

Development Issues and ODA in the World Vol. 2

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 - BS, GBS, SBS, PBAs, RBM, SWAp, CD, SCA

1. Recent Aid Modality

Rome High-Level Forum

- In February 2003, leaders of the major multilateral development banks and international and bilateral organizations, and donor and recipient country representatives gathered in Rome for the High-Level Forum on Harmonization
- The HLF concluding statement, The Rome Declaration on Harmonization, sets out an ambitious program of activities:
 1. Improvements In Development Effectiveness
 2. Good Practice Standards or Principles
 3. Going Forward
 4. Next Steps

More information (www.aidharmonization.org)

Paris Declaration on Aid Effectiveness

- The Paris High Level Forum was hosted by the French Government on February 28 - March 2, 2005 and attended by development officials and ministers from ninety one countries, twenty six donor organizations and partner countries, representatives of civil society organizations and the private sector.
- The participants took stock of progress in the wide range of activities that have taken place since the Rome High-Level Forum (2003). They also identified the areas in which further, or more intense, work is needed.

More Information :Paris Declaration on Aid Effectiveness HP:
www.aidharmonization.org

2. ODA Charter

Official Development Assistance Charter

(Objectives)

Japan's ODA charter approved by the Cabinet in 1992 has been the foundation of Japan's aid policy for more than 10 years, and it was revised in 2003. The revision also has the aim of encouraging wide public participation and of deepening the understanding of Japan's ODA policies both within Japan and abroad.

(Basic Policies)

1. Supporting self-help efforts of developing countries
2. Perspective of Human Security
3. Assurance of fairness
4. Utilization of Japan's experience and expertise
5. Partnership and collaboration with the international community

More Information

(<http://www.mofa.go.jp/policy/oda/reform/charter.html>)

3. DAC 5 Evaluate Criteria

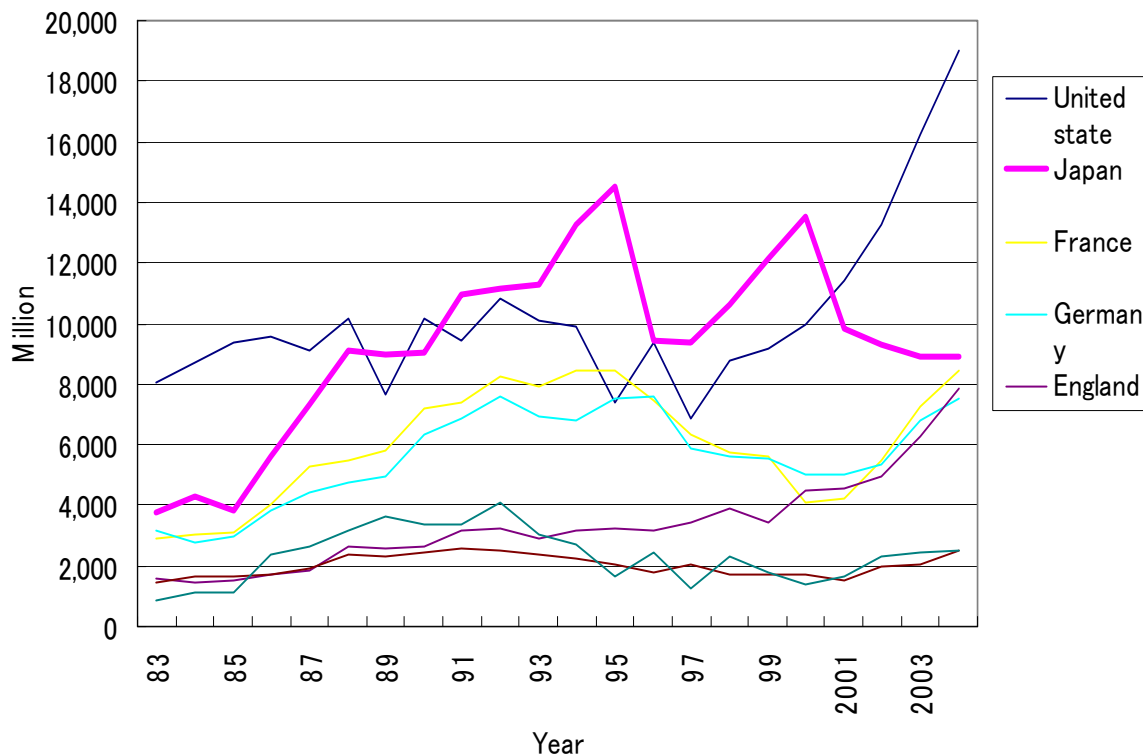
DAC Criteria for Evaluating Development Assistance

- In 1991 The DAC of the OECD set out broad principles for the evaluation process for DAC members.
- These principles were refined into five criteria that have been widely used in the evaluation of development initiatives –
 1. Efficiency
 2. Effectiveness
 3. Impact
 4. Sustainability
 5. Relevance
- More Information (HP: www.oecd.org)

4. Recent ODA Trend in the World

Net ODA flows from Major Industrial Countries

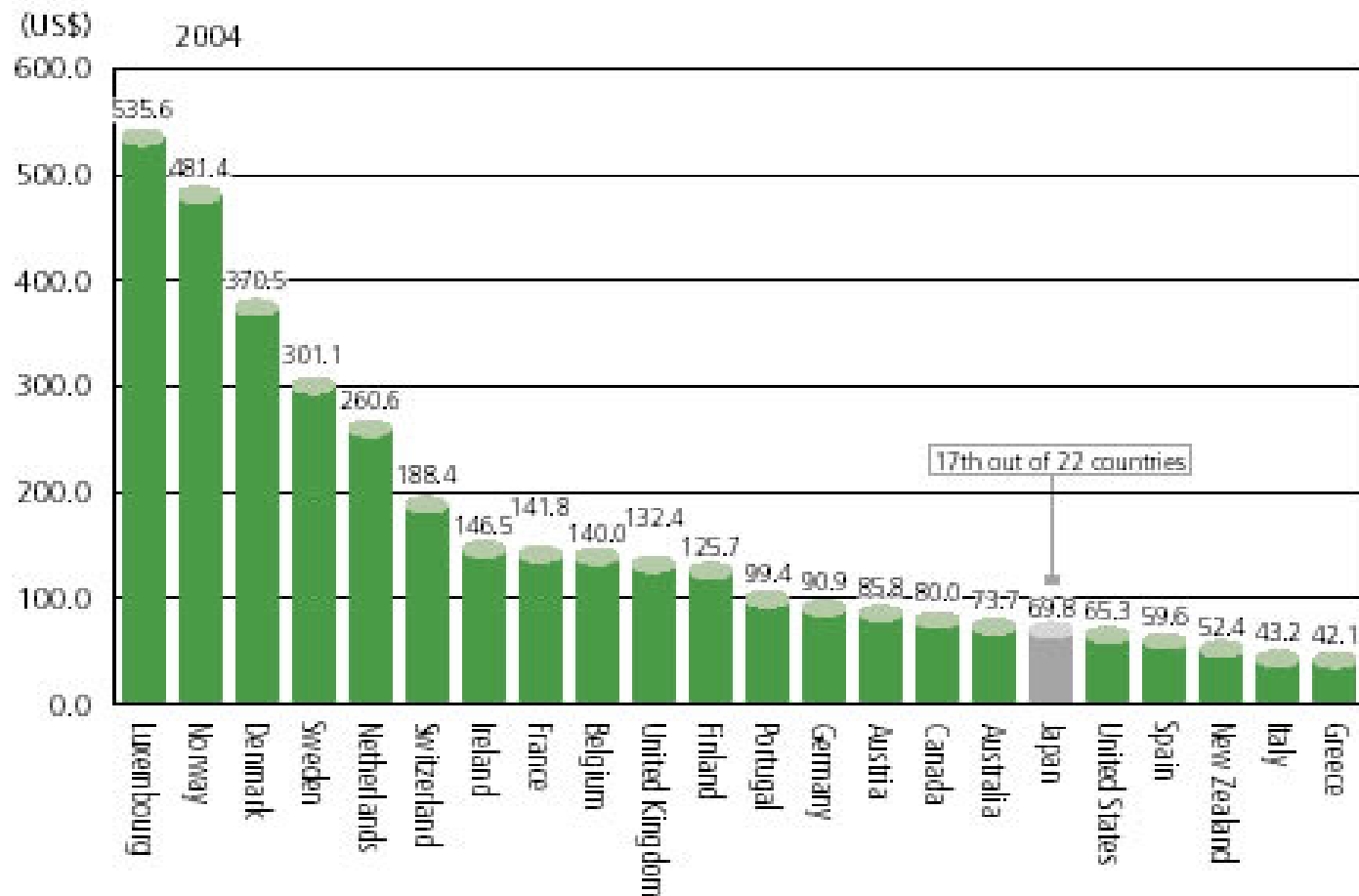
Net ODA flows from Major industrial Countries



In 1990's, Japan had been a top donor, but from 2001, US has occupied the top position.

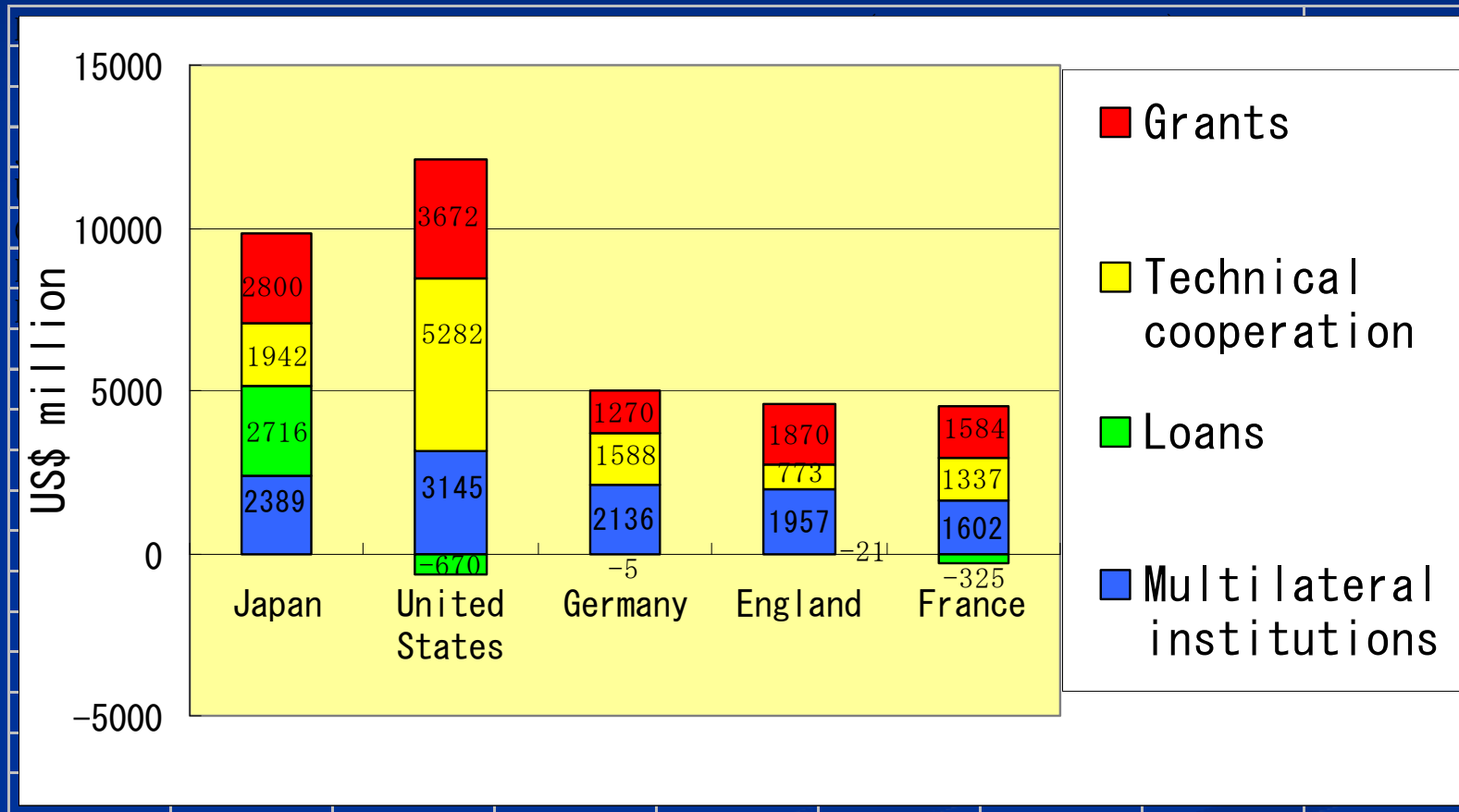
source: DAC 2005

Per capita Net ODA flows from Industrial Countries



Source: 2005 DAC Press Release (2004 disbursements) was used for disbursement figures, and the 2004 DAC Chairman's Report (2003 figures) for the population figures.

Breakdown of ODA in DAC Members by Type of ODA



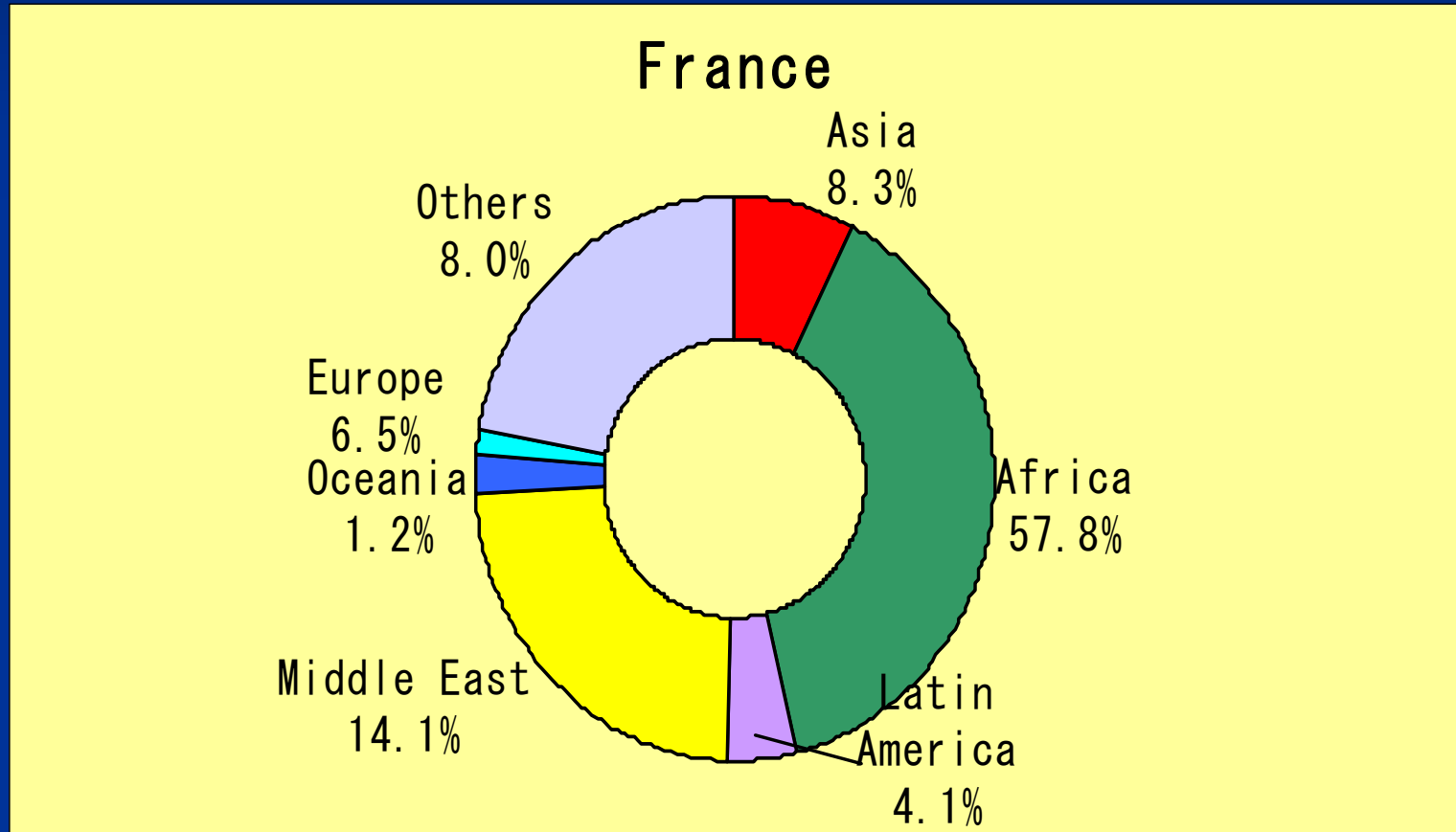
source: DAC (2003)

Ratio of Donation and Grant Element (GE) in Major DAC Countries

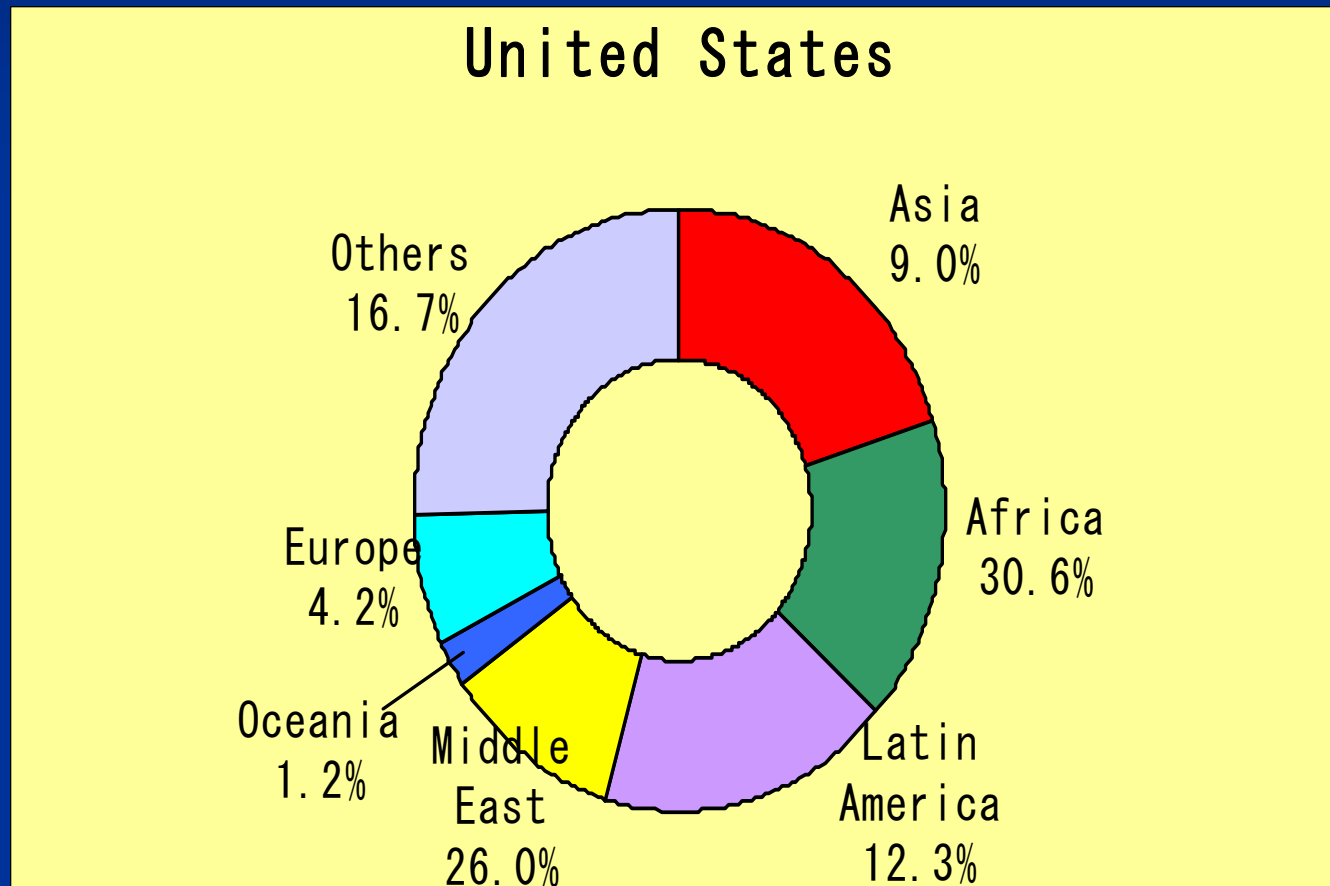
	Ratio of Donation		GE Ratio of ODA Loan	GE Ratio of ODA Especially for LDC
	Bilateral Donation Only	ODA total		
Denmark	99.2	99.5	—	100
France	86.1	91.4	55.9	100
Germany	82.7	90.8	65.3	99.8
Japan	39.4	51	72.7	98.8
United Kingdom	94.1	96.6	43.4	100
United States	99	99.2	63.1	99.8
average of DAC countries	90.8	96.1	71.4	99.6

source: Watanabe and Miura (2003)

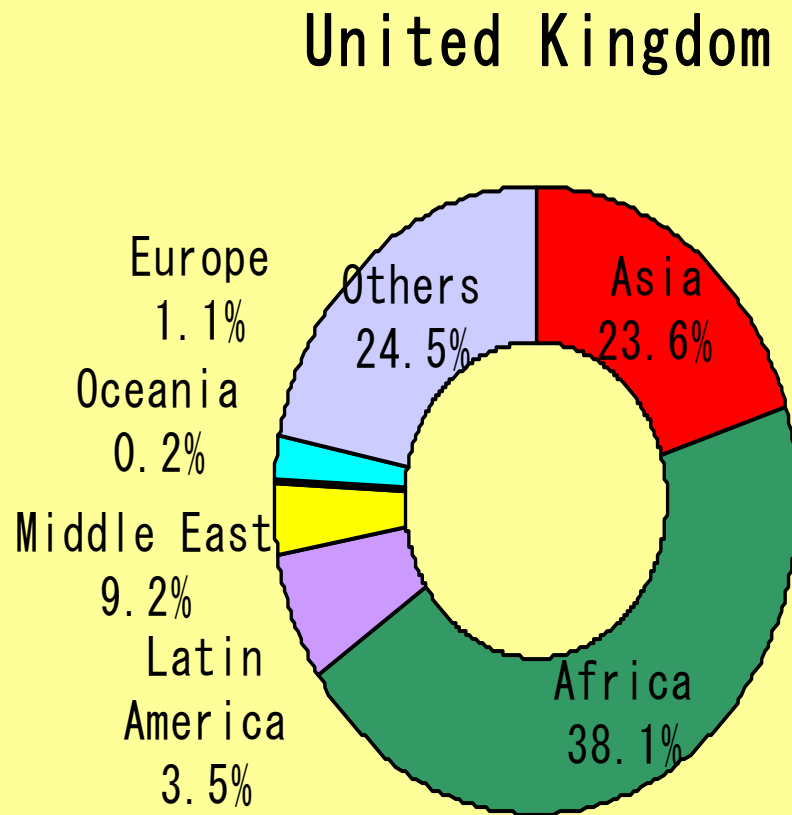
Regional Characteristics of Major DAC Countries (bilateral ODA) (2003)



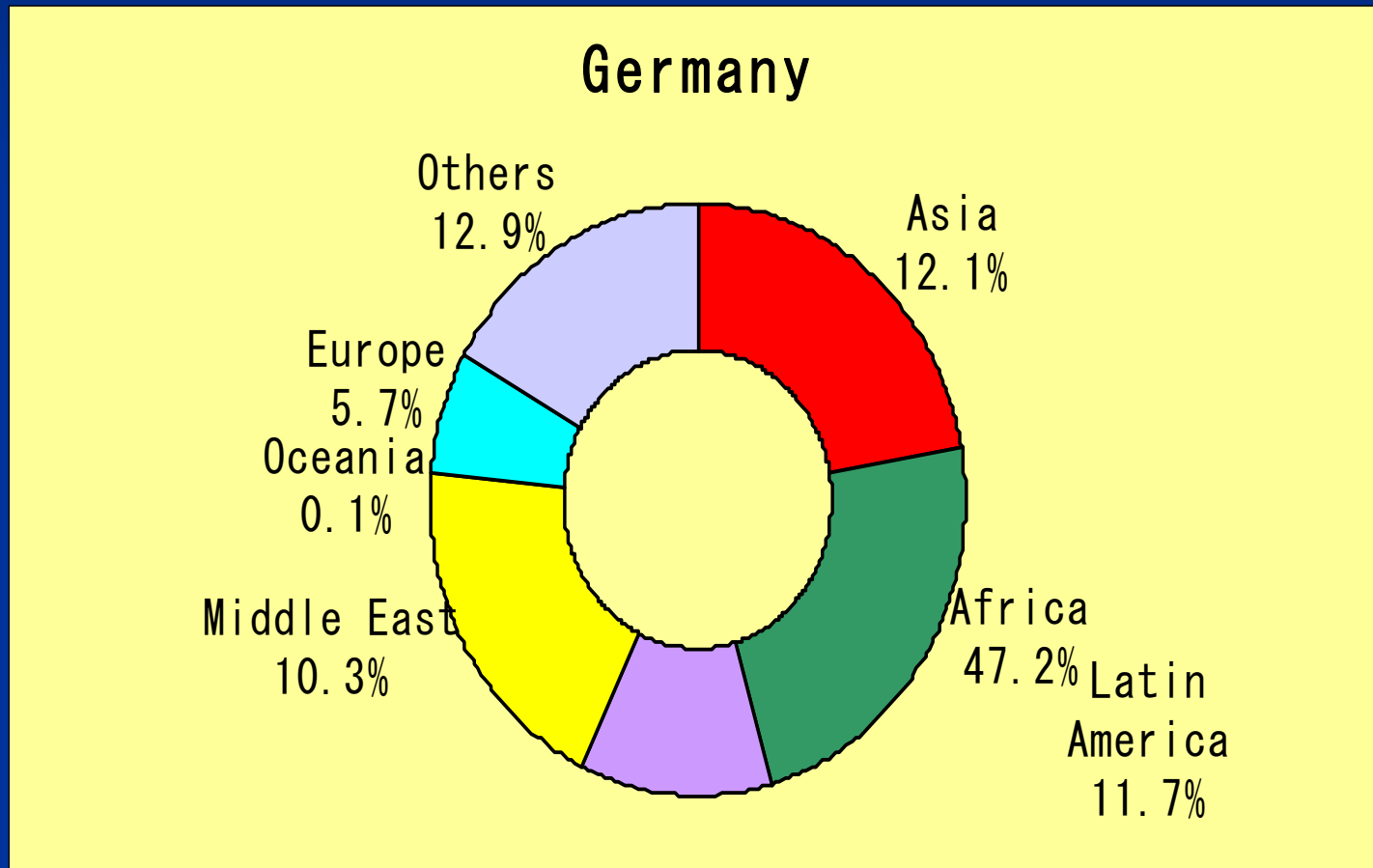
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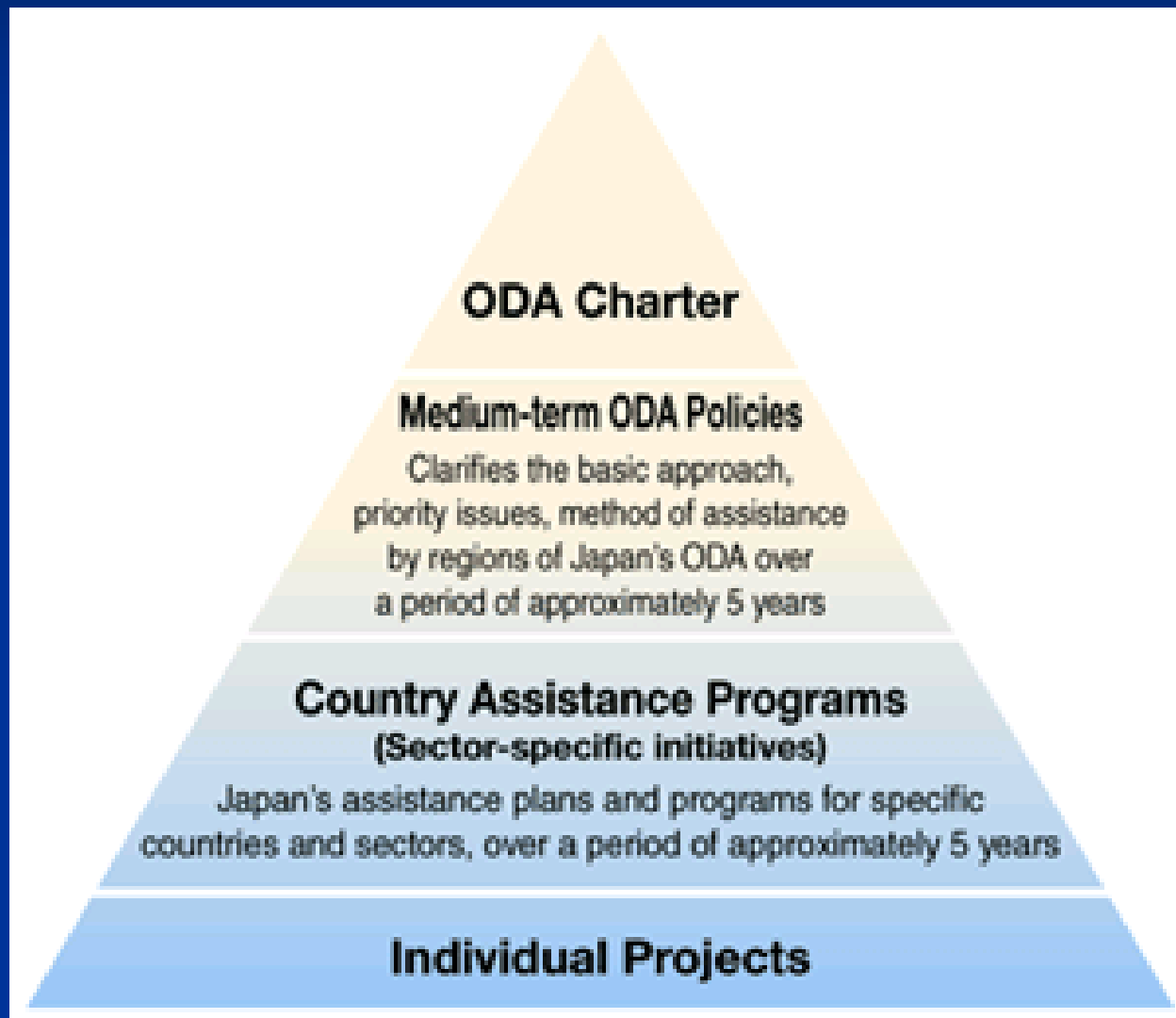


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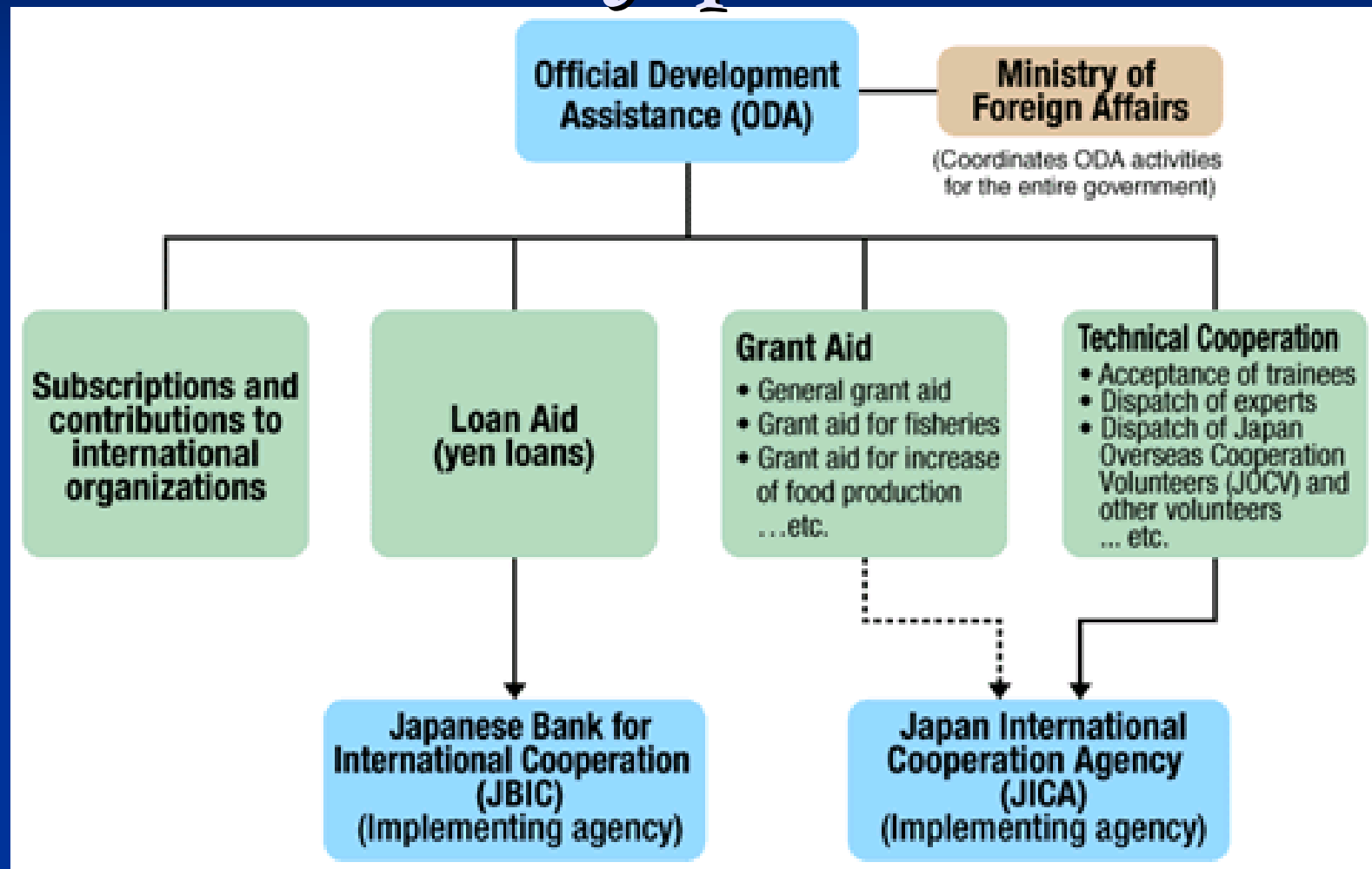


5. Japan's ODA

Japan's ODA Policy Framework



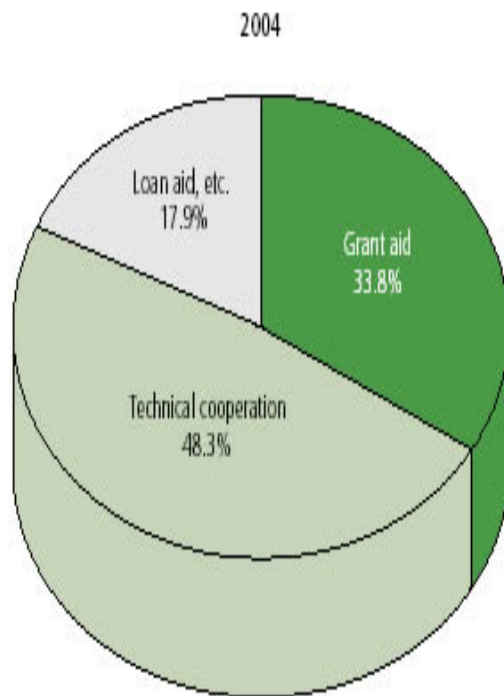
ODA Implementation system in Japan



Characteristics of Japan's ODA

- (1) modality :high ratio of loan
- (2) region: mainly Asia
- (3) focus on economic infrastructure
- (4) others (tied and untied)

(1) Japan's ODA by Modality (2004)



Notes: (1) Due to rounding, the total figure may not match the sum of the individual parts.
(2) Excluding assistance to the Eastern European and graduated countries and debt cancellation.

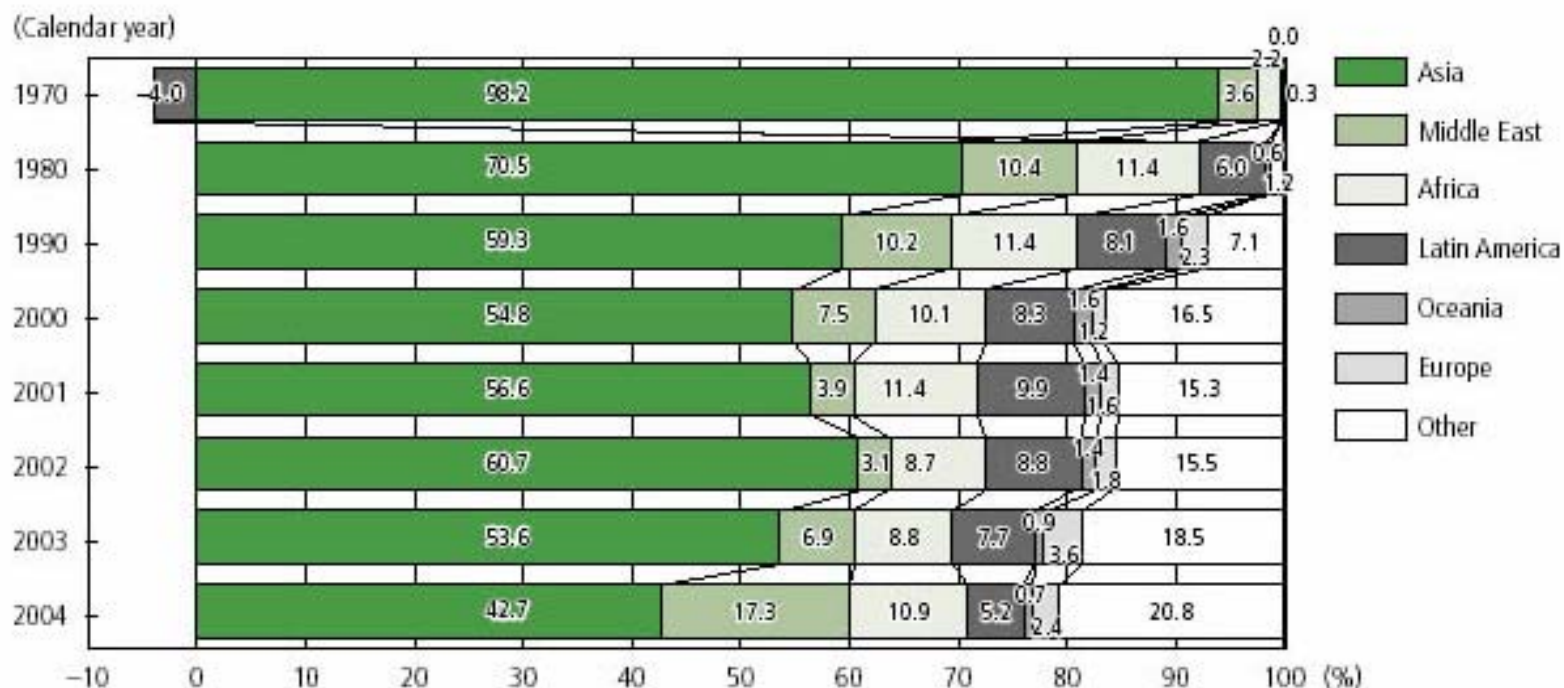
The Loan aid ratio is high compared with other major DAC countries. [→link 27](#)

But the GE ratio is also high [→link 28](#)

(※contents of technological cooperation) [→link 46](#)

Japan's ODA by Modality (trend)

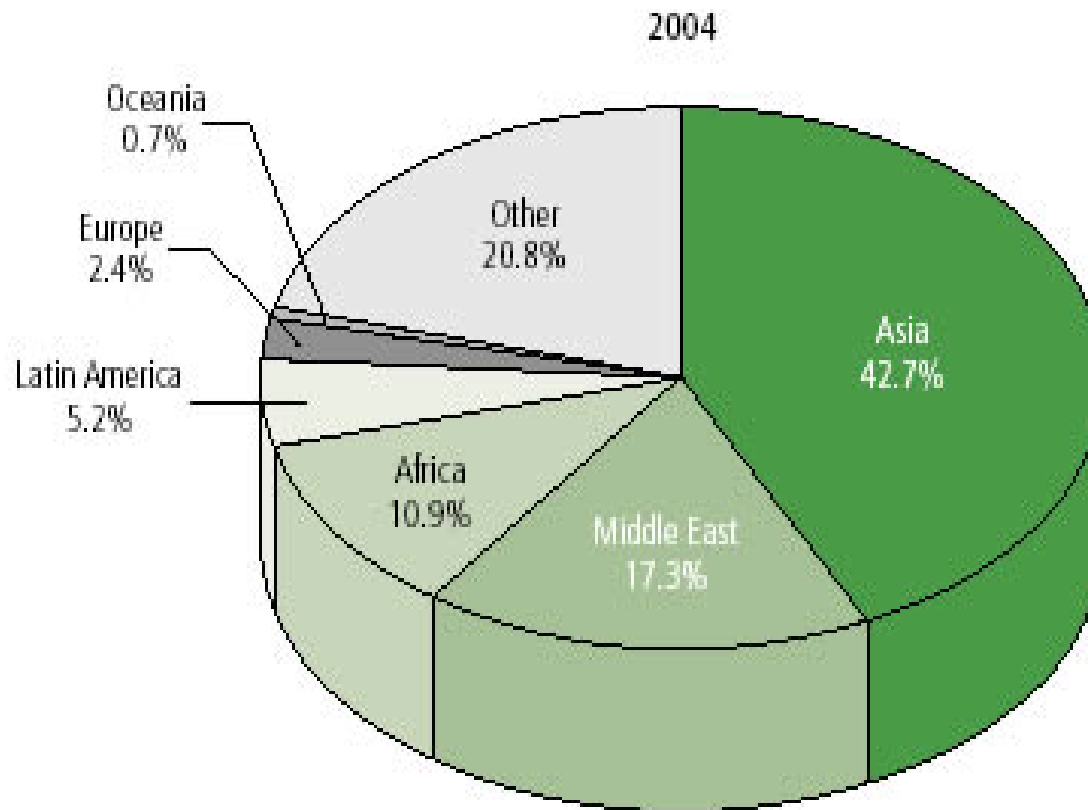
Chart 5. Trends in Bilateral ODA Disbursements by Region



Notes: (1) ODA to the European region since 1990 includes aid to the Eastern Europe.

(2) If the repaid amount exceeds disbursements, the figure can be negative.

(2) Japan's Bilateral ODA by region (2004)



Mainly to Asia compared with other major DAC countries →link 29-32.

(3) Breakdown by sector (focused on infrastructure)

	social infrastructure		Economic Infrastructure	
	1980-81	2000-2001	1980-81	2000-2001
Denmark	24.0	22.8	0.3	18.8
France	52.4	38.9	14.0	6.1
Germany	22.1	42.3	25.3	16.9
Japan	10.3	20.6	40.0	32.9
United Kingdom	23.1	25.3	10.9	7.3
United States	18.4	42.2	4.7	8.8
Average in DAC Countries	24.6	32.1	17.2	15.7

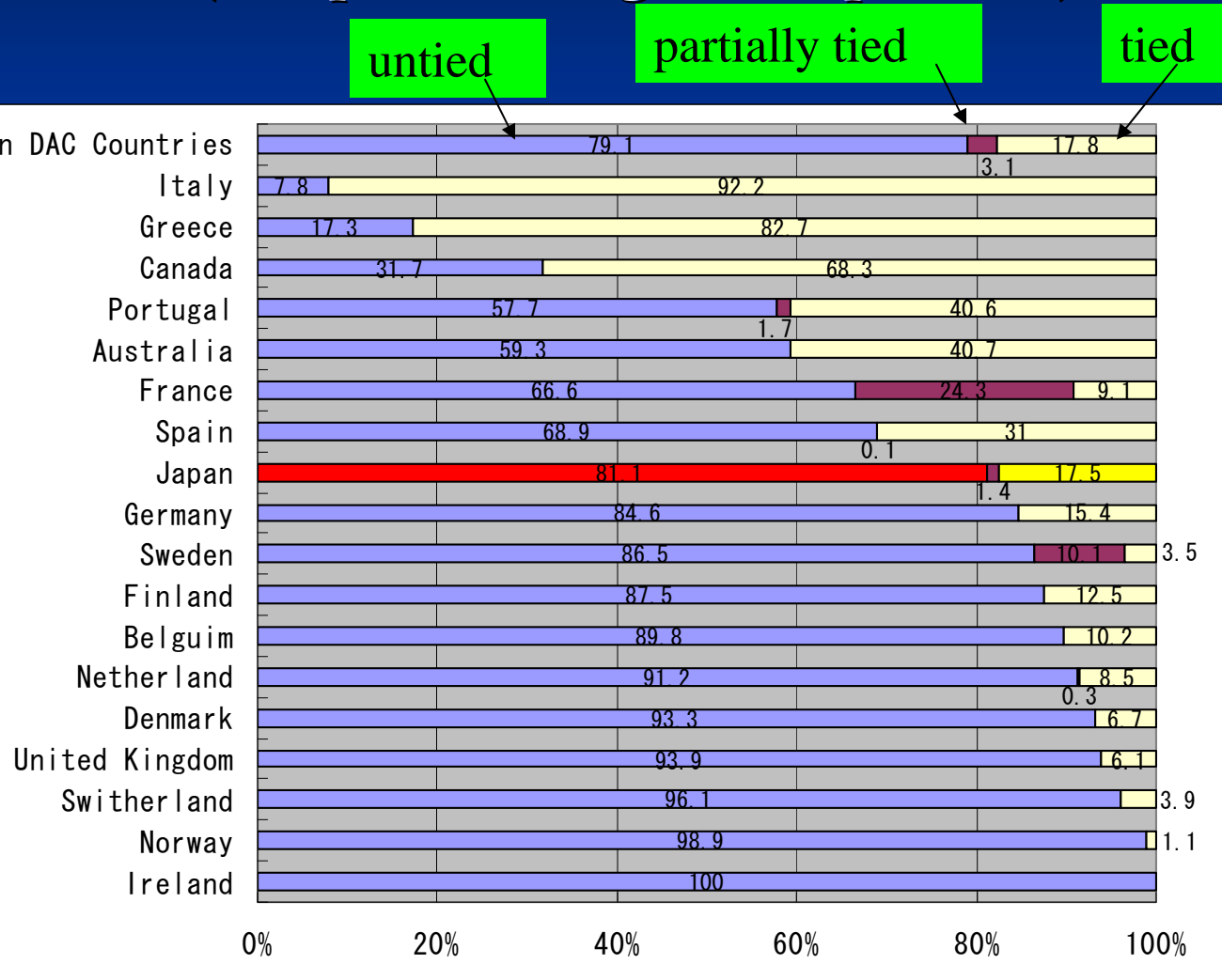
✕social infrastructure: education, medicine, population, sanitation

✕economic infrastructure: transportation, communication, energy

source: Watanabe and Miura (2003)

(4) Tied and Un-tied in Bilateral ODA

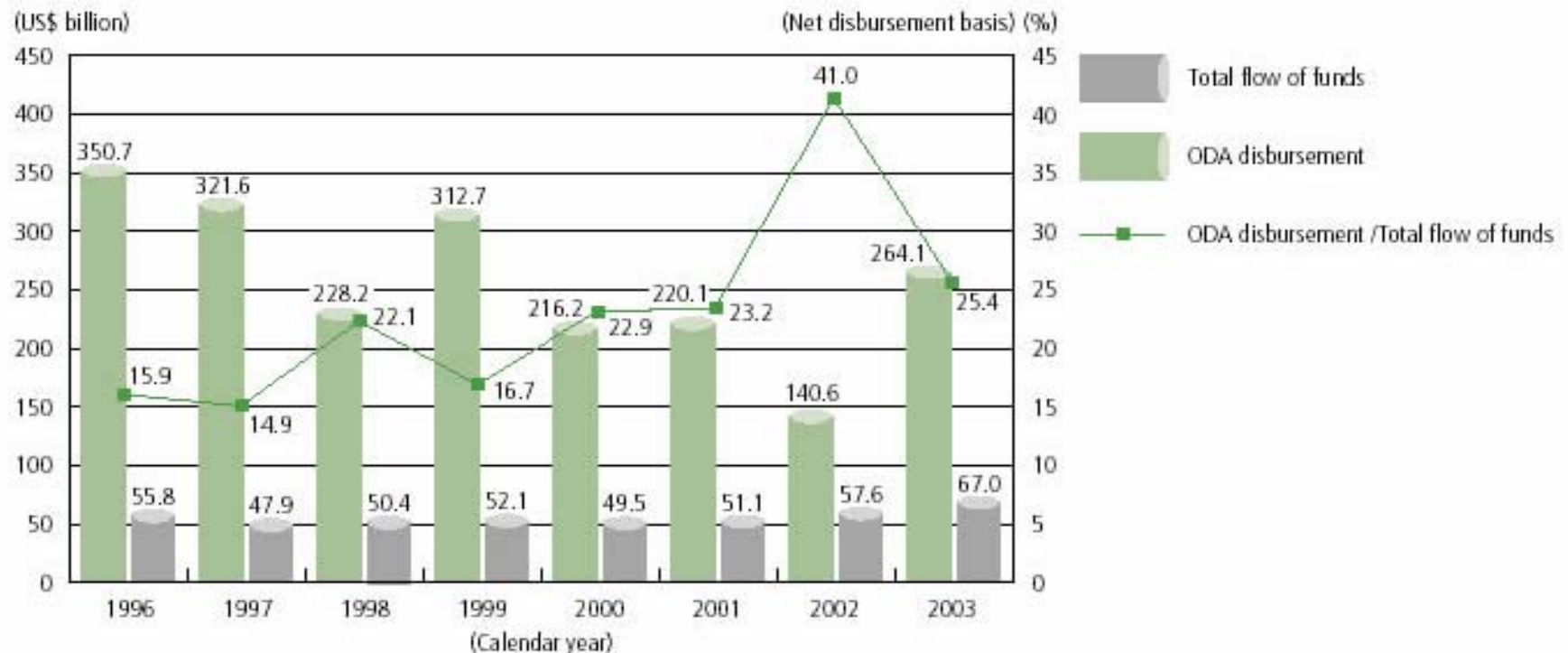
(except technological cooperation)



6. Private Investment and ODA

Finance Flows from DAC and Int'l Organization to Developing Countries

Chart 5. Flow of funds from DAC Countries and International Organizations to Developing Countries



Source: *The DAC Journal Development Cooperation 2004 Report*.

Note: Figures for 2003 are tentative.

ODA and Private Investment by region

ODA/GNP Ratio (Unit: %)

	1980	1985	1990	1995	2000
East Asia & Pacific	0.77	0.61	0.85	0.57	0.42
Europe & Central Asia	n. a.	n. a.	0.28	1.20	1.17
Latin America & Caribbean	0.28	0.49	0.47	0.38	0.26
Middle East & North Africa	1.85	1.16	2.56	1.14	0.71
South Asia	2.25	1.45	1.50	1.10	0.72
Sub-Saharan Africa	2.94	4.90	6.41	6.22	4.44

Public Investment/GNP Ratio (Unit: %)

	1980	1985	1990	1995	2000
East Asia & Pacific	2.00	1.81	2.11	5.52	3.24
Europe & Central Asia	n. a.	n. a.	0.61	2.80	4.90
Latin America & Caribbean	3.25	1.06	1.16	3.78	5.06
Middle East & North Africa	n. a.	1.62	0.09	0.25	0.16
South Asia	0.53	0.82	0.54	1.46	1.57
Sub-Saharan Africa	1.63	0.54	0.46	3.43	2.33

Source: World Bank (2001)

7. Aid Modality

Aid Modality

- **Budget Support** - Direct budget support is a form of programmatic aid in which:
 - (i) funds are provided in support of a government programme which focuses on growth and poverty reduction, and transforming institutions, especially budgetary; and
 - (ii) the funds are provided to a partner country to spend using its own financial management and accountability systems.

(DFID 2002)

- **General Budget Support** - General budget support covers financial assistance as a contribution to a host government's overall national budget in support of a general strategy and medium-term budget agreed between the donor and recipient country government.

(CIDA 2002)

- **Sector Budget Support** - Sectoral budget support is provided normally with sector conditions requiring agreement and execution of an agreed policy and agreed expenditure plan for the sector, normally through a sector approach supported by Government and the major donors.

(Foster and Leavy 2001)

- **Program-Based Approaches (PBAs)**

A PBA is a way of engaging in development cooperation based on the principle of coordinated support for a locally owned program of development. The approach includes four key elements:

1. Leadership by the host country or organization.
2. A single program and budget framework.
3. Donor coordination and harmonization of procedures.
4. Efforts to increase the use of local procedures over time with regard to program design and implementation, financial management and monitoring and evaluation.

(Lavergne and Alba 2003)

■ **Results Based-Management (RBM)**

RBM is a management approach and set of tools designed to improve performance in the delivery of outputs, outcomes and impacts and that is used broadly in both government and industry.

(CIDA 2003)

■ **Sector-Wide Approach (SWAp)**

The SWAP defines a method of working between government and development partners, a mechanism for coordinating support to public expenditure programmes, and for improving the efficiency and effectiveness with which resources are used in the sectors.

1. All significant funding for the sector supports a single policy and expenditure program.
2. Government provides leadership for the programme and donors work together with a common voice.
3. Common implementation and management approaches are applied across sectors by all partners.
4. Over time, the programme progresses towards relying on government procedures to disburse and account for all funds.

(DFID 2002)

■ Capacity Development (CD)

Capacity development or building is the process by which individuals, institutions and countries strengthen capacities or abilities (as defined above). The United Nations and other external actors can assist this endogenous process, by:

1. Focusing on enhancing the skills, knowledge and social capabilities available to individuals, institutions, and social and political systems, but also by
2. Supporting their integration into the knowledge networks that help to sustain these capabilities; as well as
3. Contributing to material and financial support necessary to apply the skills, knowledge and social capabilities

(UN 2002)

activities, approaches, strategies and methodologies which help organizations, groups, and individuals to improve their performance, generate development benefits and achieve their objectives over time. It often involves broad participation, building on local interests and expertise, offering opportunities for learning and linking at micro, meso and macro levels to build ownership and sustainability.

(CIDA 2002)

■ Social Capacity Assessment (SCA)

the Social Capacity Assessment (SCA) is designed to analyze the interactions among the SCEM, the socioeconomic condition, and the environmental quality in a total system.

it is believed that the stage shift will occur at the same time as the SCEM development—from the system-making stage to the system-working stage to the self-management stage. Each stage has a benchmark known as the critical minimum, which means a minimum required capacity level to progress into the next stage.

The following three are the analytical steps of SCA: indicator development, actor-factor analysis, and developing stage analysis.

(Matsuoka 2004)