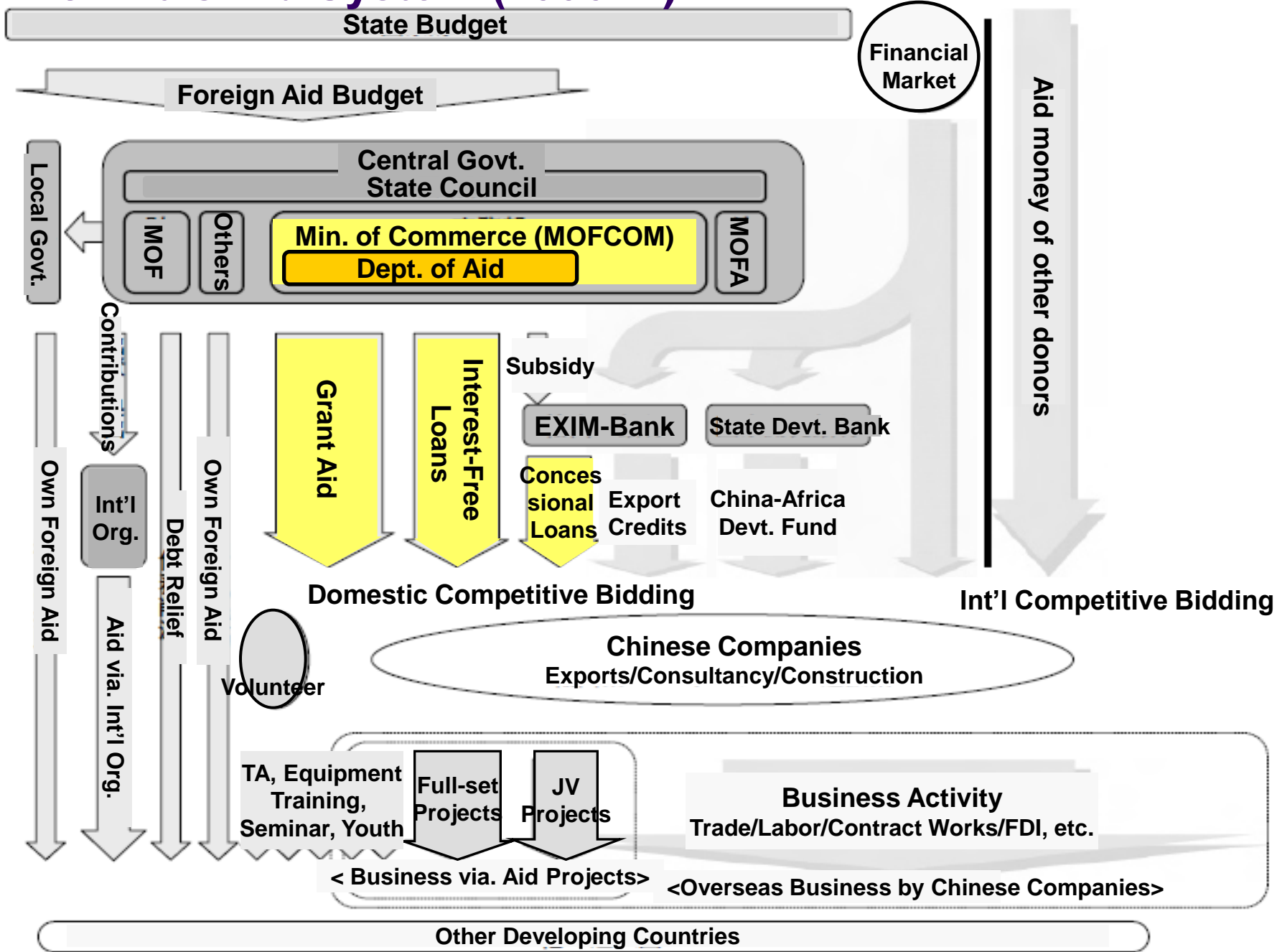


Source: Information Office of the State Council The People's Republic of China, April 2011

- Emphasis on economic infrastructure
- From late 1990s, major shift to economic cooperation; linking aid, trade & investment
 - “**Going out**” strategy (2001) under the 12th Five-Year Plan
- **Forum for China-Africa Cooperation (FOCAC)**, every 3 year since 2000
 - First multilateral consultative mechanism btw. China and Africa

China's Aid System (1995 -)

Source: Takaaki Kobayashi (2007)



4. Future Perspectives: Japan's Development Cooperation

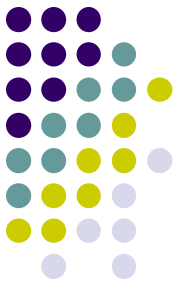


1. Japan can make valuable contributions to international development, by focusing on its core competence and complementing the Western approach.
2. The rise of Asian emerging donors is a welcome development for Japan, which has tended to be isolated within the international development community and the DAC until now.
3. Nevertheless, the presence of emerging donors with a similar orientation demands a greater effort on Japan to clarify its comparative advantages over them.

This is an era of “Cooperation” and “Competition” !

Japan's Core Competence (1)

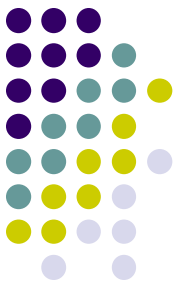
Cooperation with Asian Emerging Donors



- Catch-up, latecomer perspectives
- Utilizing its aid and development experiences in East Asia
- Collaborating with emerging donors (e.g., South Korea, Thailand, Malaysia, China), based on shared development visions
 - Growth-driven, poverty reduction (aid is not just charity)
 - Respect for each country's uniqueness
 - Realistic and pragmatic approach to aid delivery
- Mainstreaming East Asian perspectives into global development debates

Japan's Core Competence (2)

Competition with Asian Emerging Donors



- Japan as “Mature Donor and Knowledge Partner” (compared to emerging donors)
 - Wealth of knowledge and technology accumulated in companies, local govt., CSO, universities, to overcome the socio-economic problems during the high-growth era and to confront new challenge (e.g., aging, declining birth rates)
 - Intellectual aid, with international comparative analysis of best practices -- not just from Japan, but also by mobilizing the experiences of advanced Asian partners
- Japan as a Quality Leader in global business activity
 - Strong manufacturing-orientation
 - Long-term commitment
 - Provision of partner support, technology transfer, QCD
 - Good legal compliance, etc.