

# 2 A Large Impact with Collaboration

## —Coordination among Donors—



Group discussion at the MDGs Workshop in Honduras

### Aid Coordination—Shifting Implications

Aid coordination refers to donors\* (donor countries and agencies) facilitating more efficient aid for a maximum effect. Traditionally, aid coordination generally involved joint project implementation with a specific donor, or efforts to strengthen bilateral friendship with other donor countries.

However, in recent years we have seen major changes in aid methods and coordination. Behind these changes lies a critical view as to whether or not structural adjustments\* under the leadership of the World Bank and International Monetary Fund (IMF) since the 1980s have brought any visible improvement in the economic conditions of developing countries, and whether or not the considerable aid for Africa which has continued for decades has produced an outcome proportional to the input amount.

Based on this view, movements have emerged to improve the efficiency of aid focusing on the socially and economically vulnerable by utilizing limited aid resources more effectively, and to develop a system in which developing countries take the initiatives to carry out development (ensuring ownership\*). Those movements resulted in the Poverty Reduction Strategy Paper (PRSP)\* and Sector Programs (SP)\*.

In response to these changes in aid methods, the modality of aid coordination is also changing from the traditional way of project-specific collaboration to the cooperation of donors for the purpose of implementing sector-specific development plans made under initiatives of developing countries.

### Toward Common Goals

In response to the Millennium Declaration adopted at the United Nations Millennium Summit in September 2000, Millennium Development Goals (MDGs)\* were issued by

the Secretary-General in September 2001. Eight goals, including one that would halve poverty in the world by 2015, were shared by all the parties concerned with development, including developing countries themselves, donor countries, and international organizations. A wide consensus to promote results-oriented aid was also formed. At the International Conference on Financing for Development held in Monterrey in March 2002, the United States and European Union announced the increase in aid in order to solve the shortage of funds to achieve MDGs; the shortage of funds was estimated at about 50 billion dollars a year. That announcement turned around the trend of globally declining aid disbursement, or so-called “aid fatigue\*,” which had continued from the 1990s. Presently, not only UN agencies, but also many donors including JICA have set achieving MDGs as their own activity goals.

#### Millennium Development Goals (MDGs)

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender\* equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

### Poverty Reduction Strategy Paper (PRSP)

The Poverty Reduction Strategy Paper (PRSP) was proposed by the World Bank at the Annual Meeting of the World Bank and IMF in September 1999. PRSP is a three-year socioeconomic development plan that describes comprehen-

sively priority development issues and measures focused on poverty eradication.

Developing countries are obligated to prepare a PRSP to receive debt relief under the Heavily Indebted Poor Countries (HIPC)\* Initiative agreed upon by the developed countries at the 1999 Cologne Summit. Furthermore, the World Bank and IMF made the PRSP mandatory for the World Bank's International Development Association (IDA)\* loans and concessional lending through IMF's Poverty Reduction and Growth Facility (PRGF). Thus, 72 countries were to formulate PRSPs, and 28 countries submitted official PRSPs and 22 countries completed interim PRSPs as of July 2003 (Based on the number submitted to the Board of Directors of the World Bank).

A PRSP is considered a plan drawn up by a developing country for the purpose of using limited development funds efficiently and effectively in the implementation of a development program. For that purpose, it is necessary to coordinate the aid activities that each donor used to implement without coordination with other donors based on developing country ownership, while it is also necessary to have dialogue with other donors and the civil society (i.e., "partnership"). As for the relationship between PRSP and MDGs, PRSP is considered a tool for achieving MDGs.

### Sector Program (SP) and Sector-wide Approaches (SW Aps)

In specific sectors, developing countries and donors formulate programs by sector or sub-sector through coordination for more efficient aid implementation based on the developing country ownership. This aid coordination method has come to be known as the "sector program" or the "sector-wide approach." Starting with the investment project for road development in Tanzania in the mid-1990s, this method has developed mainly in Africa, including Ethiopia, Zambia, and Ghana, particularly in the social development sectors of health and education.

This kind of sector-level aid coordination represents efforts by developing country governments and respective donors to unify their development goals and efficiently use limited aid resources to enhance the impact of cooperation. In relation to sector policies, initiatives taken by related parties of the developing countries (government, local society, NGOs) prompt their ownership and partnership. Currently, sector programs are spreading beyond Africa to Cambodia, Nepal, Bangladesh,

and other Asian countries, and are attracting attention as a mechanism of aid coordination.

### Aid Coordination with Increasing Importance

It is said that aid coordination requires more efforts than doing projects independently. This is because it requires donors whose project implementation mechanisms and aid strategies differ to keep step with each other. JICA believes, however, that even though more efforts are required, aid coordination should be promoted since it has the advantages of avoiding duplication, making the most of their own strengths to provide effective and efficient aid, reducing burden on developing countries, and sharing knowledge.

Currently, many donors including JICA implement results-oriented aid, and they make more aid coordination in providing cooperation with similar goals in mind to achieve measurable results.

#### Implementation Case 1 Individual Partnership with Donors

JICA strengthens collaboration with other donors. With the United States, after the completion of the Japan-US Common Agenda\*, "USAID-JAPAN Partnership for Global Health" was signed between the Ministry of Foreign Affairs and the US Agency for International Development (USAID) in June 2002. With the aim of including perspectives of partnership between JICA and USAID at an early stage of project formulation, promotion of field-driven cooperation was clarified.

JICA coordinates with the United Nations High Commissioner for Refugees (UNHCR), to realize a smooth transition from humanitarian aid to long-term development assistance. In 2001, JICA started staff exchange programs with UNHCR for promoting the partnership, which involves their participation in study teams and information sharing. Through intensive communication among field offices, we aim to expand development assistance that addresses the problem of refugees and internally displaced persons.

Since 1992, JICA has been carrying out personnel exchanges with the Canadian International Development Agency (CIDA). At present, a total of five JICA staff members have been dispatched to CIDA and four CIDA staff members to JICA. This type of staff exchange is also carried out between JICA and other aid agencies, including the

## Collaboration with the Canadian International Development Agency (CIDA) —Rehabilitation for persons with disabilities in Bosnia and Herzegovina—

In Bosnia and Herzegovina, a great number of people were injured by landmines laid throughout the country during the civil war, and even after the war the number of victims increased because of unremoved landmines. Japan and CIDA work together to add Community Based Rehabilitation (CBR) functions to 17 clinical centers in Republic of Srpska and provide continual rehabilitation to persons with disabilities, including war victims where they live.

Japan's assistance includes: facility renovation and provision of equipment for physical restoration through grant aid titled the Project for Improvement of Community Based Rehabilitation Centers; and establishment of a medical database and training for the use of equipment through dispatch of short-term experts. CIDA dispatches its experts for human resources development and policy support. In this effort, two countries divide their responsibilities by utilizing the best of both countries. A joint committee of three countries including the local government has been established in order to facilitate field coordination.

USAID and the Australian Agency for International Development (AusAID) and UNHCR, as mentioned above. Furthermore, JICA personnel are dispatched to the Asian Development Bank, World Bank, and the United Nations Development Programme (UNDP). JICA personnel who are dispatched in these exchange programs become familiar with the organizational structure and work of the receiving agencies; they also serve to introduce JICA activities to the agencies. In so doing, they help deepen their understanding of JICA and our understanding of the receiving agency.

### Implementation Case 2

#### Aid Coordination at Country and Sector Levels

JICA actively deals with PRSPs at all stages, including formulation, implementation and monitoring. For example, JICA supports PRSP formulation through the use of local consultants. JICA office staff, experts, and project formulation advisors\* attend various donor meetings and actively participate in the PRSP process.

Since planning, implementation, and monitoring are carried out by sectors, involvement in specific sector programs is important. As countries start poverty alleviation based on



Joint Coordinating Committee for the CBR Project in Bosnia and Herzegovina

PRSP, it is important to act from the standpoint of country-specific development applying JICA's cooperation schemes.

We believe that MDGs are useful in focusing on JICA's country-specific program implementation plans and will also serve as an important indicator of the implementation of programs. It has been pointed out that the key factor for achieving MDGs is capacity development, and that has much in common with human resources development in the area of health care, education, and the environment, areas in which JICA has made long-term efforts through technical cooperation. JICA has established a Study Group for MDGs and has already included MDGs perspectives in the process of identification of new projects. JICA also has started activities at the field level, such as an MDGs Workshop intended for local residents that was held in Honduras jointly with UNDP.

### Harmonization: Enhancing Aid Effectiveness

As a result of donor countries' imposition of individual complex procedures on developing countries or insufficient adjustments of aid priority or plan with developing countries' systems, aid overlaps and developing countries are often too busy with operational procedures to have more ownership on aid activities. These problems have been recognized, and discussions were made to reduce unproductive transaction costs through harmonization of procedures from 2001 at Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). In February 2003, a High-level Forum on Harmonization was co-hosted by the World Bank and OECD/DAC in Rome, and it was concluded as the Rome Declaration on Harmonization that country-led efforts on harmonization be encouraged, and that donor countries should support the efforts and report on its progress to DAC or the Forum. Since the forum, the discussion on harmonization that originated with the transaction costs has shifted toward importance in aligning policies and systems of donors to those of developing countries such as PRSP.



When it comes to aid modality, the Japanese government realizes it is necessary to secure diversity utilizing the comparative advantage of each donor while attaching importance to the consistency between aid and the recipient country's national plans. JICA will steadily implement action plans issued by the Japanese government to provide more effective and efficient aid.

As a part of ODA reforms by the Ministry of Foreign Affairs, it was decided that Local ODA Task Forces would be formed by embassies, JICA offices, and JBIC\* offices for the purpose of reinforcing their role and system in the policy making process of ODA. JICA intends to play an active role in this task force to be able to respond flexibly to the movement of aid coordination that progresses in the field as a member of the All-Japan team.



International Symposium held in Manila entitled Capacity Development and Effective Aid

### From Technical Transfer to Capacity Development

The concept of aid is being reviewed in the donor community. An increasing number of people contend that aid does not simply end when technology is transferred. It should be reconsidered as support for Capacity Development, which enables the self-help and self-sustaining potential of the developing countries. Thus, the modality of future technical cooperation is being discussed. JICA, as the implementing agency of technical cooperation, is required to systematize experiences under the concept of capacity development, advocate it both domestically and internationally, actively contribute to the establishment of the framework of aid, and reform it further to make aid more effective.

Under these circumstances, JICA addressed the UNDP, the World Bank, and CIDA, and co-hosted the international symposium, Capacity Development and Effective Aid, in Manila, Philippines, in January 2003. JICA advocated that technical cooperation could contribute not only to technology transfer\* but also to capacity development, and it would also complement the new aid modality, such as program-based approach and budget support. This view was supported by many participants, including co-hosting agencies and developing countries.