

## Summary

### “Research on the situation and schemes of assistance towards ODA graduate countries by the main donor countries FY 2014 Development Assistance Research Study

#### I. Background and the Objectives

Japan’s Official Development Assistance (ODA) has been implemented by principle, to the countries within the list decided by Organisation for Economic Cooperation / Development Assistance Committee (OECD-DAC) list. On the other hand, the Development Assistance Charter decided by the cabinet on February 10th 2015 states that “Japan will extend necessary cooperation to countries that, despite progress in development, are laden with various development challenges as well as small island countries and others that are faced with special vulnerabilities despite having attained a certain level of per capita income, based on their actual development needs and affordability”. In the coming years, ideal measures for assistance to “ODA graduate countries” require scrutiny in Japan. Against this background, this research have collected, organized and conducted comparative analysis of the information regarding the situation and schemes of assistance towards ODA graduate countries in seven major donor countries (United States of America: USA, Canada, United Kingdom: UK, France, Germany, Australia and South Korea). The research was conducted in order to consider the possibilities of assistance to ODA graduate countries. The findings of the research are as follows.<sup>1</sup>

#### II. Assistance to ODA graduate countries

##### 1. Situations of assistance to ODA graduates in each donor

Amongst the 7 donors that were subject to this research, 5 countries (USA, Canada, UK, South Korea and Germany) possessed development cooperation schemes that are applicable to ODA graduate countries (these were Technical Assistance schemes and grant schemes. The Technical Assistance scheme (including cost-share basis) had been identified in case of Germany.) Specifically, the following are examples of development cooperation to ODA graduate counties.

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<sup>1</sup> In this research, ODA refers to assistance which follows the definition by OECD-DAC and “development cooperation” is defined as cooperation that is implemented by the standard of each country with development being the principal objective. Also, ODA graduate countries are those states which have exited the OECD- DAC list, and graduate countries from development cooperation are those countries which are out of scope in the development cooperation by a donor. Finally, assistance to ODA graduates countries points to cooperation to ODA graduate countries that is implemented within the framework of development cooperation

- (1). Assistance to ODA graduate countries following the budget decided by the congress (USA)

In USA, the congress decides the policies around development cooperation. For example, a fiscal item “Global Health Program” is decided in the congress and development cooperation in this domain is implemented by Department of State and United States Agency for International Development (USAID) in the Caribbean region which includes an ODA graduate country (Barbados).

- (2). Assistance to ODA graduate countries as a part of a ministerial policy (USA, UK)

There are cases in which assistance to ODA graduate countries is implemented according to the independent policy by each ministry or assistance implementing agency. For example, in UK, the Foreign and Commonwealth Office sets governance, human rights and democracy assistance as their priority issues. Under this framework, development cooperation is implemented to ODA graduate countries such as Barbados in domains such as human rights. Similarly, in USA, USAID, the main implementing agency for foreign assistance possess offices in Barbados and Cyprus, in which development cooperation is executed, the former in the education and art domain, the latter in the health domain.

- (3). Assistance to ODA graduate countries as part of a regional program (Canada)

There are cases in which a particular region includes development assistance to ODA graduate countries together with other states which are yet to exit the OECD-DAC list. The Canadian assistance to the Caribbean countries falls under this category, as they carry out development cooperation to ODA graduate countries in the region, such as Barbados and Trinidad Tobago.

- (4). Assistance to ODA graduate countries which includes cost-share (Germany)

In Germany, there are cases in which German Federal Enterprise for International Cooperation (Gesellschaft für Internationale Zusammenarbeit: GIZ) implement a cost-share based Technical Assistance to a recipient country following the needs. This request is often made by the recipient in order to strengthen the technical skills provided by the German-funded assistance. It is confirmed that this cost-shared Technical Assistance may be applied not only to DAC countries but also to ODA graduate countries.

## 2. “Criteria for graduation from development cooperation”

- (1). OECD-DAC list

Apart from the USA, in principle, donors refer to the OECD-DAC list when they

make decisions on the implementation of the development cooperation. Though, it is apparent from the cooperation examples to ODA graduate countries mentioned in section 1 that OECD-DAC list remains merely as one of the references for the decision.

## (2). Policies and plans on the countries of focus in the development cooperation

In order to organize the philosophy behind development cooperation in each donor, study was conducted on the means by which country of focus was decided. Amongst the donors subjected to this research, Canada is the only country in which an ODA graduate country (under the Caribbean region) is selected as a country of focus. Apart from USA, policies and plans on the development cooperation are specified in the law or policy papers. International Development Act in UK, Official Development Assistance Accountability Act in Canada and Strategy for Cooperation with Global Partners (2011-2015) in Germany each determines the policies under which recipient countries are decided. However, country of focus and concrete reasons behind their selection are not specified in the higher level policies and plans, as they are decided upon the discussions made on the implementing level. Most donors possess their own criteria for deciding the countries of focus for development cooperation and they rarely follow the income levels on the OECD-DAC list. For example, in the UK, Department for International Development (DFID) adopts multi-dimensional poverty as an indicator for deciding the countries of focus. In France countries of focus is decided from the four perspectives including “Poor Countries of Priority”. Germany decides the countries of focus for development cooperation according to the bilateral relations with the recipient and the development importance based on Strategy for Cooperation with Global Partners (2011-2015). In the case of Australia, “the pursuit of national interest and expansion of Australian influence” is the standard for selecting the countries of focus for development.

## (3). Criteria of graduation from development cooperation

This research found that there is no donor in which there was a common criteria as a government for “graduation from development cooperation” applied across ministries. For instance, the American government does not possess the notion of “graduation” since the budget is decided by the congress. Similarly, donors decide the policies and implementation of development cooperation of the ODA graduate countries based on considerations on diplomatic strategies, prioritized policies and sector policies of ministries and agencies, regional program, and development needs.

## 3. Budget on the assistance to ODA graduate countries

Apart from the general development cooperation budget, there was no fiscal item prepared especially for ODA graduate countries. In USA, there is no budget prepared

exclusively development cooperation. In UK, each ministry make budget requirement individually to the congress and budget allocated to development cooperation is decided within each ministry. On the other hand, in the case of donors other than US and UK, there is a competent ministry which request and manage the budget. This is Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung: BMZ) in the case of Germany and DFAT in the case of Australia. Though even in such situations there were no examples in which particular fiscal item was allocated for ODA graduate countries within in the development cooperation budget.

### III. Situations of Assistance to Upper Middle Income Countries

#### 1. Trend amongst the countries of focus in development cooperation

There were certain trend identified in the countries of focus in the assistance to Upper Middle Income Countries and cooperation to ODA graduate countries (Canada: Caribbean countries, France: Emerging countries, Germany: Emerging countries, Australia: Asia-Pacific).

#### 2. Trend in the scheme of development cooperation

In regards to development cooperation for Upper Middle Income Countries, Germany and France tended to place more weight on loans. Especially in France, loan in principle was the means by which development assistance to Upper Middle Income Countries is implemented. On the other hand, in cases such as USA and UK where grant is the main assistance scheme, grant remains the instrument by which cooperation is implemented to Upper Middle Income Countries. Overall, there was no objective standard found for the graduation of the recipient country from the grant scheme.