

Workshop on Managing the Development Process and Aid --East Asian experiences in building central economic agencies—

**@ JICA Regional Support Office for Eastern and Southern Africa
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This workshop was hosted by the JICA Regional Support Office for Eastern and Southern Africa (ReSOESA) to share the interim findings of the GRIPS study on “Managing the Development Process and Aid” and obtain feedbacks from those interested parties in Kenya. The workshop was attended by about 30 participants including Japanese aid professionals (JICA, JBIC, and the Embassy of Japan, intern officers, etc.), as well as national staff of the JICA offices in Kenya.

Following opening remarks by Mr. Yoshiaki Kano, Resident Representative of the JICA Kenya Office, Prof. Izumi Ohno gave an overview of the ongoing GRIPS study on the development administration systems in Thailand, Malaysia and the Philippines with a focus on macroeconomic coordination of central economic agencies (CEAs) and the role of development plans in policy and resource alignment. The speaker stressed that there exist diverse models of macroeconomic coordination in the three East Asian countries. But, as the Philippines experience suggests, building “formal” institutions are not enough to make CEAs function. Although Thailand and Malaysia differ in their leadership style and operating principles of development plans, they had common features to make CEAs effective. These are: (i) the Executive-led policymaking process; (ii) the role of development plans as core documents for policy alignment; (iii) selective use of aid in the development process; and (iv) alliance between leadership and elite technocrats.

The workshop benefited from active participation of JICA national (Kenyan) staff, and lively discussions took place around the following issues:

- Selectivity of aid, including specific measures taken by Thailand and Malaysia to ensure the quality of aid;
- Key ingredients for “successful” CEAs in Thailand and Malaysia; and
- Relevance of “authoritarian” and “centralized” leadership style, in light of today’s decentralization drive.

A number of Kenyan participants raised questions about the selectivity of aid, especially whether and how the governments of Thailand and Malaysia have ensured the quality of aid. The speaker responded that these governments have good understanding of comparative advantages of each donor and made full use of them in aid mobilization. They have applied same procedures for both ODA and domestic projects, including unit costs. Also, they have made independent decisions on the sectors or activities where aid (against domestic resources) could be properly used. A Japanese participant complemented that the Thai government carefully examined the concessionality of foreign loans, as well as the soundness of financial management of executing agencies. For example, the government constantly made effort to secure the most concessional loans and quickly switched from one donor to the other which provides the more concessional loan aid. Furthermore, when the Electricity Generating Authority of Thailand (EGAT) became profitable, the government shifted its funding source from ODA loans to commercial loans, thus making ODA loans available to the other agencies and sectors in need.

A Kenyan participant asked what are key ingredients for “successful” CEAs in Thailand and Malaysia. While the Kenyan government is good at formulating plans and creating institutions, it faces challenges at the implementation stage. On this point, a Japanese participant stressed the importance of the quality of development plans and the vital role of CEA technocrats in concretizing the plans. He noted that the Thai government’s five-year plans had sharper focus and prioritization than the Kenyan government’s Investment Plan for Economic Recovery Strategy (IPERS). In Thailand (referring to the

80s), based on the five-year plans, NESDB guided the direction of investment decisions on both domestic and ODA projects. Furthermore, in the 80s, the Thai government formulated the Eastern Seaboard Development Program, which is a programmatic and cross-sectoral approach with regional focus. This approach differs from today's Sector-Wide Approach, which is comprehensive but limited to one sector (or sub-sector).

A Kenyan participant questioned whether East Asia's "authoritarian" and "centralized" leadership style remains relevant today, because the importance of "bottom-up" approach and decentralization is increasingly emphasized in Kenya. Several Kenyan participants also noted the ongoing decentralization drive in the country. The speaker responded that while the "bottom-up" approach and local governments have important roles to play, CEAs must assume strategic core functions especially in the early stage of development. And the quality of leadership matters for making CEAs function. As the case of the Philippines shows, "authoritarian" and "centralized" leadership does not guarantee good functioning of CEAs.

There were other questions raised by the participants, including governance issues (e.g., the degree of correlation between governance and development performance, irregularity of official money), coordination mechanisms involving non-governmental actors (e.g., private sector and civil society).

There existed general consensus that the GRIPS study could provide useful perspectives for the current efforts of CEA building in Kenya and possibly in Sub-Saharan Africa. In concluding the workshop, Mr. Yoshihide Teranishi, Resident Representative of the ReSOESA commented on its potential usefulness of the JICA Africa-Asia Cooperation program.

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