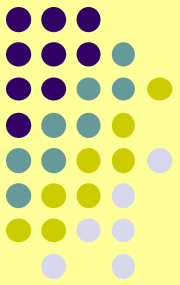


**International Development Policy**  
**Lecture #2, February 16, 2018**



# **Development Cooperation Policies of Major Donors**

**Izumi Ohno, GRIPS**

[i-ohno@grips.ac.jp](mailto:i-ohno@grips.ac.jp) (Room E-411)

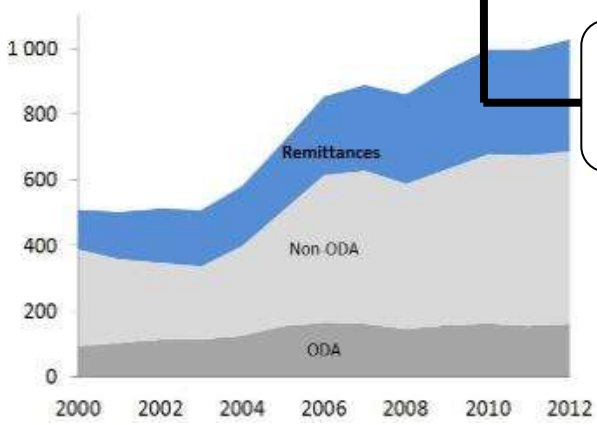
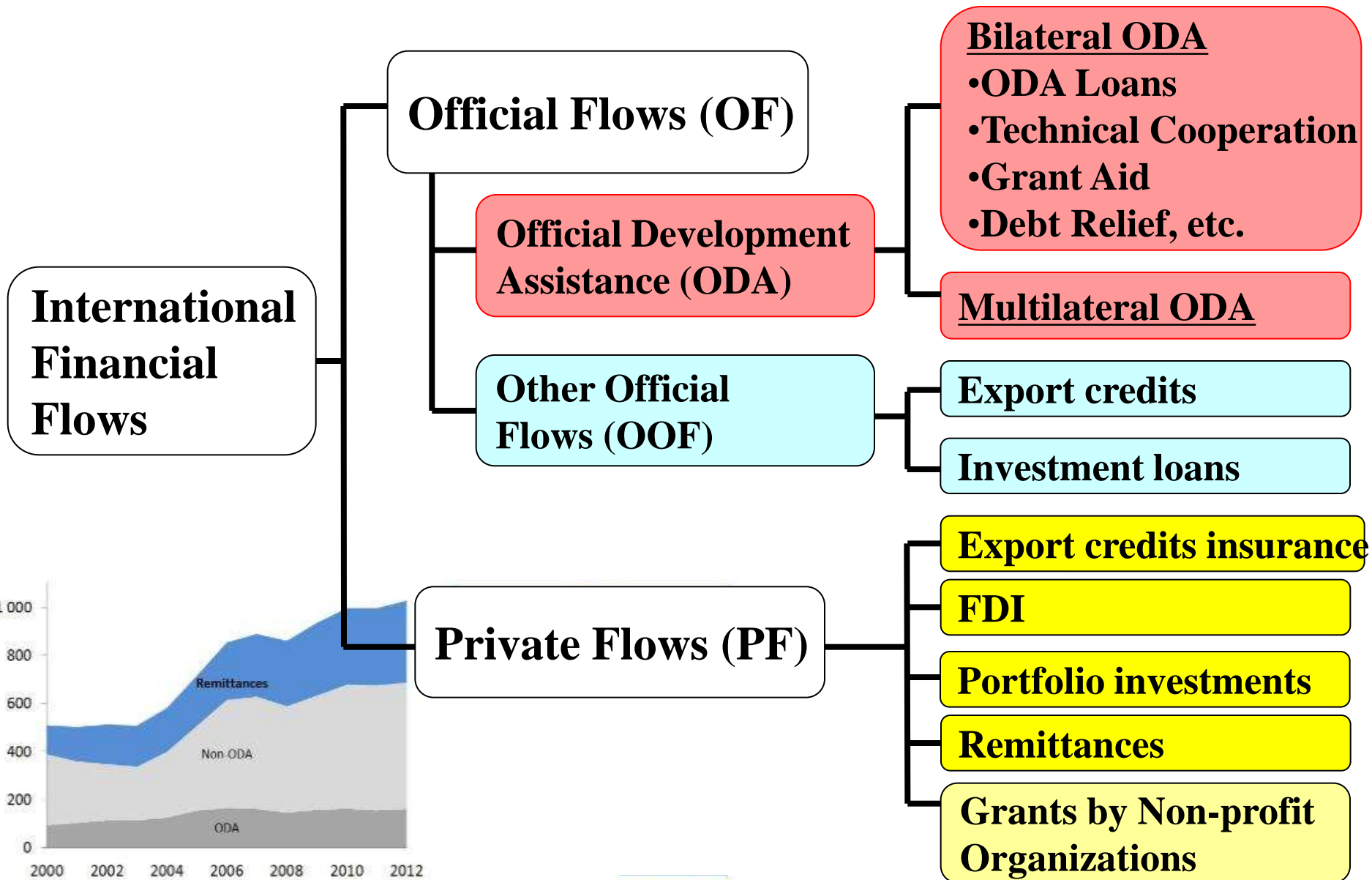


# Outline of Today's Lecture

1. Landscape of ODA – who receive and give aid?
2. Development cooperation policies of major traditional donors – US, UK, Germany and Japan
3. Rise of emerging donors – Korea and China
4. Final thought of Japan's development cooperation

# **Aid Landscape**

# Int'l Financial Flows to Developing Countries



# Official Development Assistance (ODA)



## **O**fficial

~ Grants or loans to developing countries and multilateral institutions, provided by governments or government agencies

## **D**evelopment

~ The promotion of the economic development and welfare of developing countries, as its main objective

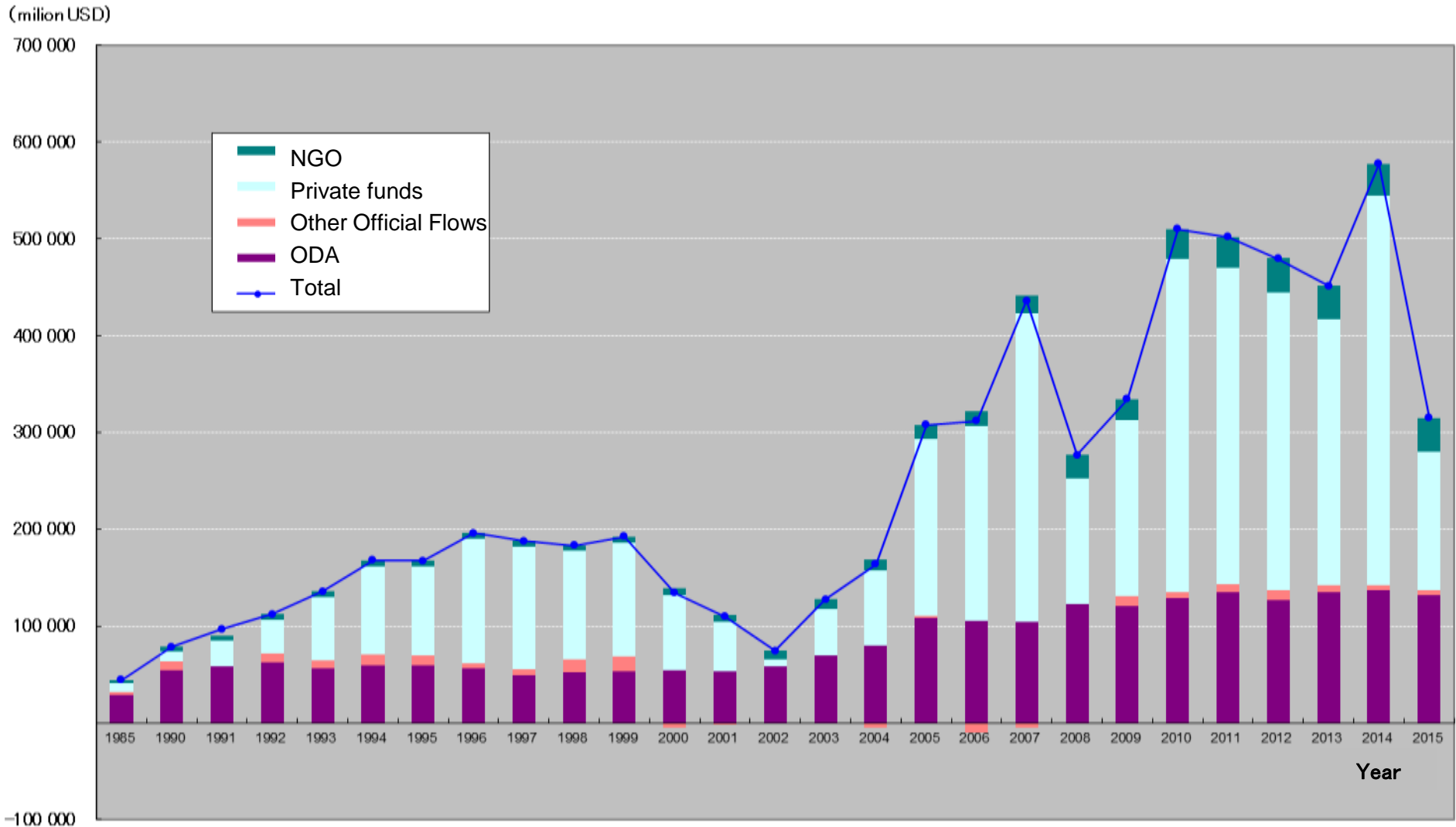
## **A**ssistance

~ Concessional terms, having a grant element of at least 25%

Based on OECD, Development Assistance Committee (DAC)

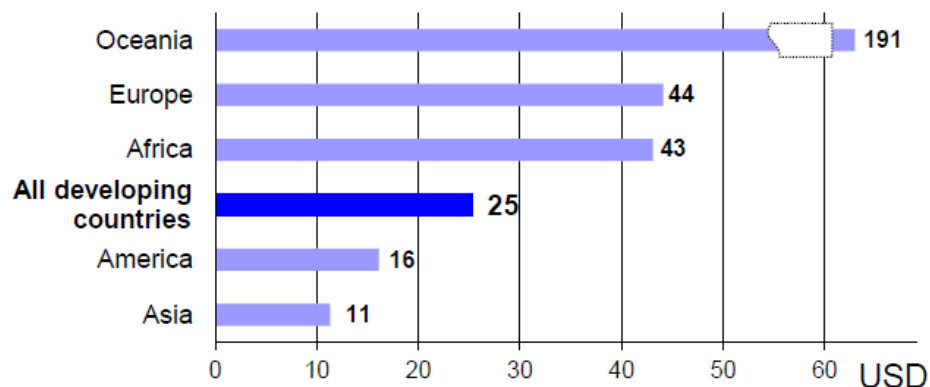
# Increased Role of Private Financing in Development

## Financial Flows from OECD (DAC) Countries to Developing Countries



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

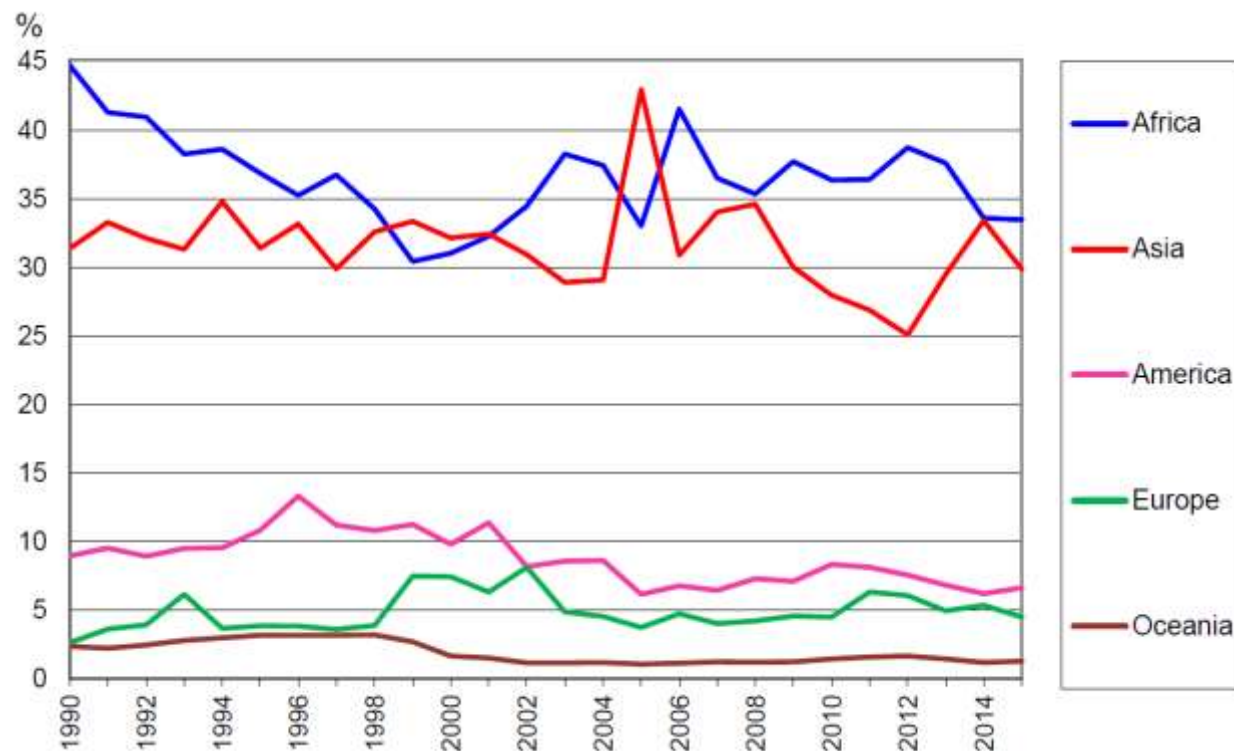
## Net ODA Receipts per person in 2015 (USD)



## Net ODA and Population of Aid Recipient Countries by Region in 2015

	Net ODA USD million	Population million
Africa	51 036	1 185
Asia	45 546	4 033
America	10 087	627
Europe	6 847	155
Oceania	1 914	10
Aid unspecified by region	37 097	---
<b>All ODA recipients</b>	<b>152 526</b>	<b>6 010</b>

## Regional Shares of Total Net ODA (% of Total ODA)



Source: OECD DAC

# Top 10 DAC Donor Countries

(USD million, net bilateral disbursements)

	2013	2014	2015	3-year average	% of DAC countries
1 United States	26 360	27 509	26 654	<b>26 841</b>	29%
2 Germany	9 451	11 589	14 113	<b>11 718</b>	12%
3 United Kingdom	10 545	11 233	11 710	<b>11 163</b>	12%
4 Japan	8 499	6 129	6 147	<b>6 925</b>	7%
5 France	6 801	6 514	5 157	<b>6 157</b>	7%
6 Sweden	3 918	4 343	4 828	<b>4 363</b>	5%
7 Netherlands	3 647	4 027	4 163	<b>3 946</b>	4%
8 Norway	4 316	3 889	3 307	<b>3 837</b>	4%
9 Australia	4 149	3 498	2 752	<b>3 467</b>	4%
10 Canada	3 512	3 278	2 972	<b>3 254</b>	3%
Other DAC countries	12 227	12 770	12 458	<b>12 485</b>	13%
<b>Total DAC countries</b>	<b>93 424</b>	<b>94 780</b>	<b>94 261</b>	<b>94 155</b>	<b>100%</b>

Source: OECD DAC



# Top 10 Multilateral Donors

(USD million, net bilateral disbursements)

	2013	2014	2015	3-year average	% of all multilaterals
1 EU Institutions	15 646	16 389	13 546	<b>15 194</b>	36%
2 IDA	8 172	10 262	10 055	<b>9 496</b>	22%
3 Global Fund	3 946	2 847	3 172	<b>3 322</b>	8%
4 African Dev. Bank	2 324	2 042	2 182	<b>2 183</b>	5%
5 IDB Special Fund	1 930	1 719	1 793	<b>1 814</b>	4%
6 GAVI	1 544	1 415	1 725	<b>1 561</b>	4%
7 AsDB Special Funds	1 004	1 477	1 446	<b>1 309</b>	3%
8 UNICEF	1 230	1 295	1 395	<b>1 307</b>	3%
9 Global Environment Facility	752	841	813	<b>802</b>	2%
10 UNRWA	539	680	771	<b>663</b>	2%
Other multilaterals	5 577	4 653	4 605	<b>4 945</b>	12%
<b>Total multilaterals</b>	<b>42 664</b>	<b>43 621</b>	<b>41 504</b>	<b>42 596</b>	<b>100%</b>

Source: OECD DAC

# Top 10 ODA Recipients

(USD million, receipts from all donors, net ODA receipts)

	2013	2014	2015	3-year average	% of all recipients
1 Afghanistan	5 153	4 945	4 239	<b>4 779</b>	3%
2 Syrian Arab Republic	3 638	4 198	4 882	<b>4 239</b>	3%
3 Egypt	5 513	3 538	2 488	<b>3 846</b>	2%
4 Viet Nam	4 086	4 216	3 157	<b>3 820</b>	2%
5 Ethiopia	3 886	3 585	3 234	<b>3 568</b>	2%
6 Pakistan	2 194	3 615	3 790	<b>3 200</b>	2%
7 Tanzania	3 434	2 649	2 580	<b>2 888</b>	2%
8 India	2 457	2 992	3 163	<b>2 871</b>	2%
9 Kenya	3 308	2 661	2 474	<b>2 814</b>	2%
10 Turkey	2 848	3 447	2 145	<b>2 813</b>	2%
Other recipients	114 650	125 851	120 374	<b>120 292</b>	78%
<b>Total ODA recipients</b>	<b>151 166</b>	<b>161 697</b>	<b>152 526</b>	<b>155 130</b>	<b>100%</b>

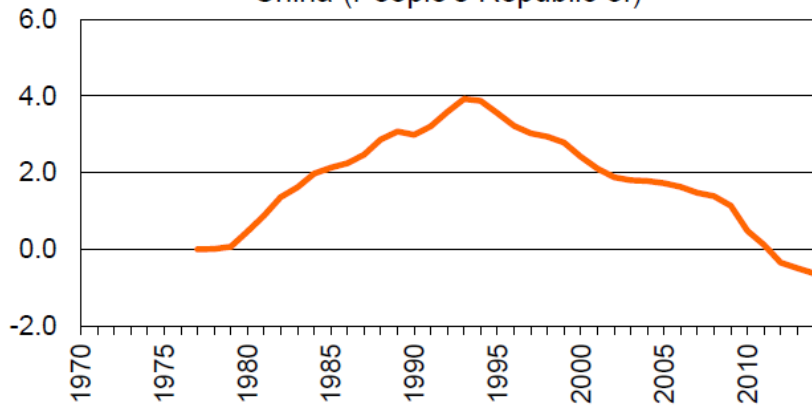
Source: OECD DAC

# Trends in Aid to Largest Recipients since 1970

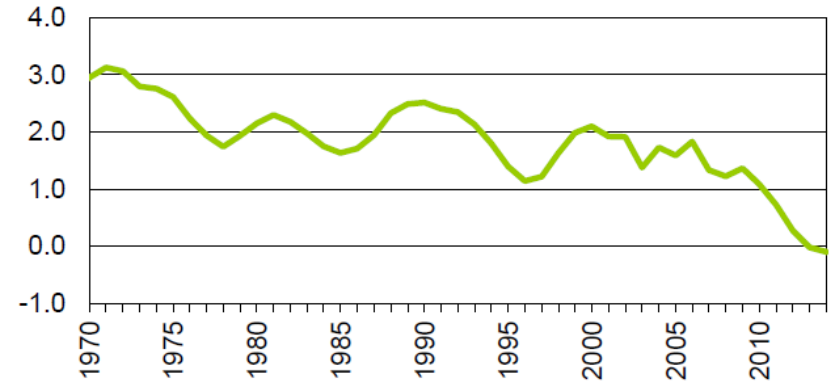
(USD billion, 2014 prices and exchange rates, 3-year average net ODA receipts)

Source: OECD DAC

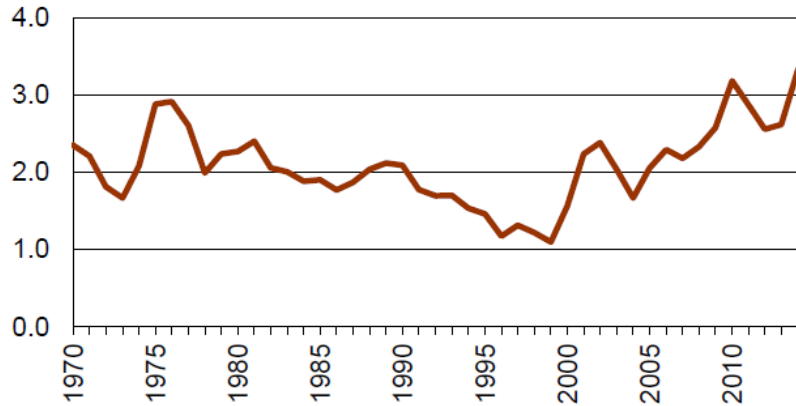
China (People's Republic of)



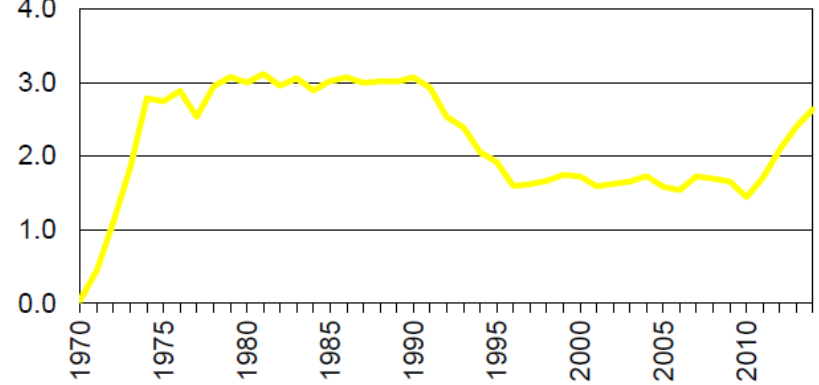
Indonesia



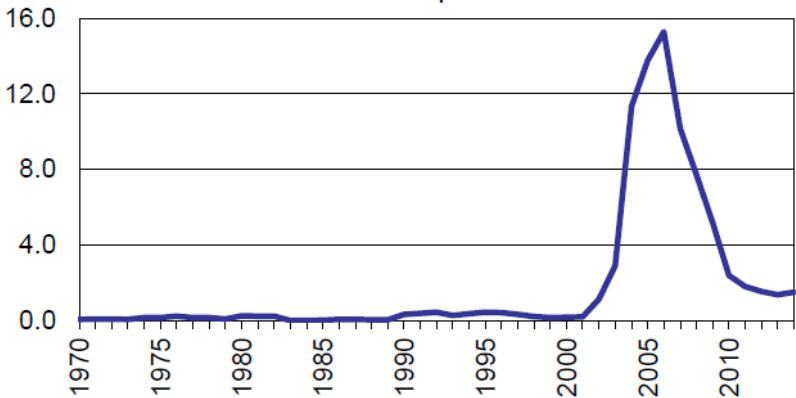
Pakistan



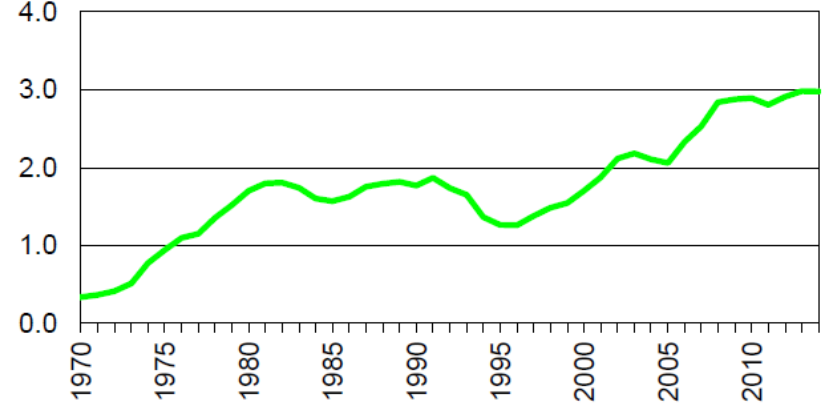
Bangladesh



Iraq

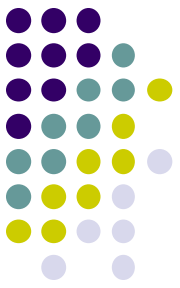


Tanzania



# **Development Cooperation Policies of Traditional & Emerging Donors**

# Different Aid Philosophy by Donors

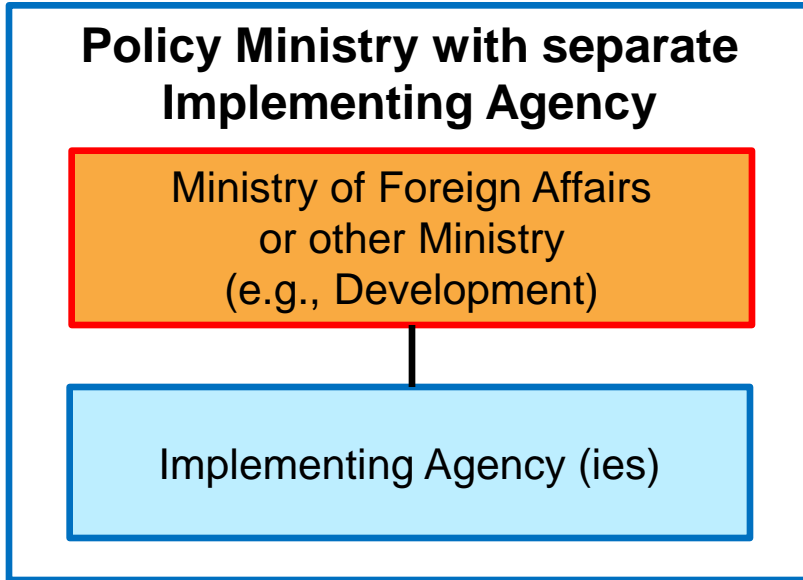


Historical factors affect the philosophy of foreign aid by donors (path dependence).

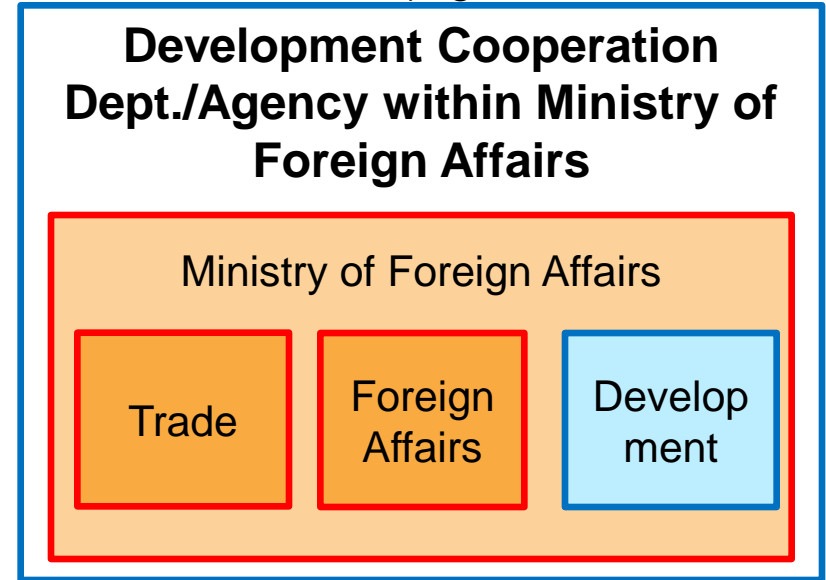
- UK & France: From colonial administration to foreign aid relationship → Charity, poverty reduction
- US: National security → American value such as democracy & market economy
- Germany: Post-war recovery, “Social-Market Economy” & craftsmanship → Vocational education & training, chambers of commerce
- Japan: War reparation & post-war recovery, latecomer perspectives → Self-help efforts, economic development, non-policy interference
- Emerging Asian donors (Korea, China, India, etc.): Bringing new and non-Western perspectives?

# Types of ODA Institutional Framework

(e.g., US, Japan, Germany, Sweden)



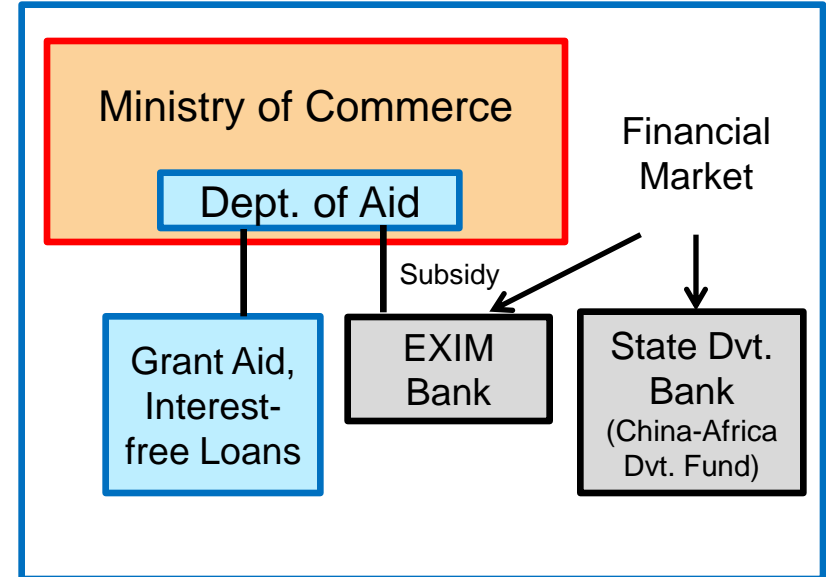
(e.g., Australia, Canada)



(e.g., UK)



(e.g., China)

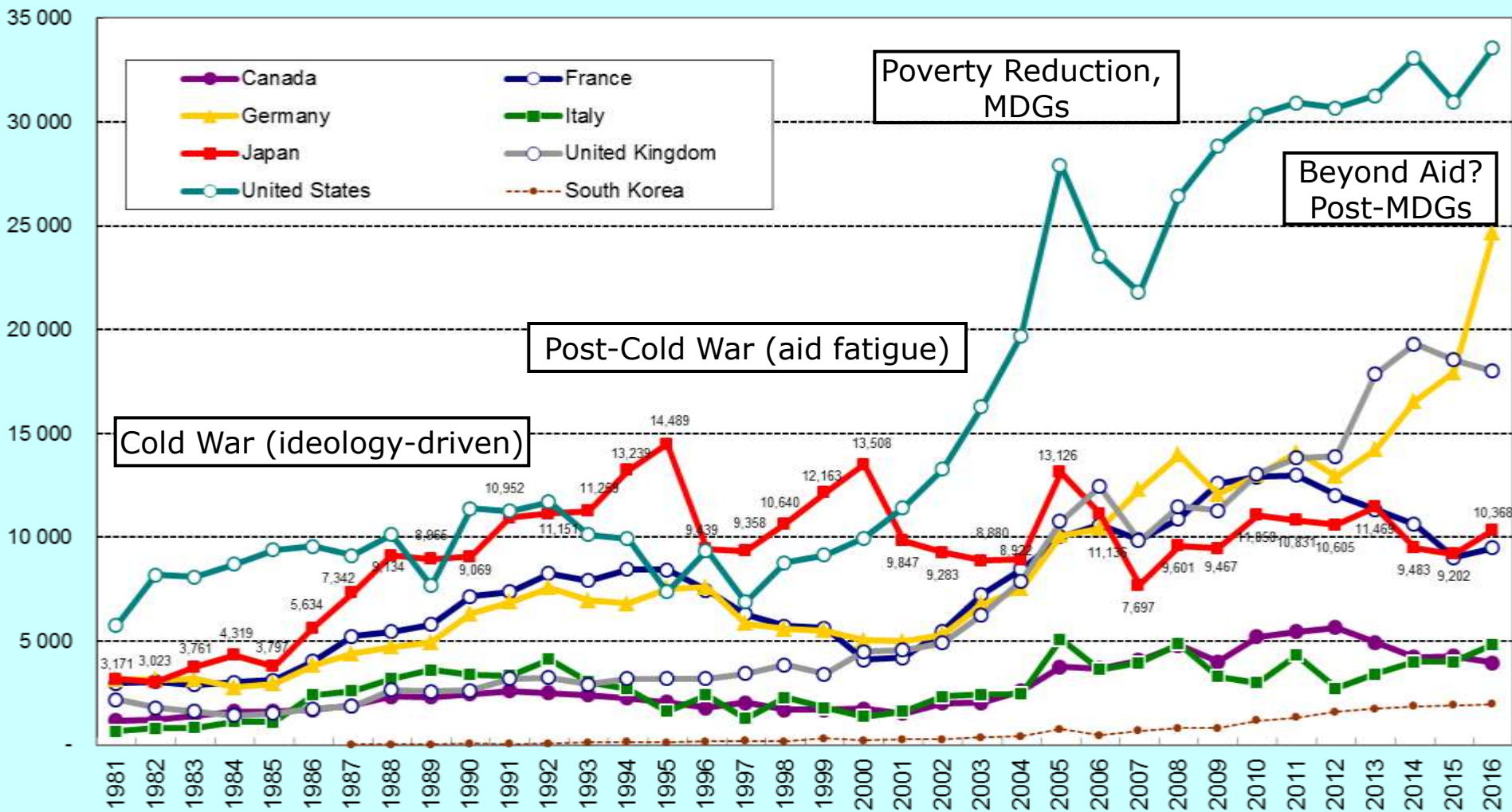


# Features of ODA: US, Germany, UK and Japan

	US	Germany	UK	Japan
<b>Volume (ODA/GNI)</b> (2016: net disbursement)	\$33,589 mn (0.18%)	\$24,676 mn (0.70%)	\$18,013 mn (0.70%)	\$10,368 mn (0.20%)
<b>Bi vs. Multi ODA</b> (2015: % of net disb.)	86% vs. 14%	79% vs. 21%	63% vs. 37%	67% vs. 33%
<b>Regional distribution</b> (2014-15: % of total gross disbursement)	<ol style="list-style-type: none"> <li>1.Sub-Saharan Africa (48.5%)</li> <li>2.South &amp; Central Asia (18.1%)</li> </ol>	<ol style="list-style-type: none"> <li>1.South &amp; Central Asia (21.8%)</li> <li>2.East Asia &amp; Oceania (21.1%)</li> </ol>	<ol style="list-style-type: none"> <li>1.Sub-Saharan Africa (53.5%)</li> <li>2.South &amp; Central Asia (26.2%)</li> </ol>	<ol style="list-style-type: none"> <li>1.East Asia &amp; Oceania (37.1%)</li> <li>2.South &amp; Central Asia (33.1%)</li> </ol>
<b>Major aid use</b> (2014-15: % of total bilateral commitments)	<ol style="list-style-type: none"> <li>1.Social &amp; admin. infrastructure (48.3%)</li> <li>2.Humanitarian assistance (23.2%)</li> </ol>	<ol style="list-style-type: none"> <li>1.Social &amp; admin. Infrastructure (31.6%)</li> <li>2.Economic infrastructure (31.3%)</li> </ol>	<ol style="list-style-type: none"> <li>1.Social &amp; admin. Infrastructure (42.4%)</li> <li>2.Humanitarian assistance (15.0%)</li> </ol>	<ol style="list-style-type: none"> <li>1.Economic infrastructure (50.9%)</li> <li>2.Social &amp; admin. Infrastructure (17.9%)</li> </ol>
<b>Grant share</b> (2014-15: % of total ODA commitments)	100%	70.6%	96.4%	38.2%
<b>NGO/ODA</b> (2014-15: % of total bilateral commitments)	21.6%	6.5%	12.2%	2.1%

# Trends of Net ODA from Selected DAC Countries 1981-2016 (net disbursement basis)

in millions of US dollars



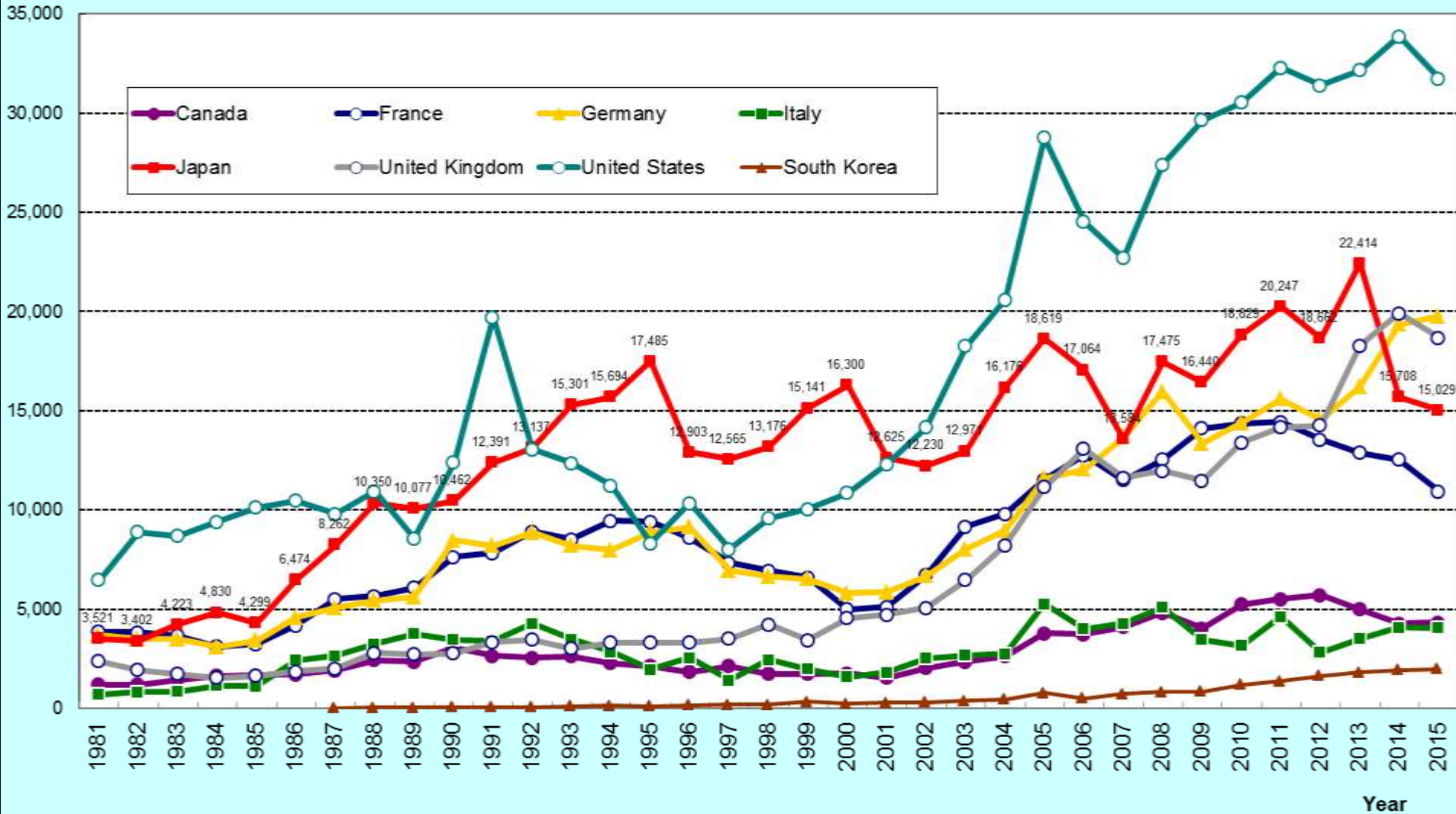
Source: OECD Development Assistance Committee, CRS online database)

Year



# Trends of Gross ODA from Selected DAC Countries 1981-2015 (gross disbursement basis)

in millions of US dollars



Source: OECD Development Assistance Committee, CRS online database (2017.01.26)

# US: Foreign Aid Policy Formulation and Implementation



- Development as integral part of the National Security Strategy (**3Ds**: Defense, Diplomacy & Development); Presidential vision matters
- USAID: established under Foreign Assistance Act (1961); traditionally serving as the core agency for aid implementation, reporting to the State Dept.
- 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
- NGOs: the voice of developmental interests and aid lobby, as main contractors of ODA projects
- Active aid policy debates: civil society and think tanks

# US Leadership and Foreign Aid Policy



George Bush (2001.1-09.1)



Barack Obama (2009.1-17.1)



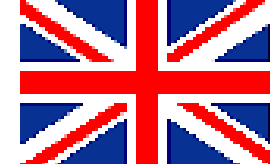
Donald Trump (2017.1- )

- "War on Terror" (esp. 2001.9.11)
- Significant increase of ODA, but reduced role of USAID
- Creation of MCC (2004); increased role of DoD in ODA (→ fragmentation & militarization of ODA agencies?)

- "SMART Power" (ODA as soft power)
- Global Development Policy (2010)
- Reinforcing the functions of USAID (incl. participation of NSC)
- Whole-of-the govt. approach: Feed the Future, global health, climate change

- "America First"
- Skeptical of foreign aid & multilateral system





# 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

# UK: Leadership and Foreign Aid Policy



Tony Blair (1997.5-07.6)

Gordon Brown (2007.6-10.5)

- Creation of DFID (1997); Int'l Development Act (2002)]
- Major increase of ODA & untying
- Aid for poverty reduction & MDGs
- Leading aid effectiveness agenda & budget support initiatives



David Cameron (2010.5-16.7)

- Creation of NSC, w/DFID participation ODA/GNI 0.7% (2013), legalization
- "Value for Money"; Independent Committee on Aid Impact (2011)
- New Aid Strategy (2015), w/reference to "national interest"; focusing on fragile states & economic devt; ending budget support



Theresa May (2016.7- )

- Economic Devt. Strategy (2017)
- Global Britain, utilizing UK expertise



DFID大臣 Clare Short (1997.5-2003.5)



# German Development Cooperation



- Policy: Federal Ministry of Economic Cooperation and Development (BMZ) established in 1961
- Implementing agencies: decentralized system
  - Financial cooperation (KfW)
  - Technical and human resource cooperation (GTZ, DED, InWent, etc.)
    - ➔ In 2011, GIZ (German Int'l Cooperation GmbH) created to provide an integral services
  - Party foundations, state-level cooperation, and others
- Building on the concept of “social market economy”, as the German model of development
  - Due consideration to employment and social stability
  - Technical and vocational education & training, the role of intermediary organizations (e.g., chambers of commerce and industry), SMEs
- GIZ: capacity development, delivery on the ground
  - Not just aid, but also offering fee-based consulting services (GIZ International Services to middle-income countries and other organizations)
- Big increase of ODA in 2015 (mainly due to assistance to refugees—accounting for 17% of ODA)

# Germany: Leadership and Foreign Aid Policy



- BMZ coordinating development cooperation policy (1961- ), with various implementing agencies (GIZ, KfW, SEQUA, etc.)
- Sustainability as key concept
- German model of development ("social market economy"); TVET, chambers
- Major increase of ODA, due to support to

Angela D. Merkel (2005.11-)  
CDU(キリスト教民主同盟)



Heidemarie Wieczorek-Zeul  
(1998.10-2009.10)  
SPD(社会民主党)

- Aid for poverty reduction & MDGs (with DFID, Ms. Short)
- Program of Action 2015 (2011), ODA increase
- Gender concern



Dirk Niebel (2009.10-2013.12)  
FDP(自由民主党)

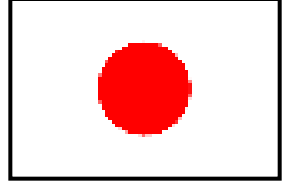
- GTZ→GIZ (2011)
- Actively promoting business engagement in development



Gerd Muller (2013.12-)  
CSU(キリスト教社会同盟)

- Future Charter (2014)
- Poverty reduction, refugees support to MENA & Africa
- Ethical concern (esp. business in development)

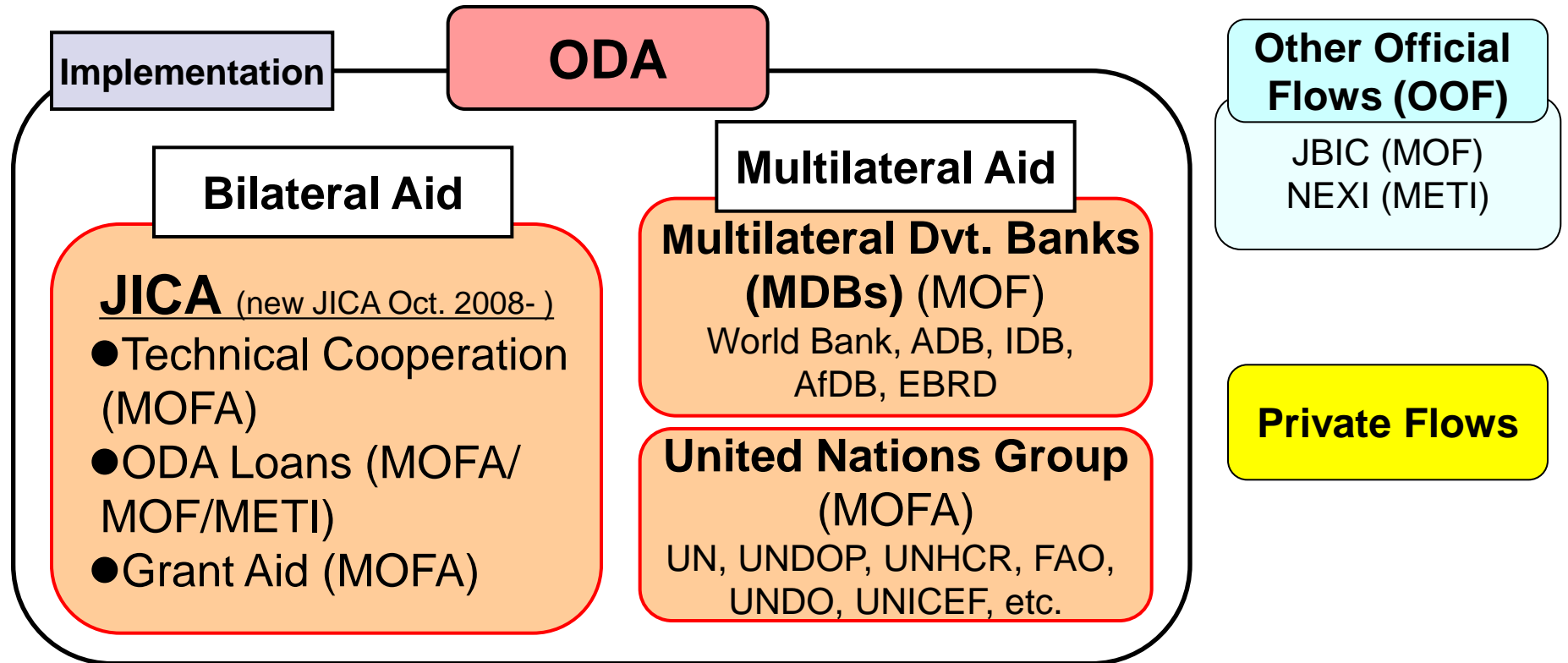
# Japan: ODA Policy Formulation and Implementation Coordination



- ODA as essential part of foreign policy; MOFA charge with overall policy coordination, supervising JICA (but, MOF & METI also involved in policy)
- JICA as a single implementing agency – grants, TA & ODA loans (2008: merger of JICA & ex-JBIC)
- Policy framework provided by ODA Charters (1992, 2003) & DC Charter (2015) – Cabinet approval
- Japan became top donor in the 90s (peak 1997); but sharp decline of ODA budget for the past 18 years due to fiscal stringency & the 2011 3.11 earthquake reconstruction, etc.
- Limited involvement by the Legislature on strategy of ODA, leading to inactive policy debates; however, recently, strong political drive for utilizing ODA for quality infrastructure, maritime safety, etc.



# 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

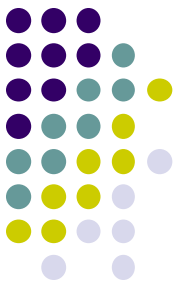
# Evolution of Policy Framework From ODA to Development Cooperation



- **First ODA Charter (1992)**
  - ▶ Top donor—articulate Japan’s philosophy of int’l cooperation to the world (i.e., reaction to the criticism of “passive checkbook diplomacy”)
- **Second ODA Charter (2003)**
  - ▶ Declining ODA budget and popular support under the stagnated economy—urge to reaffirm Japan’s determination to int’l contribution and enhance aid effectiveness in the era of MDGs
- **Development Cooperation Charter (2015)**
  - ▶ New landscape of int’l development (SDGs, diverse actors) and continued economic stringency—strategic focus and closer links btw. global & domestic agenda (accelerating globalization)
  - ▶ Building on the assets accumulated through 60 years of Japan’s ODA

# Philosophy of Japan's ODA

(ODA Charter, Cabinet Decision on June 30, 1992)



- It is an important mission for Japan, as a peace-loving nation, to play a role commensurate with its position in the world to maintain world peace and ensure global prosperity.
- Japan attaches central importance to the support for the self-help efforts of developing countries towards economic take-off. It will therefore implement its ODA to help ensure the efficient and fair distribution of resources and “good governance” in developing countries through developing a wide range of human resources and socioeconomic infrastructure.....

# Philosophy of Japan's ODA

(ODA Charter, Cabinet Decision on Aug. 28, 2003)



- The most important philosophy of Japan's ODA is to support the self-help efforts of developing countries based on good governance, by extending cooperation for their human resource development, institution building, and economic and social infrastructure building.....
- In order to address direct threats to individuals such as conflicts, disasters, infectious diseases, it is important not only to consider the global, regional and national perspectives, but also to consider the perspective of human security, which focuses on individuals... Japan will implement ODA to strengthen the capacity of local communities through human resource development.
- Japan will utilize its own experiences in economic and social development as well as in economic cooperation, fully taking into account the development policies and assistance needs of developing countries.

# Development Cooperation (DC) Charter: Continuity



- Keep Japan's basic philosophy
  - ▶ Contribution to peace and prosperity through cooperation for non-military purposes
  - ▶ Promoting human security and fundamental human rights
  - ▶ Cooperation aimed at self-reliant development—through assistance for self-help efforts as well as dialogue and collaboration based on Japan's experience and expertise



# DC Charter: Changes (1)

- Rename “ODA” → “Development Cooperation” Charter
  - ▶ Various actors cooperate with each other as equal partners by bringing respective strengths
- Expand the scope of development cooperation
  - ▶ **Quality Growth** – “Inclusive, Sustainable, and Resilient” G
  - ▶ Include MICs —not just LICs—addressing complex challenges (e.g., middle-income trap, urban mgt., inequality ...)
  - ▶ Allow for collaboration with foreign military personnel, for disaster relief and humanitarian assistance (case by case)

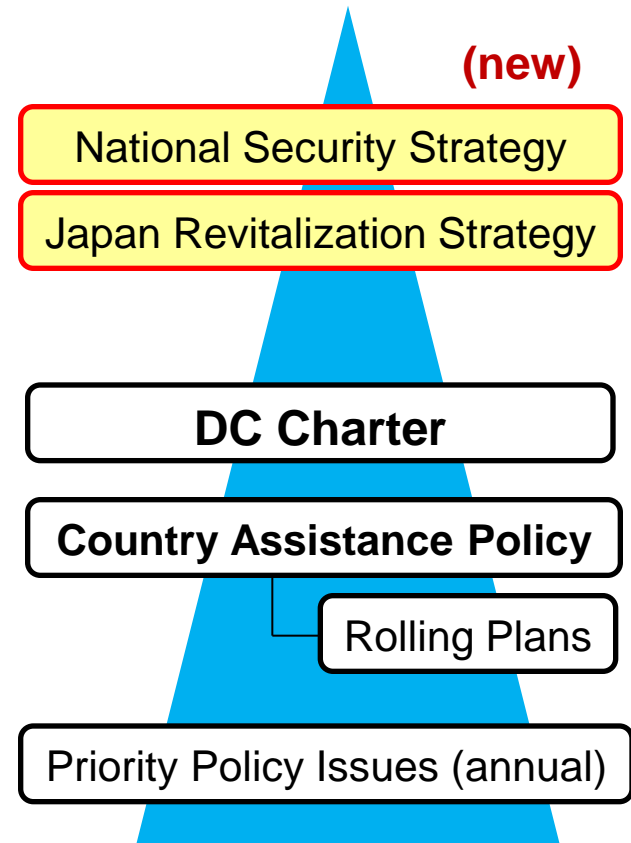


# DC Charter: Changes (2)

- Sharpen the strategic focus of ODA, working with diverse actors (domestic & external), by mobilizing their expertise and technology
  - ▶ Business, local govts, civil society, universities, Asian partners, etc.
  - ▶ ODA as a catalyst
  - ▶ “National interests” mentioned clearly for the first time

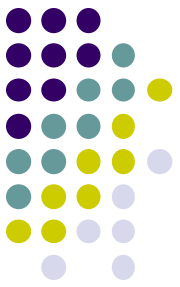


Cf. Japan does not have a legal framework governing ODA/DC. So, these charters are adopted upon the Cabinet approval.



# Development Cooperation Charter

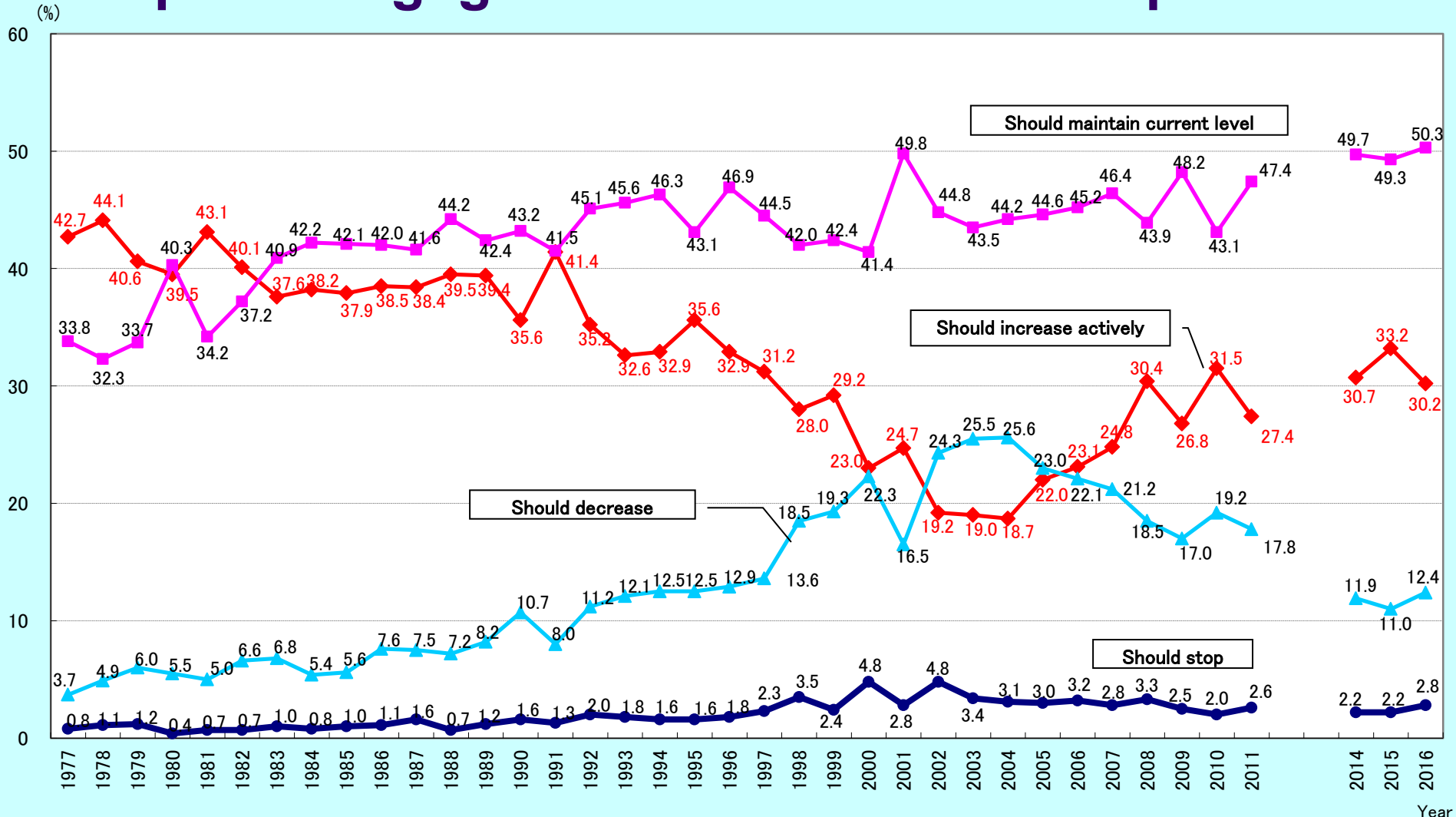
(DC Charter, Cabinet Decision on Feb. 10, 2015)



- Japan will provide development cooperation in order to contribute to more proactively to the peace, stability and prosperity of the international community. Such cooperation will also lead to ensuring Japan's national interests such as maintaining its peace and security, achieving further prosperity, realizing an international environment that provides stability, transparency and predictability, and maintaining and protecting an international order based on universal values.
- ODA, as the core of various activities that contribute to development, will serve as a catalyst for mobilizing a wide range of resources in cooperation with various funds and actors...



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



**Source:** Opinion Polls on foreign policy, the Cabinet Office, October 2016.

**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)

# Emerging Donors in East Asia

	Korea	China	Thailand	Malaysia	Singapore
<b>Policy formulation</b>	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)
<b>Concessional loans</b>	EDCF (1987)	EXIM-Bank (1994)	NEDA (2005)		
<b>Grant aid</b>	KOICA (MOFAT)	MOFCOM (2003)			
<b>Technical cooperation</b>			TICA (2004)	MTCP: working with training & educational institutes (more than 50)	Working with training & educational institutes SCP:G-G basis SCE: fee-basis

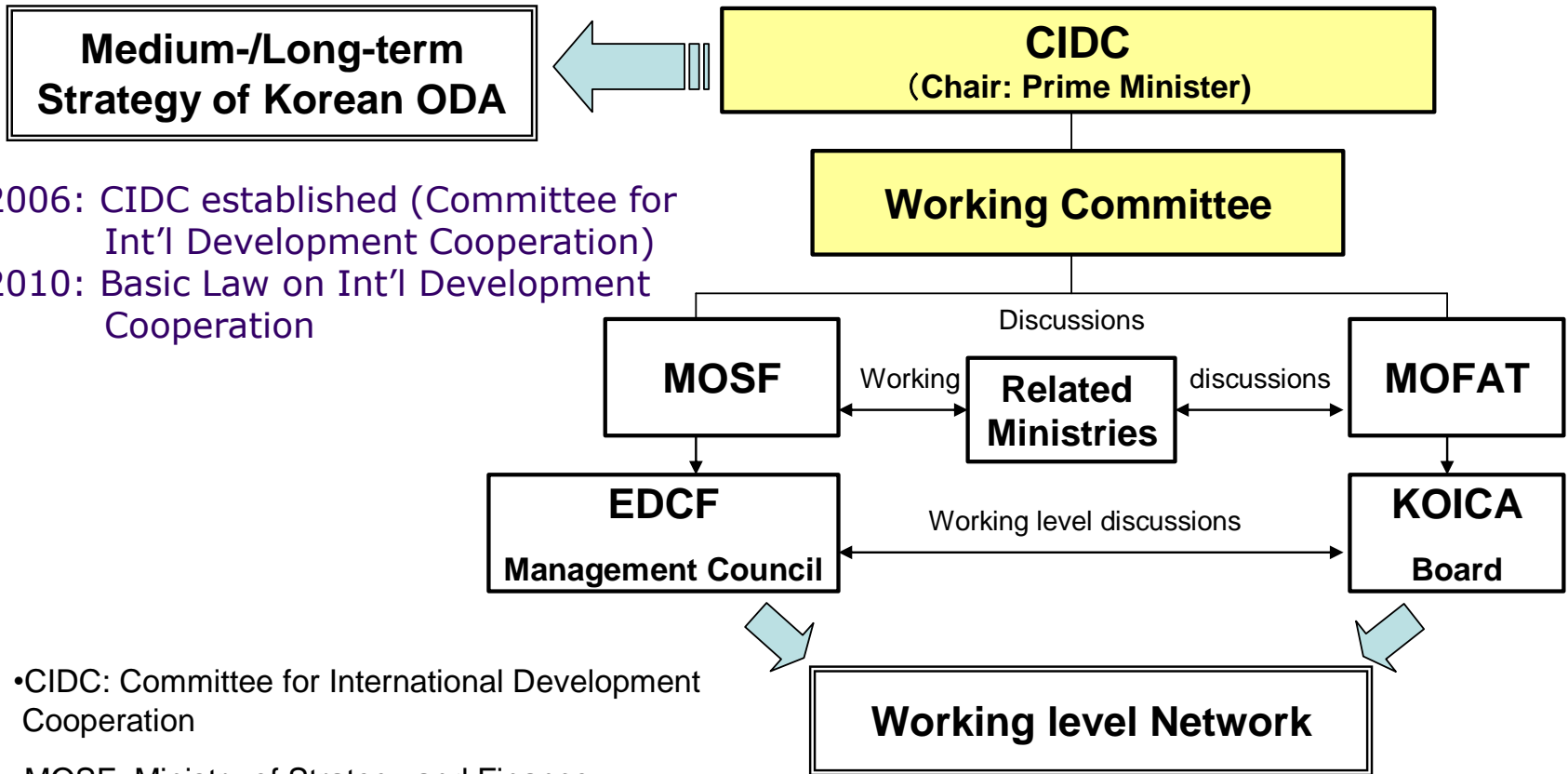
<Korea> EDCF: Economic Development Cooperation Fund, KOICA: Korea International Cooperation Agency  
 <Thailand> NESDB: National Economic and Social Development Board, NEDA: Neighboring Countries Economic Development Cooperation Agency, FPO: Fiscal Policy Office, TICA: Thailand International Cooperation 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"> <li>●US military government GARIOA and EROA</li> </ul>	1963	<ul style="list-style-type: none"> <li>●Participated in a USAID project</li> </ul>
1950-53	<ul style="list-style-type: none"> <li>●Korean War</li> </ul>	1982	<ul style="list-style-type: none"> <li>●KDI's International Development Exchange Program (IDEP)</li> </ul>
1950s	<ul style="list-style-type: none"> <li>●UNKRA - Post-war Reconstruction Aid</li> </ul>	1987	<ul style="list-style-type: none"> <li>●Economic Development Cooperation Fund (EDCF): concessional loans</li> </ul>
1945-60	<ul style="list-style-type: none"> <li>●70% of Grant aid provided during this period</li> </ul>	1991	<ul style="list-style-type: none"> <li>●Korea International Cooperation Agency (KOICA): grant aid &amp; TA</li> </ul>
1945-95	<ul style="list-style-type: none"> <li>●Total: \$12.78 billion</li> <li>●Major donors                             <ul style="list-style-type: none"> <li>- US:\$5,540 million (43.3%)</li> <li>- Japan: \$5,050 million (39.5%)</li> <li>- UN: \$615 million (4.8%)</li> </ul> </li> </ul>	1995	<ul style="list-style-type: none"> <li>●Graduated from recipient status: WB loans paid off (excluding post-1997 crisis loans)</li> </ul>
		2010	<ul style="list-style-type: none"> <li>●OECD/DAC member</li> <li>●G20 Seoul Development Consensus for Shared Growth</li> </ul>
		2011	<ul style="list-style-type: none"> <li>●OECD/DAC Busan HLF for Aid Effectiveness</li> </ul>
<p>Source: Updated by the author based on Wonhyuk Lim, Korea's Development Cooperation Agenda, presentation in May 2011, Seoul.</p>			

# Korea: Coordination Mechanism for Development Cooperation Policy



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

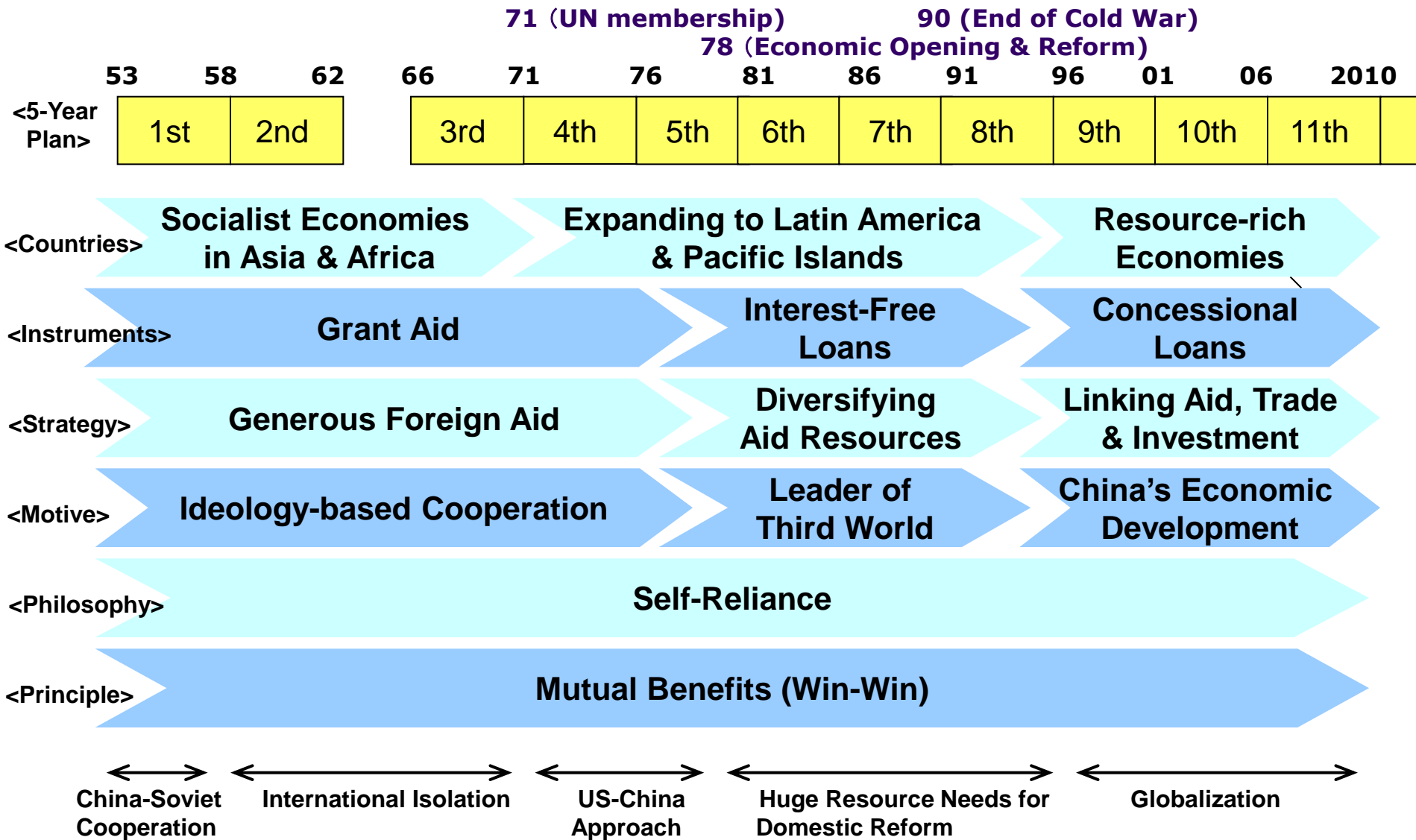
- CIDC: Committee for International Development Cooperation
- MOSF: Ministry of Strategy and Finance
- MOFAT: Ministry of Foreign Affairs and Trade

# Korea: Priority Agenda for Development Cooperation



- As a new OECD/DAC member, willing to play a bridging role btw. Developing countries and traditional donors
- Strategic use of ODA for national branding
  - G20 Seoul Development Consensus (Nov. 2010)
  - OECD/DAC Busan HLF for Aid Effectiveness (Nov.-Dec. 2011)
  - Promoting Green ODA
- Launching “Knowledge Sharing Program (KSP)” to disseminate Korean development experiences
  - 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- )



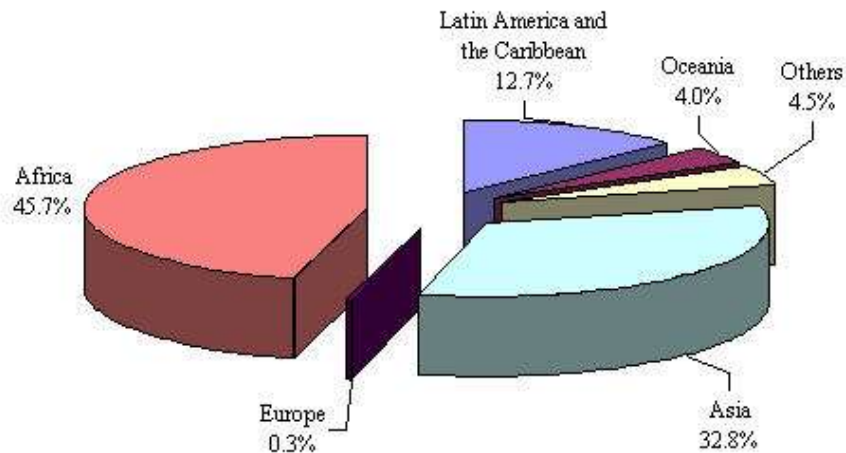
Source: Adapted from Takaaki Kobayashi "China's Foreign Aid Policy", JBIC Research Institute, Oct. 2007.



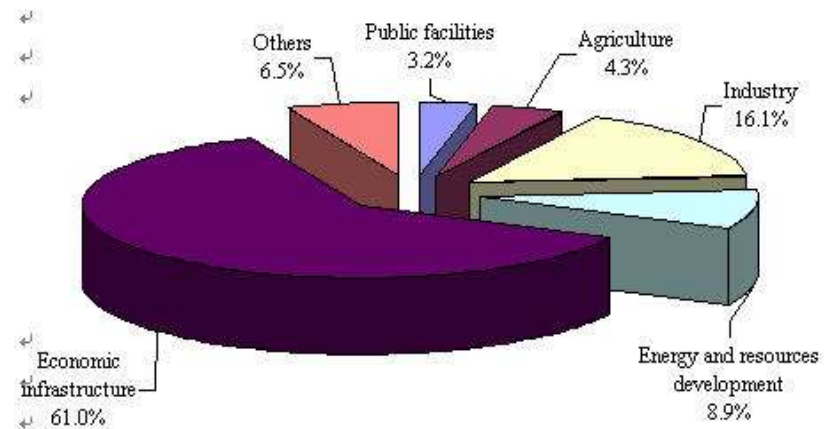
# Features of China's Foreign Aid Policy

- Equality and mutual respect (partners, not “donor-recipient”)
- 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)

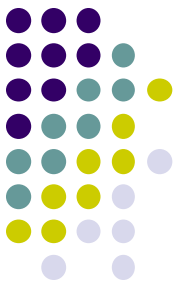


Source: Information Office of the State Council The People's Republic of China, April 2011

- Emphasis on economic infrastructure, and (recently) production capacity
- From late 1990s, major shift to economic cooperation; linking aid, trade & investment
  - “**Going out**” strategy (2001) under the 12<sup>th</sup> Five-Year Plan
- **Forum for China-Africa Cooperation (FOCAC)**, every 3 year since 2000
  - First multilateral consultative mechanism btw. China and Africa
  - 6<sup>th</sup> FOCAC (Dec. 2015) promises the expansion of concessional loans, China-Africa Development Fund, special loans to African SMEs, and a **new** China-Africa production capacity cooperation fund (10bn USD), etc.



# Cf. East Asian Donors: Japan, Korea and China (Stallings & Kim 2015)



- **Similarities**

- “Self-reliance or self-help” as central philosophy; demand-driven
- Sectoral allocation: emphasis on infrastructure and productive sectors; Japan & China (economic infrastructure) vs. Korea (social infrastructure)
- Instruments: use of concessional loans (in addition to grants & TA); project aid as main modality

- **Differences**

- Geographical allocation: Japan & Korea (Asia) vs. China (Africa)
- Relationship with OECD/DAC: Japan & Korea (member) vs. China (non-member)

- **Rivals or partners? (case by case...)**

# Final Thought and Implications for Japan: The Age of Choice?



1. The rise of Asian emerging donors and growth resurgence among traditional donors are welcome development for Japan, which has tended to be isolated within the int'l development community and the DAC until recently.
2. More diverse and increased development partners imply that developing countries could benefit from the greater choice of development cooperation (Greenhill, Prizzon & Rogerson 2013: ODI WP364).
3. This demands enhanced efforts on Japan to sharpen its own comparative advantage (“nitche”).
4. Japan should **focus on its core competence** and contribute to int'l development in the post-2015 era.

➔ *This is an era of “Cooperation and Competition.”*