

## **Speech at Center for Strategic & International Studies (CSIS)**

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### **Prospects for U.S.-Japan Cooperation in Development**

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#### **Introduction**

Distinguished guests, ladies and gentlemen. It is my great honor to be here today at this prestigious think tank, the Center for Strategic and International Studies, to speak with you about 'Prospects for U.S. - Japan Cooperation in Development.' However, I cannot talk about U.S.-Japan cooperation without first expressing my sincere gratitude to all the American people who supported Japan's recovery and reconstruction after the Great East Japan Earthquake and tsunami last year. It was indeed a daunting tragedy. Yet the Japanese people were heartened, and we deeply appreciate the support provided by the U.S. Armed Forces, and also the rapid response and urban rescue teams of USAID, in our relief efforts. So taking this precious opportunity let me say thank you again to the American government and people for your humanity and generosity to Japan during one of our darkest hours.

#### **Context/Why Partnership is Important**

I am a longtime scholar of U.S. -Japan relations as a former Professor at the University of Tokyo, so it is a privilege to stand before you today as the new president of JICA and to discuss U.S. -Japan development cooperation in an increasingly interconnected and multipolar world. The U.S. and Japan find ourselves today as two traditional donors in an aid landscape that is filled with new actors and new sources of financing. Substantial progress has been made on the Millennium Development Goals, but more work needs to be done. At the same time, emerging challenges, such as climate change and growing inequality, have risen on the global agenda, and we must find ways to tackle these issues. <sup>2</sup> We also find ourselves having to address these development challenges against the backdrop of weak economic growth and budget constraints in our own countries. Today I would briefly like to touch upon where Japan's assistance is headed in the future and then concentrate on where there are promising opportunities to work with our close ally, the U.S.

#### **JICA's Vision**

Since becoming president, one of the questions that I am asked most frequently is, "What is your vision for JICA?" Broadly speaking, I want our cooperation to be

“inclusive and dynamic”. More specifically; I want our efforts to bring stability, security, and prosperity to both the world and Japan. And how do we go about this task? Primarily, I believe that we will achieve “Inclusive and Dynamic Development” by providing support that: -Builds peace; -Expands markets; -Enhances knowledge; -And builds lasting ties between Japan and our international partners.

### **Prospects for U.S.-Japan Cooperation in Development**

In this context, I believe that there are many opportunities to work together with the U.S. The history of our global cooperation is actually quite long, and it goes back to a “Common Agenda” forged between President Clinton and Prime Minister Miyazawa in 1993, which aimed to reduce the economic tension between the U.S. and Japan by pursuing common solutions to global challenges. Over the next two decades, our joint efforts largely focused on combatting infectious diseases, such as HIV/AIDS and malaria, and increasing access to safe drinking water. However, in my view, I think that now is the time that U.S.-Japan cooperation on development is really beginning to blossom. From global health to food security to public-private partnerships, we are finding many opportunities to work together.

On the global health front, both Japan and the U.S. released new strategies around the 2010 UN MDG Summit. The new strategies have a lot in common – namely, our joint emphasis on fighting infectious diseases, improving maternal and child health, and strengthening health systems more broadly. So based on these shared goals and approaches, we are now coordinating both at the policy and operational levels in Ghana, Senegal, and Bangladesh to map out ways in which the U.S. and Japan can complement each other's activities and achieve better results on the ground.

Meanwhile with the rising rate of climate fluctuations and food price spikes, along with continuing global hunger, both Japan and the U.S. recognize that more needs to be done on food security. Here too, we have found complementarities. Japan's strengths lie in training agricultural workers, increasing agricultural productivity, and managing water resources. Meanwhile, the U.S. has expertise in post-harvest processing and storage, increasing market access, and promoting public-private partnerships. Based on these mutual strengths, we have signed an MOU with USAID to deepen our collaboration, and we are initially focusing on Tanzania, Ghana, Rwanda and Senegal as countries to work together more closely.

Public-private partnerships also represent a growing area for collaboration. When we talk about development assistance today, we can't forget that the nature of resource flows to developing countries has dramatically changed. Private capital now accounts for more than five times the amount of ODA flows. So at JICA, we recognize the growing role of the private sector in development, and we are looking for ways to partner with them. We recently resumed our private sector investment finance scheme, which provides private companies with investment finance assistance to formulate overseas projects. Both the U.S. and Japan have vibrant private sectors with innovative technologies and products that could have positive development impacts, so we have launched a series of consultations with USAID on opportunities for public-private partnerships. Our discussions are starting to bear fruit. In particular, we are considering establishing an Africa Water PPP Fund with USAID's Development Credit Authority to expand access and attract private investment to Africa's water sector. 4 Another example is in Ghana. JICA and USAID are working with the Japanese food company Ajinomoto to produce, distribute, and expand sales of a nutritional supplement that is expected to improve nutritional outcomes for weaning children.

**Future Opportunities to Work Together/Common Geopolitical Priorities** While the U.S. and Japan have ongoing productive partnerships in these three fields, I think that we can go even further. I see five challenges / priority areas for deeper engagement: China; Afghanistan; Myanmar; the Asia-Pacific region; and the post-MDGs agenda.

**(1) China** Japan's development assistance in China dates back to 1979. Our assistance has ranged from large infrastructure to environmental protection projects. However, now we face a China that is no longer mainly an aid recipient, but an aid provider in its own right. In fact, in a high-level meeting between my predecessor Madame Ogata and Deputy Prime Minister Li Keqiang in 2009, Li stated, "Supporting the least developed countries is one of the most important challenges for China-Japan cooperation." In this context, JICA and the Export-Import Bank of China have held joint workshops four times to exchange information and to build up mutual trust. Our workshops have covered a range of topics, including loan management and debt sustainability, environmental and social safeguard policies, and green growth. In fact, due to their success, we have expanded the group, and our workshops now also include participants from South Korea and Thailand. We know that the U.S. has similarly reached out to China to explore development cooperation, particularly in the fields of agriculture, health, and human resources. In the future, I think that Japan and U.S. should continue to engage

emerging donors in order to improve mutual understanding, share best practices, and advance the global development agenda.

## **(2) Afghanistan**

Afghanistan is also a priority country for both the U.S. and Japan. In fact, Japan has played a leading role as the second largest donor behind the U.S. Since 2001, Japan disbursed approximately 4 billion US dollars for assistance projects, including infrastructural improvement, agricultural and rural development, and 5 basic human needs. Some tangible results include: over 800 schools had been built; 10 thousand teachers have been trained; over 3 thousand police officers have been provided with literacy education and training; and the terminal building at Kabul International Airport was built. There are about 70 JICA staff stationed in the country today, working hard to support its reconstruction. At the “Tokyo Conference on Afghanistan” that was held earlier this month, Afghanistan committed to making efforts in the areas of security, peace process, governance and economic independence. In response, the international community committed to providing \$16 billion in assistance through 2015 to support the country. However, looking ahead, uncertain political and security factors still remain. The 2014 presidential election and the scheduled withdrawal of ISAF (International Security Assistance Force) at the end of 2014 will be an important moment. As we proceed, we need to bear in mind Afghanistan’s long history, as well as the fragility of the state-building process. The international community, including U.S. and Japan, should move ahead with seamless assistance in terms of geography and time, and we must consider our assistance efforts from both a short-term and a mid- to long-term perspective. We must also think carefully about how to support Afghanistan’s neighbors to ensure regional stability.

## **(3) Myanmar**

While also fragile, Myanmar poses a different set of challenges for the U.S. and Japan, and the broader development community. While western countries imposed economic sanctions and suspended all their aid to the government of Myanmar due to the emergence of the military regime in the late 80s, Japan continued to provide development cooperation, confined to addressing basic human needs. The working relationships that we maintained during this period have now turned out to be a great asset. Responding to recent political reforms in Myanmar, Japan has expanded the scope of its assistance to the country. This April, Prime Minister Noda met with President Thein Sein in Tokyo and announced assistance for (i) the improvement of

people's livelihoods, including assistance for ethnic minorities and people living beneath the poverty line, as well as agricultural and rural development, (ii) capacity building and institutional development to sustain economy and society, including assistance for democracy promotion, and (iii) development of infrastructure and related 6 systems necessary for sustainable economic development. While there is significant momentum toward reform, remaining challenges in Myanmar are wide-ranging and complicated. Politically, reconciliation with ethnic minorities is critical. Economic transformation, especially fiscal reform, is very much needed to move towards a market economy. And socially, poverty reduction remains the highest national priority. Capacity in the government also remains extremely weak to implement all the changes that are required. Addressing this myriad of challenges will require extensive donor coordination. Going forward, I hope that the U.S. and Japan, along with other bilateral donors and international organizations, will be able to determine a division of labor in coordination with the government. Our hope is to avoid duplication, allocate resources efficiently, and take lessons learned from neighboring countries to enable Myanmar to benefit from latecomer's advantages and quickly see development results on the ground.

#### **(4) Asia-Pacific**

More broadly, in the Asia-Pacific region, the U.S. and Japan share many common interests. While positive momentum for development does exist in Asia, there are still many risks which could undermine security and development achievements, such as transnational crimes, conflict over natural resources. After the U.S.-Japan Security Consultative Committee (what we call 'the 2 Plus 2 framework') meeting this April, the U.S. and Japan confirmed the importance of collaborating with each other to promote peace, stability, and prosperity in the Asia-Pacific region. Japan, for its part, plans to make more strategic use of ODA to secure safety in the region. Japan has already contributed to mitigating risk by providing technical assistance and training for coast guards and national police. Through effective dialogue within this framework, I would like to see more U.S.- Japan partnership programs in the future that promote regional development and stability.

#### **(5) Post-MDGs Agenda**

The last area where I see opportunity for greater dialogue and cooperation is on the framework for the post-MDGs agenda. 7 We find the world today a changed place from 2000. Emerging global issues such as climate change, food security, the global economic crisis, and natural disasters require more attention to build resilience.

Domestic and regional income disparities triggered the Arab Spring and also salient in East Asia, underscores the need for inclusive development. Looking beyond 2015, we need to set goals and develop mechanisms where a diverse range of actors can make coordinated contributions to global development. While the U.S. and Japan have been making joint efforts on eradicating infectious diseases and food security, let us take another step forward to move toward an international framework that allows for more concerted actions among a wider array of players. Let us take leadership in the quest for solutions.

### **Conclusion**

The U.S.-Japan partnership has been acknowledged as a “public good” for the long-term stability and prosperity of the Asia-Pacific region and the international community at large, and it has made a significant contribution to tackling global issues. With the multi-polarization of the world and the rise of emerging economies, some people may insist that U.S. and Japan’s power in international politics and economy is on the decline. However, it should be noted that the U.S.-Japan relationship is more mature today than in the early 1990s, and it is still evolving. Support for the bilateral alliance in both countries has never been stronger. Although economic uncertainties are surrounding us, let me reaffirm that development assistance is a crucial tool for both countries to contribute to the peace and prosperity of the international community. We should not be inward looking. To the contrary, I believe that responding to global challenges will ultimately energize both countries. As a long-time believer in a strong U.S.-Japan alliance, and in my current capacity as President of JICA, I will strive to upgrade the level of cooperation between Washington and Tokyo. By working more closely together, I firmly believe that we can accelerate progress on today’s global challenges to create a better future for all. Thank for your attention and for the privilege of speaking to you at this prestigious venue today. END