

## Sustainable Development and International Development Cooperation No. 9

### *Part 3: Theory and Practice of International Cooperation*

#### 1. History and theory of international development cooperation

##### 1. Financial Flow from developed countries to developing countries

OECD⇒Developing Countries    Japan⇒ Developing

ODA	103	11.3
/Bilateral ODA	73	7.5
/Multilateral ODA	30	3.8
OOF	-6	3.1
Private	325	25.4
FDI	189	20.6

Total Official and Private Flows    440                      39.9

Notes: Unit; billion US\$ in 2007, Japan in 2006

Sources: <http://stats.oecd.org/Index.aspx?DatasetCode=TABLE1>, *Japan's ODA White Paper 2007*

Total Supply:  $Y=C+S$ , Total Demand:  $Y=C+I$

Macro balance:  $I=S$

- PF : FDI + Foreign indirect investment (Portfolio investment etc.)
- ODA and OOF  
ODA----bilateral ODA---Grant (Grant +TC) + Loan  
----Multilateral ODA
- capital balance and trade balance

#### 2. ODA

ODA: Official Development Aid

Grants or Loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element (q.v.) of at least 25 per cent]. In addition to financial flows, Technical Co-operation (q.v.) is included in

aid. Grants, Loans and credits for military purposes are excluded. For the treatment of the forgiveness of Loans originally extended for military purposes, see Notes on Definitions and Measurement below. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted.

### 3. WW 2<sup>nd</sup> and International Development Cooperation

- F. D. Roosevelt: Four Freedom Speech, January 6, 1941:

“The first is freedom of speech and expression – everywhere in the world.

The second is freedom of every person to worship God in his own way – everywhere in the world.

The third is freedom from want, which, translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants – everywhere in the world.

The fourth is freedom from fear, which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor – anywhere in the world.

That is no vision of a distant millennium. It is a definite basis for a kind of world attainable in our own time and generation.”

- Bretton Woods System: IMF and World Bank

Preparing to rebuild the international economic system as World War II was still raging, 730 delegates from all 44 Allied nations gathered at the Mount Washington Hotel in Bretton Woods, New Hampshire, United States, for the United Nations Monetary and Financial Conference. The delegates deliberated upon and signed the Bretton Woods Agreements during the first three weeks of July 1944.

Setting up a system of rules, institutions, and procedures to regulate the international monetary system, the planners at Bretton Woods established the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), which today is part of the World Bank Group. These organizations became operational in 1945 after a sufficient number of countries had ratified the agreement.

- H. S. Truman:

Marshall Plan: European Recovery Program

Point Four, 1949

“Fourth, we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas”

1950s • 1960s Big push

1970s • 1980s BHN: Basic Human Needs Approach

1989 end of Cold War

1990s Aid fatigue, New direction of aid → Social development, Human development, Sustainable development, Capacity Development, Human security,

World Bank; CDF → PRSP

- 2000 MDGs
- 2003 Rome Declaration: Aid Harmonization
- 2005 Paris Declaration: Aid Effectiveness

#### **4. Aid Institutions**

##### Multilateral Organization

Bretton Woods Institutions: IMF and World Bank (IBRD, IDA, IFC, MEGA)

UNDG: United Nations Development Group:

UNDP+UNICEF+UNHCR+FAO+ILO+UNEP+WHO++

##### Bilateral Organization

OECD/DAC

UK: DFID. Germany: GTZ, KfW. Sweden: SIDA. Norway: NORAD. Denmark: DANIDA,

Swiss: SDC. USA: USAID, MCA. Canada: CIDA. Australia: AusAID

##### History: World

1945 Bretton Woods Convention, IMF and World Bank (IBRD)

1945 UN

1946 UNICEF

1947 Marshall Plan

1950 Colombo Plan for Cooperative Economic Development in South and Southeast Asia

1961 OECD, OECD/DAC, USAID, UN Decade of Development (16<sup>th</sup> UN General Assembly)

1964 1<sup>st</sup> UNCTAD

1966 UNDP, ADB

1967 ASEAN

1969 Pearson Report, Partners on Development

1970 UN Tinbergen Report

1971 Nixon shock

1972 Stockholm Conference on the Human Environment, DAC definition of ODA

1978 WB 1<sup>st</sup> WDR

1979 Brant Commission Report

1980 WB 1<sup>st</sup> SAL

1985 Plaza Accord

1987 Brundtland Report

1989 Collapse of Berlin Wall

1990 UNDP 1<sup>st</sup> HDR

1991 Soviet Union collapses

1992 UNCED

1995 WTO, former GATT

1996 OECD/DAC, Development Partners Strategy

1997 Asian Currency Crisis, UNFCCC-Kyoto Protocol

2000 MDGs  
2002 Monterrey Conference, Johannesburg Summit  
2003 Rome High Level Forum on Harmonization  
2005 Paris High Level Forum on Aid Effectiveness

#### Historical Roots: Japan

1954 Japan participate in the Colombo Plan, Japan-Burma Peace Treaty and Agreement on Reparation and Economic Cooperation  
1956 Japan-Philippines Agreement on Reparation  
1958 Japan Indonesia Peace Treaty and Agreement on Reparation and Economic Cooperation  
1961 OECF  
1962 OTCA  
1964 Japan joins OECD  
1974 JICA  
1977 Fukuda Doctrine  
1978 1st Medium Target of ODA  
1989 Japan becomes top donor  
1992 ODA Charter  
1993 TICAD 1  
1997 Fiscal Structural Reform Act  
1999 JBIC  
2003 New ODA Charter  
2008 JICA

#### Yen Loan: OECF-JBIC-JICA

1961 OECF  
1999 JBIC  
2008 JICA (New)

#### Technical Cooperation: OTCA-JICA

1962 OTCA  
1974 JICA  
2008 JICA (New)

#### Grant

MOFA: 1992 ODA Charter  
2003 New ODA Charter  
2008 JICA (New)

## 5. References

- Easterly, W. and T. Pfutze (2008), "Where does the money go? Best and worst Practices in Foreign Aid", *Journal of Economic Perspectives*, 22(2), pp.29-52
- Easterly, W. (2007), Are aid agencies improving?, *Economic Policy*, October 2007, pp.633-678
- Matsuoka, S. and A. Kuchiki eds. (2003), *IDE Spot Survey: Social Capacity Development for Environmental Management in Asia: Japan's Environmental Cooperation after Johannesburg Summit 2002*, Institute of Development Economics  
<http://www.ide.go.jp/English/Publish/Download/Spot/24.html>
- Todaro, M. and S. Smith (2008), *Economic Development*, Longman

## 6. Schedule of Course Work

1. Introduction 9/27

### *Part 1: History, Concept, and Theory of Sustainable Development (SD)*

2. History and concept of SD 10/6
3. Theory of SD: Carrying Capacity and MSY 10/13
4. Measuring and Indicators of SD 10/20
5. \* Students make a short report and presentation about your definition and measuring of SD 10/27

### *Part 2: Development and Environment in Developing Countries*

6. Development issues: Poverty Trap and Big push 11/10
7. Economy and society of developing countries: Dual society and two sector development model 11/17
8. Development strategy: import substitution and export oriented 11/24
9. Development strategy and environment 12/1
10. \* Students make a short report and presentation about development issues in selected countries. 12/8

### *Part 3: Theory and Practice of International Cooperation*

11. History and theory of international development cooperation 12/15
12. PRSP, MDGs, and Paris Declaration 12/22
13. Assessing Aid and environment 1/12
14. \* Students make a short report and presentation about aid and development in selected cases. 1/19

### *Part 4: Toward a Sustainable Global Society (governance)*

15. Sustainable global society, global governance and concluding remarks 1/26