



The G8, UK Aid Policies for African Development and Implications for Japan

Julius Court, Simon Maxwell, David Booth and Karin Christiansen

ODI Japan Visit Report

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Acronyms and Abbreviations

| | |
|-------------|--|
| ADBI | Asian Development Bank Institute |
| AfDB | African Development Bank |
| AICAD | African Institute for Capacity Development |
| CFA | Commission for Africa |
| DBS | Direct Budget Support |
| DBS | Direct Budget Support |
| DG | Director General |
| ECB | Economic Cooperation Bureau, MOFA |
| FASID | Foundation for Advanced Studies on International Development |
| FDI | Foreign Direct Investment |
| GEIC | Global Environment Information Centre |
| GRIPS | National Graduate Institute for Policy Studies |
| IDCJ | International Development Center of Japan |
| IDE | Institute of Developing Economies |
| IDRI | International Development Research Institute, FASID |
| IFF | International Finance Facility |
| JBIC | Japan Bank for International Cooperation |
| JBICI | JBIC Institute |
| JICA – IFIC | JICA Institute for International Cooperation |
| JICA | Japan International Cooperation Agency |
| MOF | Ministry of Finance |
| MOFA | Ministry of Foreign Affairs |
| ODA | Official Development Assistance |
| ODI | Overseas Development Institute |
| P & C | Planning and Coordination Department, JICA |
| PPP | Public Private Partnership |
| TICAD | Tokyo International Conference on African Development |
| UNU | United Nations University |
| VP | Vice President |
| WTO | World Trade Organisation |

Executive Summary

A team of four from ODI visited Tokyo during the week of June 6 2005 (Simon Maxwell, David Booth, Julius Court and Karin Christiansen) as part of our JICA-funded work on UK-Japan aid issues and the implications for Japan of the UK's focus on African development in 2005.¹ We also wanted to learn about Japan's development community, particularly its views about East Asia's development experience and how Japan's aid may have accelerated it.

The programme included meetings with:

- JICA – including President Madame Ogata, Vice Presidents Seiji Kojima and Kazuhisa Matsuoka, Tsuneo Kurokawa (Head of Africa Department) and other staff including the Director and Staff of the JICA Institute for International Cooperation (IFIC);
- JBIC – including Executive Director and Deputy of the JBIC Institute (JBICI) (Shozo Kitta and Ryutaro Koga) and operational staff from the Development Assistance Strategy Department and Africa Department;
- Ministry of Foreign Affairs (MOFA) – Kazuo Kodama (Deputy DG of the Economic Cooperation Bureau) and staff as well as Mr Mabuchi and his staff at FASID (a think-tank affiliated with MOFA);
- We also met with other stakeholders including representatives of think tanks (JICA-IFIC, FASID, GRIPS), leading researchers (Shigeru Ishikawa, Yasutami Shimomura and Toru Yanagihara) and international agencies (United Nations University and Asian Development Bank Institute).

There were also three 'events':

- a large workshop on Aid to Africa organised by IFIC (DG Toru Taguchi, Kyoko Kuwajima and Koji Yamada), attended by about 130 people;
- a lunchtime seminar on UN Reform at FASID (Executive Director Mutsuo Mabuchi and Junko Ohara), attended by about 80 to 90 people²; and,
- a high-level workshop on PRSPs and aid at GRIPS (Chaired by Izumi Ohno) – including a panel with Takehiko Nakao (Director in the International Bureau at the Ministry of Finance), JICA VP Seiji Kojima, JBICI Executive Director Shozo Kitta and Mr Kazuo Kodama from MOFA. The workshop was attended by about 45 people.

¹ See English and Japanese websites: http://www.odi.org.uk/rapid/Projects/UK_Japan/

² See: http://www.fasid.or.jp/chosa/forum/bbl/bbl_17.html

Key discussion issues included the following:

- It certainly felt that Japan is turning a corner after almost a decade of budget cuts. There is a lot of reform happening in the Japanese aid system – with a new ODA Charter, increasing coordination from MOFA, reform processes in JICA, a doubling of aid to Africa, debt relief provision and new efforts regarding how to loan to Africa. There is minimal enthusiasm in Japan for the IFF.
- It is clearly a period of policy ferment and there seemed substantial interest in discussing all kinds of aid policy issues in order to inform the debate in Japan.
- It was clear that budget support was one of the hottest topics – there is no inherent opposition in Japan and this modality is actually already used in Indonesia and Viet Nam as well as the more well-known pilot in Tanzania. There may be some limited extension to Ghana and Uganda.
- Traditional Japanese interests in infrastructure and private sector development are still very prominent. There is interest that the Commission for Africa (CFA) has given prominence to the productive sector (especially infrastructure). There is a feeling that DFID does not give enough prominence to these issues.
- Much discussion on governance and agreement on the importance of politics for development – and the need for donors to address political issues more directly, especially in Africa.
- Many interesting comparisons between Asia and Africa – regarding starting conditions, developmental states, economic strategy, role of aid, etc.

The visit went very well and generated a number of ideas for next steps, including:

- An ODI-run study tour for Japanese aid officials – visiting UK development assistance institutions and hosting discussions on the key policy issues.
- Joint study with IFIC (a working group of researchers and policymakers) on Fragile States. Other possible issues included Direct Budget Support, development states in Africa, infrastructure, etc.
- Joint capacity development courses at the African Institute for Capacity Development (AICAD) in Kenya.
- Continue reporting (every 2 months) on UK and European development issues.
- Closer analytic or operational work at the country level in Africa.

The key issue in the longer term is that Japan will be in a similar ‘development spotlight’ position in 2008 (chair of G8 and hosting TICAD IV) to that of the UK in 2005. To maximise the opportunity of these rare periods when development has an added political profile, it is crucial to prepare ahead. ODI can help.

Structure of report

This report is divided into three sections:

- (i) Background to visit
- (ii) Main points observed and discussed
- (iii) Next steps

The main body of the report is followed by two annexes. The first of these provides details of individual meetings and issues discussed. The second annex sets out a list of all people the team met.

Background to visit

The visit took place as part of JICA-supported work on the implications for Japan of the UK's '2005 agenda' for Africa. African development issues and the UK's views and policy have particular resonance in 2005 since Africa is one of the priorities for the G8 gathering in Gleneagles in July. The Commission for Africa (CFA) has put forward substantial analysis and a range of proposals for the international community to consider. Development issues are also at the heart of the UK's Presidency of the EU in the second half of 2005.

The project focuses on what the UK is promoting in the run-up to the G8 (and in other big 2005 meetings), what other European donors think and what the implications (opportunities and challenges) are for Japan. So far the project has:

- prepared seven background papers – on UK policy, the CFA, perspectives of other European donors and the International Finance Facility (IFF);
- produced a draft synthesis of the findings on UK policy issues, European responses and the implications for Japan;
- held a meeting in London (31 March 2005) with international development researchers and policymakers from the UK and Japan as well as Europe.

The project was also part of a larger ODI initiative since 2003 on how to better link research and policy stakeholders in Japan and the UK. The rationale for this being that both countries are major donors and have different comparative advantages, yet interaction is surprisingly limited. The findings of related synthesis work on aid policy issues (PRSPs, Direct Budget Support, Drivers of Change, etc) are also available (see: www.odi.org.uk/RAPID/UK_Japan/). We also believe that the UK development community has not given enough attention to East Asia's development experience, the extent to which Japan's aid may have accelerated it and what the consequent lessons are for aid policy.

This work is also taking place within the context of much closer official linkage between the UK and Japan on development issues. There remains a perception in the UK that Japan's aid is not particularly effective – especially in Africa – and trying to increase quality and quantity are strategic objectives of the UK government. In Asia, DFID held its Asia strategy meeting in Japan in 2003. The two countries are also working together at country level (e.g. in Bangladesh and Viet Nam). In Africa, the recent 'Chakrabati-Sato' meeting on Budget Support in Tanzania is part of increasing discussion on broader aid issues.

From the Japanese side, the visit took place within the context of:

- Japan's PM Koizumi has announced the government will double aid to Africa over the next three years;
- He also announced that TICAD IV would be held in 2008 – the same year that Japan will chair the G8;
- There was a launch of the Africa Commission while we were in Tokyo;
- Japan is lobbying hard for a seat on the Security Council;
- The debt deal sealed at the G8 Finance Ministers meeting.

We are very grateful for all the people who took the time to discuss aid policy issues with us in Tokyo. We also owe particular thanks to:

- Debbie Warrener from ODI
- Aiichiro Yamamoto and Toshiyuki Iwama of the JICA London Office
- Tsuneo Kurokawa, Hiroyuki Moronaga and Sayoko Uesu from the Africa Department at JICA
- Toru Taguchi, Kyoko Kuwajima, and Koji Yamada at IFIC
- Mutsuo Mabuchi and Junko Ohara at FASID
- Izumi Ohno and Asuka Suzuki at GRIPS

Main points observed and discussed

While Prime Minister Koizumi recently committed to doubling aid to Africa over three years – an additional US\$0.8bn per annum – there remains discussion as to whether this doubling of aid to Africa will be additional funds or reallocation from other regions. The issue is still working its way through the ODA budget system and is causing debate between the Ministry of Finance and Ministry of Foreign Affairs. Given Japan's fiscal constraints, this is likely to mean some reallocation (mostly from the East Asia) as well as some additional ODA. The issue is complicated since much of the aid to East Asia (especially China) does not come from

the General Account (it is provided in loans). However, since Africa is rather marginal within Japan's bilateral ODA (approximately 12%) and aid levels have halved since 1996, the commitment does not involve particularly dramatic amounts of ODA (and would bring back levels to those of 1996).

There was notable reform in Japan's ODA system (ODA Charter, medium term strategy, Country Assistance Strategy (CAS) approach). The new coordinating role of the ECB in MOFA makes sense. Most notable however was the reform within JICA. The significant decentralisation occurring in JICA, emphasis on human security and increasing emphasis on Africa (funds up from 14% to 20% in two years) are notable.

Africa is not a major priority for Japan's ODA and expanding support to Africa – and changing approaches – will be challenging. There are three main sets of reasons:

- technical – for example, Japan has struggled to loan to the region since HIPC;
- African context – there remains uncertainty that additional aid would have a development impact in countries with troubled economic and political contexts. (There seemed much pessimism about the growth prospects of the region.);
- political in Japan – Africa is not seen as a priority in Japan in terms of national interest or by some politicians.

Human security is a big topic in Japan, driven by Mrs Ogata (who led the Human Security Commission, jointly with Amartya Sen) but stemming originally from the 1994 Human Development Report. We had this concept explained to us in great detail, and tried to make links to other relevant or similar concepts, like livelihoods, human development, food security etc. For Japan, human security basically refers to individuals 'freedom from fear' and 'freedom from want'. The Japanese are funding international initiatives e.g. in the UN. Mrs Ogata has explained this as helping to rescue development from the predation of security, but operationally it is presented as something that actually looks very much like the earlier concepts, with a strong emphasis on participation and on a combination of what we would call livelihood promotion and livelihood protection. There remains some uncertainty about what the concept actually means operationally and the extent to which it will actually mean something very different from existing approaches.

It was clear that budget support was one of the hottest topics. Budget support remains controversial and difficult for some stakeholders in Japan. There is no intrinsic opposition to the concept in Japan and this modality is already used in Indonesia and Viet Nam as well as the more well-known pilot in Tanzania. But there remains a traditional view that projects are valuable and some concern within JICA about what budget support means for them. The sources of resistance are the mix of technical issues, the African context and politics in Japan,

mentioned above. An example related to each: Audit authorities are really struggling with how to deal with DBS; there is real concern about contexts in Africa and whether DBS would work; and there is resistance to DBS among politicians who like to see Japanese flags and faces as part of the aid programme.

We talked a lot about governance issues. A lot has been written in recent years about governance in Asia by various think tanks in Japan. Many practitioners were very insistent that aid can lead to growth which can be a powerful catalyst for better governance and accountability. This was seen as a lesson from East Asia. There is much less interest in democracy or human rights approaches. MOFA has also been increasingly trying interesting new approaches to deflect the ‘white elephant’ pet projects African leaders tend to try to get funded when they visit Tokyo.

Traditional Japanese interests in infrastructure and private sector development are still very prominent, especially in JBIC (the loan agency), but more generally in the context of lessons from East Asia. There is scope for really interesting discussion between Japan and the UK on these issues. There is interest that the CFA has given prominence to the productive sector.

Fragile states also emerged as a topic of great interest. Japan seems to be keen on engagement rather than distance e.g. in Burma. ‘Sunshine and North wind combined’. This was a major concern at JICA (Office of Human Security) and IFIC is launching a research programme on the topic.

To help with sharing and coordination, there is a new 'platform' for research institutes involving JBICI, FASID, IDE, GRIPS, IFIC. The ECB of MOFA is meant to play a leading role. This may be a useful entry point for think tanks outside Japan to engage with aid policy issues.

Development-related civil society is not very strong in Japan compared to the UK, but its capacity is growing and there is a desire to push more towards 2008.

Next steps

A number of specific ideas were discussed in the various meetings. These are set out in detail below. It is, however, worth considering these within the broader context that Japan will be in a similar ‘development spotlight’ position in 2008 (chair of G8 and hosting TICAD IV) to that of the UK in 2005. We emphasised repeatedly the need to prepare ahead of time for such periods when development has a high political profile.

Specific ideas discussed included:

- ODI could continue to report on the latest research evidence emerging from the UK regarding aid policy issues. This would continue the work commissioned by JICA's Planning and Coordination Department, but would preferably be every two months (rather than monthly). This could focus on new big ideas (e.g. Drivers of Change this time) and / or UK responses to topical events (e.g. Millennium Summit or WTO Ministerial) and / or major European development issues.
- Given the learning involved in the ODI visit, we thought it would be a great idea to have a study tour from Japan visit the UK. The aim would be to visit / learn about the institutions of the UK's aid system and also have a series of discussions on topical issues (Aid to Africa; PRSPs; Budget Support; Infrastructure; NGOs; etc). Another key aspect could be as part of the preparations for 2008 in Japan (G8 and TICAD IV) to extract what can be learned from the UK's experience in 2005. The visit could be for a week as a stand alone – or done as a short add-on when Japanese delegations return from missions to Africa.
- The idea of joint research on aid policy issues emerged at various points.
 - The option discussed in most detail was a joint working group on fragile states – with JICA-IFIC. Both IFIC and ODI are currently starting programmes of work in this area. The recent synthesis paper for JICA outlines some of the issues, but there remain major gaps in understanding regarding how best to work in such contexts. IFIC often employs task forces or working groups involving researchers and practitioners – it would be interesting to bring both groups from the UK and Japan together.
 - The other main area that came up repeatedly was regarding 'development states'. Much current thinking shows that governance to now be the key issue for development, but there seem to be few solutions available concerning the best role donors can play. There could be much benefit in bringing together thinking on Asia and Africa from Japan and the UK respectively.
 - There were other interesting issues raised that might be developed – including on Aid to Africa, Agriculture, Infrastructure, Budget support, Aid architecture, Human security, Aid modalities, FDI and Development models. A cross-cutting theme was the need to provide a fresh angle on Asia-Africa comparative studies.
- Policy briefs were seen as one of the most valuable ODI products that might be made a greater part of the Japan-UK initiative. One option would involve ODI producing a series of policy briefs on issues that Japan finds useful. Another thought was that of joint policy briefs – e.g. done with IFIC or GRIPS. Alternatively Japanese stakeholders may produce briefs themselves on such issues – very few currently come out of Japan to desks in the UK. A workshop for Japanese stakeholders on how ODI produces such briefs is another option.

- There was also a lot of interest from some JICA staff regarding the idea of ODI working more closely with JICA at the country level (e.g. Tanzania). This might involve focusing on agriculture or other aid issues.
- One option raised was the idea of ODI hosting visiting fellows from Japanese policy organisations.
- Annual Tokyo and / or London aid policy or development topic events that bring together experts from the UK and Japan.
- Capacity building courses in Africa at the African Institute for Capacity Development (AICAD) in Kenya. We have already been brainstorming some ideas with JICA and AICAD. These include training courses on: (i) CSOs' engagement in policy processes; (ii) Human Security; (iii) PRS monitoring and PFM as a tool for analysing recipient countries policies and ways to strengthen donor aid.
- JICA in particular noted the difference between civil society and public engagement in development issues in Japan and the UK. With an eye to preparing for 2008 in Japan (G8 and TICAD IV), there was much interest in what could be learned from the UK's 2005 experience. This could involve a review of what worked in the UK and why and what the Japanese government and civil society groups might do to help raise awareness of and engagement in development issues.
- Discussions with JICA-IFIC, FASID and GRIPS revealed strong interest in how the ODI works as a think-tank. Briefing materials, training or tools from ODI's Research and Policy in Development (RAPID) programme could be useful input particularly during the development of the new 'platform' for research institutes in Japan.
- More generally, we hope to find a way to continue to be:
 - A source of information for Japan on UK / European aid policy approaches;
 - A window to Japan for others in the UK – e.g. DFID / Universities / etc.

These will be developed further in coming months.

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Annex 1: List of people met

JICA

Madame Ogata, President, JICA
Seiji Kojima (JICA VP)
Tsuneo Kurokawa, Africa Dept DG
Masashi Mizukami, DG of Planning and Coordination Dept
Noriko Suzuki, Director of Planning Group, P&C Department
Masayoshi Takehara, Programme Officer, P&C Department
Takao Toda, Director, Office of Human Security, P&C Department
Koji Makino, Team Director in the P&C Department
Izumi Okata, Human Security Team, P&C Department
Hironobu Murakami, Programme Planning Team, P&C Dept
Mikako Kudo, Researcher, IFIC
Hiroyuki Moronaga, Team Director, East Africa
Sayoko Uesu, East Africa Team
Koichi Kito, Team Director, Southern Africa
Satoshi Kadowaki, Southern Africa Team
Jiro Ohtsuka, Assistant Chief Economist and Senior Advisor
Sayoko Uesu, East Africa Team
Toru Taguchi, Director General, IFIC
Kyoko Kuwajima, Senior Researcher & Research Group Director, IFIC
Koji Yamada, Associate Senior Researcher, IFIC
Mikako Kudo, Researcher, IFIC
Yumiko Yokozeki, Senior Advisor (Education), JICA-IFIC
Shigeki Furuta (Team Director in the Overseas Affairs Group), JICA
Sawako Matsuo (Training Affairs and Citizen Participation Department), JICA
Kei Yoshizawa (Africa Department), JICA
Kiichi Okitsu (Africa Department), JICA
Naoki Umemiya (IFIC), JICA
Hagino Noguchi (Programme Officer, P&C Department), JICA

MOFA

Kazuo Kodama, Deputy DG, Economic Cooperation Bureau, MOFA
Hiroshi Minami, Director, Global Issues Policy Division, Global Issues Dept, MOFA
Naoko Ueda, Deputy Director in the Economic Cooperation Bureau
Yasuhide Kitagawa, Economic Cooperation Bureau, MOFA

MOF

Takehiko Nakao (Director in the International Bureau at MOF)

JBIC

Kakutoshi Ohori (Deputy Director in Development Assistance Dept IV – Africa)

Jin Wakabayashi (Deputy Director in Development Assistance Strategy Department)

Motoyuki Takahashi (Deputy Director in Development Assistance Strategy Department)

Kenichiro Kitamura, Development Assistance Dept IV

Tadashi Ito, Development Assistance Dept IV – Africa

Hiroyuki Kodera, Planning and Coordination Department

JBIC Institute

Shozo Kitta (Executive Director)

Ryutaro Koga (Deputy Director General)

Mitsuyo Kurihara (Economist)

Taro Katsurai (Economist)

Takaaki Kobayashi (Economist)

Mami Sakuma (Researcher)

FASID

Matsuo Mabuchi, Executive Director of FASID

Naonobu Minato, Acting Director, IDRI, FASID

Takamasa Akiyama, IDRI, FASID

Junko Ohara

Keiko Watanabe

GRIPS

Izumi Ohno, Coordinator, Development Forum, GRIPS

Asuka Suzuki

Nobuyuki Hashimoto, Visiting Researcher, GRIPS

Shoko Yamada

Yuichi Sasaoka

Others

Motoki Takahashi (University of Kobe)

Yasutami Shimomura (Hosei Univ)

Tom Burn (British Embassy)

Bunmi Akpata-Ohohe (Africa Today)

Shigeru Ishikawa (Hitotsubashi Univ)

Toru Yanagihara (Takushoku Univ)
Akiko Yuge, Head, Tokyo Office, UNDP
Birgit Poniatowski, Capacity Development, UNU
Uli Piest, GEIC, Tokyo
Peter McCawley, Dean, ADBI
Penelope Price, Communications Officer
Max Bond, Senior Officer, Office of the Rector
Soisik Habert, Programme Officer responsible for Africa
Ted Newman, Expert on Human Security
Minoru Ouchi, Professor, Nihon Fukushi University
Masao Yoshida, Professor, Nihon Fukushi University
Hiroko Ofuchi-Konno, The Economist
Ryo Sasaki, IDCJ
Junichiro Owaki, Research Institute for Corporate Culture
Moustapha Kamal Gueye, IGES
Akiko Fujii, UNDP
Eiko Narita, UNDP
Ritsuko Yonemichi, Crown Agents
Morio Miyazaki, Managing Director, International Division, UFJ Institute
Tetsuya Fukunaga, UFJ Institute
Kensuke Shimura, UFJ Institute
Naori Miyazawa, UNOPS
Akiko Kobayakawa, UNOPS
Toshifumi Serizawa, IC Net Ltd
Chiaki Nakajima, TICAD NGO Forum
Yasuhito Murakami, UNDP, Afghanistan
Kyoko Okamura, UNICEF