A Large Impact with Collaboration
—Coordination among Donors—

Aid Coordination—Shifting Implications

Traditionally, aid coordination generally involved joint project implementation with a specific donor (donor countries and agencies), or efforts to strengthen bilateral friendship with other donor countries.

For example, in response to the conclusion of a Japan-US partnership in the field of health care between the Ministry of Foreign Affairs of Japan and the US Agency for International Development (USAID) in June 2002, JICA has been promoting Japan-US collaboration in the field in developing countries. In addition, JICA has exchanged personnel with USAID, the Canadian International Development Agency (CIDA), and the Australian Agency for International Development (AusAID); and JICA staff have been dispatched to the Asia Development Bank, the World Bank, United Nations Development Programme (UNDP), etc., thereby deepening mutual understanding.

JICA coordinates with the United Nations High Commissioner for Human Rights (UNHCR) for a smooth transition from emergency humanitarian aid to long-term development assistance. A staff exchange program started in 2001. The goal is to expand development assistance that contributes to the solution of issues involving internally displaced persons and other refugees in the post-conflict period through deepening the relationship among the local offices of both organizations in developing countries.

However, in recent years we have seen major changes in aid modalities and that has brought about changes in the meaning of 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 generate specific results 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-wide development plans made under initiatives of developing countries (promotion of program approach).

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 implement aid for achieving the MDGs was formed.

At the International Conference on Financing for Development held in Monterrey in March 2002, the US and EU announced an increase in aid in order to solve the problem of shortage of funds to achieve MDGs. The shortage was estimated at about 50 billion US dollars a year. That announcement turned around the trend of globally declining aid disbursement, or so-called “aid fatigue,” which had continued since the 1990s. Presently, not only UN agencies, but also many donors have cited achieving MDGs as their own activity goals, and JICA has also been working for aid implementation to contribute to achieving MDGs.
Poverty Reduction Strategy Paper (PRSP)

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 comprehensively 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, 81 countries were to formulate PRSPs, and 42 countries submitted full PRSPs and 15 countries completed interim PRSPs as of July 2004 (Based on the number submitted to the Board of Directors of the World Bank).

Dialogue (partnership) among the governments of developing countries, various aid agencies, and civil society are important in formulating and implementing effective PRSPs. Each donor previously conducted aid activities without enough coordination with other donors’ activities; however, it is now necessary to better coordinate aid activities under the initiative (ownership) of the government of a developing country. Thus, by placing the government of the developing country at the center, donors engaged in development aid should take actions based on the PRSP to effectively reduce poverty.

Harmonization and Alignment: Enhancing Aid Effectiveness

On the donors’ part, discussions are held on increasing the effectiveness of assistance by reducing the burden on developing countries through harmonization of procedures necessary to implement aid. These discussions are mainly led by the Development Assistance Committee (DAC)* of the Organisation for Economic Co-operation and Development (OECD) in light of various issues, including the overlap of aid and the lack of time developing countries spend on policy formulation owing to the fact that they spend too much time on operational procedures as a result of donors’ insufficient aid adjustment while imposing individual complex procedures on developing countries.

In February 2003, a High-level Forum on Harmonization was co-hosted by the World Bank and OECD/DAC in Rome. It was concluded as the Rome Declaration on Harmonization, in which respective developing countries were called on to promote harmonization and donor countries were called on to support these efforts. Since the forum, the discussion on harmonization that originated with the narrow problem of procedural burden has changed to a broader recognition of efforts, integrating donors’ aid into policies and systems of developing countries (alignment), such as PRSP.

The second High Level Forum on Harmonization will be held in Paris at the beginning of 2005 to confirm the progress
of harmonization and alignment and further promote them in the future.

**JICA’s Response**

In response to such movements, JICA has promoted program reforms to implement more effective and efficient assistance, while paying attention to global discussions. JICA reviews aid concepts and methods from the past and actively transmits Japan’s experience to the donor community where active discussions are held on the ideal state of assistance so as to effectively reduce poverty based on the ownership of developing countries.

**Contribution to Discussions on the Concept and Aid Modalities**

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.

Capacity development is defined as the development process by which individuals, organizations, institutions and societies develop their abilities, individually and collectively.

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**JICA’s Contribution to the Development Assistance Committee (DAC)**

The Development Assistance Committee (DAC) of the Organization of Economic Co-operation and Development (OECD), whose headquarters are in Paris, is an international forum where major contributors to ODA (23 countries as of 2004) gather. Active discussions take place on important agenda involving development issues, including the definition and evaluation of ODA, governance, poverty reduction, conflict and ODA, gender, and the environment. JICA actively participates in the DAC conferences to transmit the experience and opinions of Japan as well as understand the trend discussions in the international arena.

Specifically, JICA sends a Vice Chair to the Working Party on Aid Effectiveness and Donor Practices, where topics such as harmonization and alignment of assistance (see the text) and results-based management are discussed in order to improve the effect of assistance on the developing country. JICA thus makes substantial contributions to help the discussions proceed in line with the needs of the developing countries, while coordinating opinions of donor countries.
to perform functions, solve problems and achieve objectives (definition of UNDP). Since this concept of capacity development has something in common with the efforts in human resources development and institutional building that JICA has long provided through technical cooperation, we have been working on reforms to implement more effective assistance by systematizing JICA’s experience under the concept of capacity development. At the same time, JICA transmits the importance of capacity development throughout Japan and to the world, and greatly contributes to the establishment of a framework of assistance that reflects this concept.

As a part of these efforts, in February 2004 JICA co-hosted “the International Symposium on Capacity Development —From Concept to Practice Exploring Productive Partnerships” at the JICA Institute for International Cooperation with UNDP, the World Bank Institute (WBI), CIDA, and German Technical Co-operation (GTZ). Using actual cases, JICA transmitted its message to Japan and the world that we should put the concept of capacity development into practice, and gained support from both developing countries and donors.

As far as the discussions on the aid modalities concerned, JICA actively takes part in the DAC and other international forums. In fiscal 2004, JICA co-hosted “the Program-based Approaches in Asia” with the Japan Bank for International Cooperation (JBIC)* in Tokyo. This provided an opportunity to discuss the ideal attributes and the potential of the program approach, which has been the agenda of the international conferences in the diversified Asian region. It also raised a question about the aid modalities that tended to rely on the experience in Africa.

\[\text{Aid Coordination at Country and Sector Levels}\]

JICA actively deals with PRSPs and Sector Programs 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* actively participate in various donor meetings held by sector, or sub-sector. PRSP and Sector Programs are currently regarded as the policy and implementation plans that are the core of development assistance, and donors move toward the implementation of assistance in line with these plans. Thus, it has become increasingly necessary also for JICA to place its projects as a part of such plans. As countries start poverty alleviation based on PRSP, it is important to respond with a focus on the goals specified in PRSP while applying JICA’s cooperation schemes.

**Support for Agriculture in Tanzania**

Agriculture is one of the priority development sectors in the PRSP of Tanzania. Since 2000, in the sector of agriculture JICA has assisted Tanzania in the formulation, implementation, and monitoring of various documents in association with policy and implementation plans: Local Development Strategy Report, Agriculture Sector Development Strategy Report, and Agriculture Sector Development Program (ASDP). In particular, ASDP is a medium-term development framework targeting the whole agricultural sector over the five-year period, and it carries significance in terms of translating the Agricultural Development Strategy Report adopted by the government in 2001 into action.

When providing support for this framework, JICA acts as a liaison between the governments, secretariats of coordinating organizations, and donor groups in relation to the formulation of the ASDP through (1) dispatch of project formulation advisors, (2) implementation of development studies, (3) employment of local and international consultants, etc. Also, we have provided policy and technical support in the details of the framework. When implementing the ASDP, we will assist in the efforts of Tanzania through continuation of development studies and dispatch of project formulation advisors.