



Japan Preparing for 2008:

Setting the agenda for UK-Japan partnership

GRIPS Development Forum
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About GRIPS Development Forum (GDF)

- Launched in 2002, within 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
 - Education policy in Africa
 - ODA policy and reforms, etc.

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Topics of Presentation

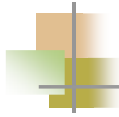
- How is the Government of Japan (GoJ) preparing for 2008?
 - TICAD IV (May 28-30: Yokohama)
 - G8 Summit (July 7-9: Hokkaido Toyako)
- Initiatives by GDF for 2008
 - Formulating ODA reform proposal -- with a view to the 2008 events and the birth of “new JICA” (October)
 - Compiling Japan-UK Aid Partnership Report

TICAD: Tokyo International Conference for African Development
JICA: Japan International Cooperation Agency



1. GoJ Preparation for 2008 (1): TICAD IV

- Towards a Vibrant Africa: 3 pillars
 - Boosting economic growth in Africa
 - Ensuring “Human Security”
 - Poverty reduction towards achieving MDGs
 - Peace and stability, and democratization
 - Addressing environmental issues/climate change
- First awarding ceremony of Hideyo Noguchi Africa Prize
 - Preparatory meetings planned in fall 2007-spring 2008
 - Efforts are underway, separately by MOFA, MOF, JICA, JBIC, METI/JETRO etc., to intensify support to Africa

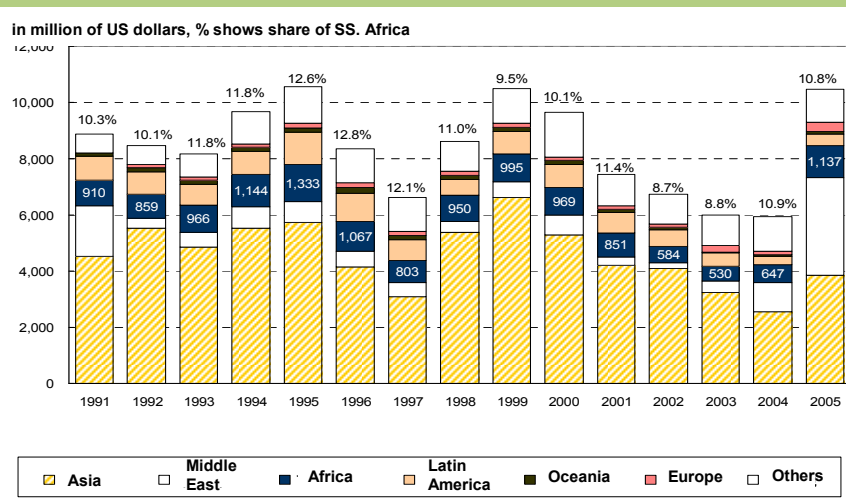


Our Observation

- 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
- But, Japan's vision for future ODA strategy and volume for Africa remains unclear
- Absence of stakeholder forum to discuss African development
 - Concerns expressed by African Diplomatic Corps in Tokyo, CSOs, academia, etc.
- Advocacy efforts by CSOs (TSCF, TNNet, CCfA, etc.): organizing workshops, involving African NGOs

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

Regional Distribution of Japan's Bilateral ODA (net disbursement basis)



Note: The data on 2004 and 2005 include debt relief, amounting to \$107.55mn (1.8% of the total) in 2004 and \$3553.45mn (33.8%) in 2005.

Source: Ministry of Foreign Affairs, Japan (Japan's Official Development Assistance White Paper 2006)



GoJ Preparation for 2008 (2): G8 Summit: Hokkaido, Toyako

- Climate change/environment: priority agenda
- PM Abe's proposal for "Cool Earth 50"
 - Building on "A Leading Environmental Nation Strategy, Japan"
 - A new financing mechanism proposed to support developing countries
 - MOFA requesting ODA budget increase (+13.9%) for FY2008, mainly on global environmental issues (Aug. submission to MOF)
- African development: to carry on the discussions at TICAD IV



Our Observation

- Modest public interests in the African agenda, compared to climate change/environment (both LDP and DPJ)
- Political inertia likely to continue, affecting budget and strategic decisions (←humiliating defeat of LDP in the July 2007 Upper House election)
- Advocacy efforts by CSOs intensified, based on the experiences of the 2005 G8 Summit
 - GCAP Japan (*Hottokenai Sekai no Mazushisa*)
 - Japan 2008 G8 NGO Forum: established in Jan. 2007, with more than 100 NGOs; currently preparing common platform



2. GDF Initiatives for 2008 (1): Formulating ODA Reform Proposal

- Monthly discussion forum among aid stakeholders on Japan's ODA reforms
 - Started in July 2006 (met 11 times)
 - Over 120 participants
- Voluntary initiative by those professionals who share a sense of crisis in Japan's ODA and the importance of 2008
- Formulating a proposal for renovating Japan's ODA
 - To be finalized by October 2007

Issues to be Addressed in Our Private Manifesto for ODA Reforms

- Philosophy and strategic visions
- Intellectual leadership in global development debates
- ODA budget increase
- Communication strategies to build political & public support
- Effective response to development needs in partner countries
- Policy planning and implementation system (in both Japan and partner countries)
- Public-private alliances (esp., business, NGOs & CSOs, academia)
- Simplification of administrative procedures (e.g., budget, procurement reforms)
- System for professional career development
- Renovation in Japan's aid to Africa

<Preliminary>



Our Manifesto: Africa

- Japan should increase ODA allocation to Africa (e.g., new sources of funding, earmarked spending for Africa)
- Japan should concentrate additional aid to Africa on a few countries with a potential to be “*growth leaders*”:
 - Strong political will (top leader); social stability; reasonable administrative mechanism, etc.
- Create success models: “graduation from aid”
- Strengthen field offices in those countries concerned

<Preliminary>



Our Manifesto: Africa (cont.)

- Provide comprehensive support -- from policy advice to concrete activities on the ground
 - Promote the productive sector (e.g., agriculture, industry)
 - Flexibly mix bilateral and multilateral resources, and involve private sector and other donors (incl. Asian emerging donors)
- Establish stakeholder forum to discuss strategy and implementation support to aid to Africa
- Create special facilities for Africa to promote private sector investment (e.g., matching fund for CSR, ODA equity investment, PPP)



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

- ODA policy report:
 - Serving as the conceptual basis for Japan-UK partnership
 - Assisting GoJ in formulating key messages in the 2008 events
- Independent research initiative, as a follow-up to our Feb. 2007 visit to UK
 - Authors: researchers, policymakers and practitioners in UK, Japan, Asia (Malaysia) and Africa (Uganda)
 - Publication: scheduled for early 2008



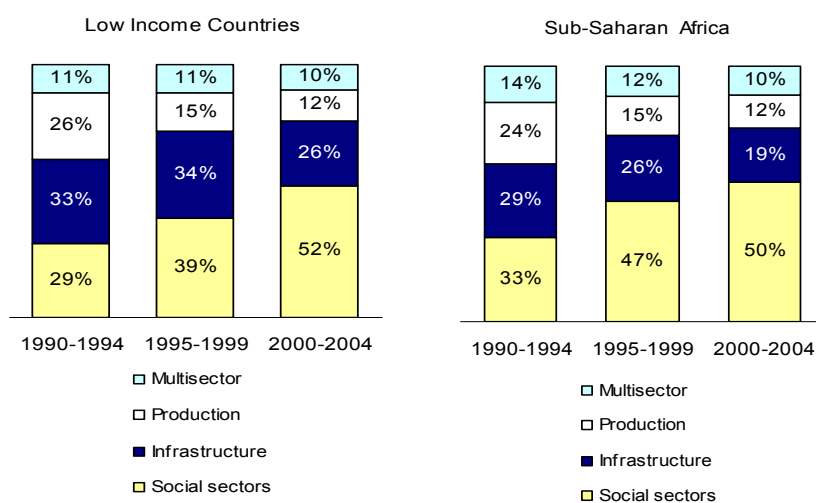
Japan-UK Aid Partnership: Key Concept

- 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*

	Projects	Budget Support
Instruments	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
Donors	Preferred by donors who emphasize field-based process support, as an entry point	Preferred by donors who excel in policy dialogue and administrative reform

<From: Kenichi Ohno's PPT, "The East Asian Growth Regime and Political Development" (Sept. 2007)>



How Different? Development and Aid Strategy

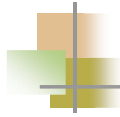
There is a clear difference in developmental thinking between Eastern practitioners and Western aid community

	East Asia's Way	Western Donors
Goal	Economic prosperity and national pride	Poverty reduction (MDGs)
Policies	Investment, trade, skills, technology	Health, education, governance
Key actors	Central government and businesses	Local communities and poor people

How Different?: Japan-UK as Donors

	Japan	UK
Volume (ODA/GNI) (2006: net disbursement)	\$ 11,608 mn (0.25%)	\$12,607 mn (0.52%)
Regional distribution (2004-05: % of total gross disbursement)	1. East Asia & Oceania (40.7%) 2. Middle East & North Africa (19.3%)	1. Sub-Saharan Africa (53.6%) 2. South & Central Asia (21%)
Major aid use (2004-05: % of total bilateral commitments)	1. Economic infrastructure (26.8%) 2. Social & administrative infrastructure (21.4%)	1. Social & administrative infrastructure (30.0%) 2. Humanitarian aid (8.1%)
Grant share (2005: % of total ODA commitments)	48.8%	96.5%
Budget support	4 countries (2006)	17 countries (2004/05)
ODA through NGOs (2004-05: % of total bilateral commitments)	1.7%	9.2%

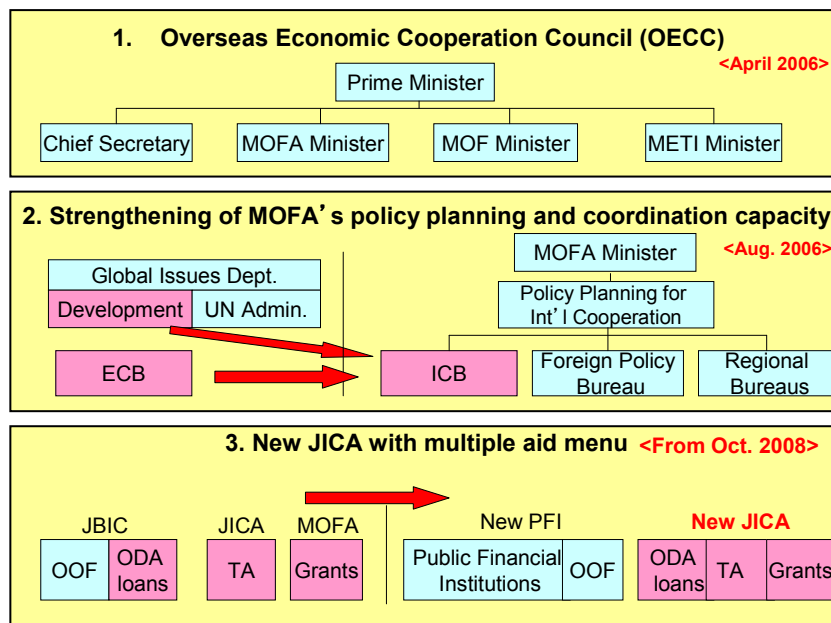
Source: OECD/DAC (Development Cooperation Report 2006, CRS online database)



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



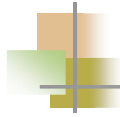
Features of British Aid

- 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 (2nd & 3rd 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



Thank You Very Much !

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