

Fostering True Ownership in Developing Countries
—Based on the Experiences of Japanese and Nordic Assistance in Asia—
Event Report

Date: 22nd May, 2008 (09:30 – 12:00)

Place: GRIPS Room A4

Speakers:

Dr. Alf Morten Jerve, Senior Researcher, the Chr Michelsen Institute, Norway

Prof. Izumi Ohno, National Graduate Institute for Policy Studies (GRIPS), Tokyo

Discussants:

Prof. Marie Soderberg, Stockholm School of Economics, Sweden

Prof. Yasutami Shimomura, Professor, Hosei University, Japan

Prof. Annette Skovsted Hansen, Associate Professor, Aarhus University, Denmark

Ms. Masumi Shimamura, Economist, Mitsubishi UFJ Research & Consulting Co, Ltd., Japan

I. Introduction

Recently there is global consensus that ownership is critical to ensure aid effectiveness and development success. Importance of the concept is underscored by its retention as one of the guiding principles for aid effectiveness in the Paris Declaration for Aid Effectiveness. Nevertheless, the concept is still evasive.

A new book titled “Aid relationships in Asia: exploring ownership in Japanese and Nordic Aid” that explores the possibility to simultaneously forge partnership and ownership in aid relationships has been published by Palgrave Macmillan. The book is based on the findings of a recent joint research project between Japanese and Nordic researchers - Denmark, Finland, Norway, and Sweden - and includes contributions by experts from developing countries. The research was motivated by observed differences in implementation of seemingly similar development assistance approaches, between Japan and the Nordic countries.

The seminar was organized to (i) introduce and dissect the different concepts of ownership that exist, and (ii) discuss the approaches that would better foster “true” ownership of the development process. In the process of these discussions, it was hoped answers to recurring questions such as what is ownership, ownership of what and by whom, could be provided. The timing of the book is timely as it is hoped its findings would feed valuable insights into the upcoming High Level Forum in Accra, Ghana.

Through discussions of findings of various donor recipient-relationships case study in Asia, presentations were made that drew out key lessons on modalities to ensure true ownership of the development process

This event report attempts to capture the general sense of the discussions, and the various opinions expressed by participants. In this regard, every effort has

been made to follow the general flow of discussions although opinions are not necessarily reflected in the precise order in which they were presented.

II. Presentations

1. Conceptualizing ownership in aid relations, by Dr. Alf Morten Jerve

Dr. Alf Morten Jerve' presentation outlined reflections of various scholars on the issues of ownership which had different meaning for different players and explained the need to deconstruct the concept of ownership in order to understand it. At the outset, Dr. Alf stated the importance to relate the issue of ownership to the question of power and influence, between donor - recipient as well as between government-governed relationships. In the case of donor-recipient relationship, aid as an external factor would certainly have an influence on the relationship. Because in recipient country's national context ownership is viewed as the legitimization of institutions and the state, there was need to look at power relationships and its implications on the rights to set policy agendas, the right and power to influence planning as well as execution.

On the one hand, with respect to implications on the policy side, Dr. Alf questioned whether aid actually play a role in strengthening ownership, and whether aid architecture is really about partnership (a more equal relationship), or there were hidden agendas. These concerns for ownership should have implications for donors' policies and donors' behaviour.

On the other hand, with respect to implications on the analytical side, when implicitly labels such as weak and strong, have been in the aid discourse without much clarification of what these qualifications really mean in terms of ownership issues, Dr. Alf discussed how to discover or recognize ownership or the lack of it. Using case studies in several countries in Asia, Dr. Alf went on to discuss the extent to which differences of approaches between the Nordic and the Japanese aid relationships produce differences in terms of its ownership issues.

2. Managing donors and owning policies, by Prof Izumi Ohno

Prof. Izumi Ohno's presentation focused on two aspects namely, (i) the Asian perspective of ownership and (ii) differentiation between the management of aid relationships from management of the development process itself. Using case studies in Vietnam, Prof. Ohno contrasted the Asian perspective of ownership to the conventional (western) perspective that defines ownership as "recipient's commitment to, and capacity for, the design and implementation of policy reform".

Prof. Ohno explained that from the Japanese perspective aid relationship is just a means to an end, an instrument of development management that assumes an eventual graduation from aid as the ultimate goal. She also explained that to establish true ownership, not only should the government be at the center of the development process, but at the same time, it is vital for the recipient government to develop a vision for the country's development, build country systems for mobilizing financial and human resources and nurture local expertise in managerial and technical skills in order to realize strong ownership like in the case of Vietnam.

Prof. Ohno explained that the extent to which a government could exercise ownership of the development process depended on said government's management capabilities. In this regard, she distinguished between two types of governments; (i) those with the capability to manage the entire development process - aid is coordinated as part of their own coherent development effort - and (ii) those that due to capacity constraints, allowed donors to assume joint responsibility for managing the development process – exercising genuine autonomy was constrained as a result. In countries without good management capabilities (often high aid dependent countries), donors dominate the development policy agenda and the development process in practice is almost identical to the aid relationship.

Prof. Ohno nevertheless stressed that, even though these “weak” ownership countries faced immediate capacity constraints, it was important they be encouraged to aspire towards the goal of graduating from aid dependency and establishing strong ownership. This was necessary to avoid the risk of financial dependency degenerating into intellectual aid dependency.

3. Democracy and ownership in Nepal, Prof. Annette Skovsted Hansen

As part of her contribution to the research study, Prof. Skovsted Hansen focused on people's *exercise* of their democratic rights as an example of ownership. She called this “people's ownership”. While in most ownership discourse it is the government elected by the people that exercised ownership, in the case of Nepal, people reacted effectually as owners of their own ideas for Nepal's political and development future when donor interventions, democratically elected governments, subsequent Maoist insurgency and royal responses did not meet their expectations. This finding is illustrated by the case study of the US\$1.1 billion ARUNIII hydroelectric power plant, which was abandoned due to continuous public protests. Being aware of smaller more inexpensive alternatives with local jobs and investment opportunities, people became infuriated by the discrepancies between their expectations and the disappointing results of implementations. People were therefore able to influence decision making through popular movements and were able to force the abandonment of the project.

4. Legitimate ownership of Thailand, Prof. Yasutami Shimomura

Prof. Shimomura distinguished between two ways of donors management that were illustrated by (i) the case of Ghana - a high aid dependent country with less bargaining power - which followed the “good boy” strategy where recipients do what donors want them to do but they do so *voluntarily*, and (ii) the case of Vietnam and Thailand which managed to gain ownership (sometimes through inimical ways).

Prof. Shimomura also discussed the ingredients for a recipient country to gain ownership under current aid relationship. He listed (i) legitimacy of the process (including transparency), (ii) the need for broad-based consensus, (iii) rational and logically consistent policies, as well as (iv) the need to show donors that they would pay a heavy price if they try to impose their views on the recipient. Prof.

Shimomura briefly discussed two case studies of two aspects of export capacity in Thailand, namely hardware (the Eastern Seaboard Development) and software (the first White Paper on Thai-Japanese economic relations) to illustrate how Thailand gained strong ownership of those processes.

5. Prof. Marie Soderberg's views

Prof. Soderberg shared on the specifics of some of the results from two case studies from the research that of Mongolia and China. She explained that a country like Mongolia may be characterized as accepting any offer of aid and that it in the process showed weak ownership, but still the country in the end managed to steer the outcome in the direction of its liking. This was the case with a Swedish project of good governance. On the other hand weak ownership on the part of the recipient country might not always result in bad projects. The example here was the Japanese culture centre that although it was driven by Japanese interest with Japanese management was immensely popular in Mongolia and had 150,000 visitors every year.

Speaking of strong ownership, China was taken as an example. It was shown how China was selective from the start both in the way it treated different donors-based on their strategic interest – as well as the projects that it implemented. China itself was supersensitive to outside involvements in its affairs, made sure to stay in charge of its own development, and had a centralized system for administering aid and capable bureaucracy competing for projects. It was also a country with low dependency on aid. Still the size and importance of the country made many donors willing to assist China. Domestic constituencies in the donor countries are some of the drivers in this process.

6. Policy reform initiatives and aid management in Vietnam, Ms. Masumi Shimamura

Ms. Shimamura's presentation touched upon the experience of the poverty reduction support credit (PRSC), a budget support instrument - that unlike the traditional adjustment lending does not involve explicit conditionality and provides more room for flexibility to accommodate changing situations - to support PRSP in Vietnam. So far, Vietnam has been using the PRSC strategically as one of the tools to support its accession and compliance to the WTO, to mobilize available donor resources until the country graduates from IDA status and finally as a signaling effects to both internal and external audiences.

At the same time, Ms. Shimamura noted the limits of the PRSC (in the sense that policy actions only address the essence of the most important milestones for reform) and stressed the importance of step-by-step capacity building on the ground. Japan's assistance could (and should) bring up policy issues identified through practical assistance on the ground to the PRSC, and *vice versa*.

III. Question and Answer Session:

1. *Can you give clarification of the concept of ownership, there is confusion as to whether ownership is a behavioural pattern of recipient countries or whether it is*

the successful completion of ODA programmes. Also, can we talk about ownership if the projects or programmes are not successful? If the answer is positive what then are the basic components of ownership, which makes the projects or programmes successful?

Panelists felt that this was a matter of definition, a matter of what one wanted to put into the concept of ownership; but it was clearly important to distinguish between ownership as a reflection of power noting that power can be exercised with different outcomes. Donors do not only look for strong governments but for governments that make decisions to their (donors) liking. This is where things can become dangerous. Instead of trying to use aid instruments as a vehicle of forcing policy change, donors need to accept recipient countries sovereignty and refrain from providing aid altogether if not pleased with recipient governments that pursue policies that donors dislike. Panelists expressed regret that in recent decades western donors have developed a preference for imminent changes, and therefore use aid conditionality as a way of fostering rapid policy change, instead of seeing aid as a long-term process of transformation.

The panelists also stressed whereas ownership does not ensure successful results, recipient countries should have the right to fail and learn from their failures. Otherwise, they may develop intellectual dependency in the long run (say 10, 20 years down the road) and may not stand on their feet when left on their own.

2. You say the donors should show willingness to withdraw when ownership does not yield results. While in case of budget support you can withdraw by simply not writing the check (although this has such serious implications for countries that have included the money in their budgets, many in the social sectors), don't you feel that in the case of project aid – which Japan focuses on – it is quite difficult to pull the plug? How do you feel that donors can actually successfully withdraw without leaving white elephants that the recipient taxpayers would remain with?

Panelists were of the opinion that rapid withdrawal is dangerous in most circumstances and agreed that the art of withdrawing is an aspect of aid relationships that needed to be given a serious look. To manage withdrawal in a proper way, the critical issue is the time perspective allowed irrespective of the reasons for exit (except for very dramatic reasons like breaking of diplomatic relations or war). With consideration to the type of aid, there is a dangerous development with the linkage of general budget support to political considerations. Increasingly it is observed in some parts of the world how countries look to punish recipients from "bad behaviour" by cutting general budget support. As with project aid, panelists argued that those projects should be completed and donors may decide to withdraw after completion. While donors need to have an eye on the outcomes, they also need to have a measured way of exiting not just through abrupt political actions.

3. Because donors often dictate and directly participate in development policy formulation in recipient countries as well as influence implementation of the development agenda shouldn't they be candid enough and accept to share implementation failure responsibility. In such a case, how should they deal with the resulting external debt particularly in Africa?

Panelists agreed that donors had a responsibility but were not sure how they (donors) should respond. They suggested debt forgiveness as one way out. Panelists also argued for donors to really take a step back and respect that sovereign governments have a responsibility for their own development policies. In case of Africa this would mean donors should refrain from pushing their own policies ideas. On the other hand, increased ownership of recipient country would come paired with increased scrutiny of their management and implementation of the development process.

4. With respect to ownership and aid dependency, is it too simplistic to say that high ownership leads to low aid dependency? With the view to replicate them in Africa, are there some good examples of high ownership under strong aid dependency conditions? In the case of Africa, where the development strategy is often jointly formulated with donors, donors' management and ownership of the development management quite deeply overlap. Would you please clarify the relation between ownership and aid dependency in such situations?

You stated that the term "country ownership" is a misnomer. Does this imply the possibility to seek not only country ownership but also "democratic ownership" to include CSOs, the private sector, and other key stakeholders?

With respect to ownership and the aid modalities I find your conclusion that "recipients seem not to want a uniform model for partnerships" to be very interesting as one of the focus of the Accra agenda for action is that aid modalities should all be untied by utilizing recipient country systems. However whereas some recipient countries in Asia argue that while important, harmonization should not diminish the diversity of aid modalities (including the technical cooperation); in Africa, emphasis is rather placed on donors harmonization of aid modalities based on budget support. Would you kindly shed some light into these two contrasting perspectives?

While there are not that many cases where good or strong ownership has been exercised in a situation of aid dependency, there are definitely several cases; Botswana has been mentioned as one such. The interesting part is to know how certain countries managed aid in a situation where they were quite dependent on it. In the case of Botswana, it was a mixture of good fortune and some sensible decision-making. They leveraged on their front line state status in the struggle against apartheid and worked to boost their own management of the development process by importing development management know-how (expatriate workers). A look at countries that have successfully managed huge aid flow reveals they always had very deliberate strategies of how to build up their own professional capacity to do it.

Another good example of ownership under strong aid dependency conditions would be Mongolia. Despite its heavy aid dependency, Mongolia achieves some sort of ownership by either (i) choosing not to continue with certain projects (those they do not like) or (ii) not implementing projects to the donors' expectation. Either way they are in control of the outcome.

While few people will look at Nepal as an example of success, the panelists felt that it was an interesting case to look at as people are taking a stance and expressing it thereby seeing results they partly own. This fact, while a good demonstration of democracy is also in part a manifestation of what type of development people of Nepal want. So, we can talk of ownership in Nepal irrespective of successes on the development front, even if only for them taking ownership of a process and influencing the outcome, as in the case of the ARUNIII hydroelectric power plant.

The issue of whose ownership is quite a complex one in practice although we tend to assume that it includes consensus between all stakeholders including at the grassroots. Care must be exercised with this logic – grassroots ownership - as it is a double edged sword that can be utilized by donors to divide and rule. It does not take much to label a government as authoritarian, or not fully democratic. While it is hoped decisions made by a country should be based on a broader consensus amongst all stakeholders, in reality it is not easy to achieve perfect representation, and development programmes can proceed despite some reasonable measures of opposition.

Also, the role of an enlightened leadership can be very important in the ownership and aid relationship as demonstrated in the cases of Thailand and Malaysia. Though these two countries went through periods of aid dependency, they each had a vision to graduate from aid and an exit strategy from early on.

With respect to the issue of the uniformity in aid modalities panelists felt that, despite the apparent contrast in the discourse between African development practitioners and their Asian counterparts, there are good signs on the African side of an interest in a more diverse aid world, that increases their own political room for maneuvering and they welcome a variety of donors (the case of the China – Africa Summit). In addition, people in disadvantaged areas in developing countries were more interested in seeing things happening on the ground than in aid modalities. They cared less whether the village clinics, the road repair came about through budget aid or NGO aid. What they cared for were the results.

With respect to ownership of aid modalities whereas comparative advantage between different donors can bring complementary in some areas of mutual interest, recipient countries could use regional power blocks or use other national resources as negotiating leverage with donors.

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