

Chapter 1 New Partnerships



A laboratory staff member shows cassava that is under test cultivation at an agricultural experiment station for the “Project for Improving Research Capacity for Nacala Corridor Agriculture Development” in Mozambique. Japan and Brazil have teamed together to provide support for agricultural development in Mozambique, with the aim of transferring Brazil’s agricultural technology, knowledge, and experience to the countries of Africa. (Photo: Mika Tanimoto/JICA)

Section 1 ODA and the Rise of Emerging Countries

In recent years, the impact of countries referred to as “emerging donors” has become increasingly significant. These emerging donors include China, India, Brazil, and other countries that have achieved rapid economic growth, and are implementing aid programs as “South-South cooperation” (cooperation between developing countries; see page 26), focused on infrastructure and other economic areas, the Czech Republic, Poland, Hungary, and other countries that, upon joining the EU, have become providers of ODA, middle and eastern European countries that have been proactively participating in the OECD’s¹ Development Assistance Committee (DAC), and Saudi Arabia, Kuwait,

the United Arab Emirates, and other Arab countries that utilize plentiful income from oil to provide aid. The types of aid are diverse.

The rise of emerging donors has also significantly altered the configuration of development funds. The DAC has estimated that these emerging donors provided as much as \$12 billion to \$14 billion in aid in 2008. This amount corresponds to 9% to 10% of the total amount of ODA provided by DAC member countries that same year. In addition, some emerging donors, such as Saudi Arabia, provided aid on a scale larger even than many DAC member countries.

Note 1: OECD: Organization for Economic Co-operation and Development

Table II-1 Aid Provided by Major Non-DAC Member Countries (includes estimates)

(Unit: \$1 million)

	Country/region	Amount of aid provided	Year	Source
1	Brazil	437.0	2007	DAC Development Co-operation Report (amount estimated by Brazilian authorities)
2	China	3,000.0	2008	Estimate by D. Brautigam
3	India	610.0	2008/9	Annual report by the Indian Ministry of External Affairs
4	Russia	200.0	2008	Statement by the government of the Russian Federation (at the April 2010 DAC Senior Meeting)
5	South Africa	109.0	2008/9	Estimate based on materials created by the South African Ministry of Finance
6	Czech Republic*	249.2	2008	OECD-DAC statistics
7	Hungary*	106.9	2008	OECD-DAC statistics
8	Poland*	372.4	2008	OECD-DAC statistics
9	Romania	122.9	2008	OECD-DAC statistics
10	Israel	137.9	2008	OECD-DAC statistics
11	Turkey*	780.4	2008	OECD-DAC statistics
12	Taiwan	435.2	2008	OECD-DAC statistics
13	Thailand	178.5	2008	OECD-DAC statistics
14	Kuwait	283.2	2008	OECD-DAC statistics
15	Saudi Arabia	5,564.1	2008	OECD-DAC statistics

* OECD member country

Only donor countries that submitted a report to the DAC and provided \$100 million or more are listed. The amount estimated for China includes concessional loans and debt relief.

Source: "Beyond the DAC-The Welcome Role of Other Providers of Development Co-operation" (OECD)

If the number of countries involved in development, particularly emerging donors, increases, countries receiving aid will have more options for development funding and assistance, and those options will be more diverse. The entire international community should welcome this in order to encourage development. Just as Japan has the experience of changing from an aid-receiving country to an aid-giving country, many emerging donors also have the history and experience of development in their own countries, and are proactive in utilizing them in the assistance that they provide.

At the same time, it is important that the assistance provided by emerging donors is not conducted according to a method unique to that donor, but rather that it adheres to the procedures and rules, etc., of aid that has been provided by the international community in the past, in order to avoid placement of an excessive burden on the developing countries that receives the aid. To accomplish this, it is necessary to cooperate with the emerging donors. It is crucial to the development of developing countries for traditional donors and emerging donors to share their knowledge and experience as they cooperate to provide assistance. In the future, it will be necessary to create broad cooperative relationships that include emerging donors, civil society, private businesses, and other diverse actors that are involved in providing aid for development, in order to achieve the Millennium Development Goals (MDGs) and other goals shared by the international community.

Currently, the promotion of cooperation

with emerging donors is being discussed at a variety of international forum. The Seoul Development Consensus for Shared Growth and the Multi-year Action Plan on Development were formulated at the November 2010 G20 Summit in Seoul attended by representatives from China, India, Brazil, Saudi Arabia, and other emerging donors. In addition, the DAC Statement on "Welcoming New Partnerships in International Development Co-operation" was adopted at the DAC Senior Level Meeting in April 2011. The Fourth High Level Forum on Aid Effectiveness was held in Busan, South Korea in November 2011. The participation at the Forum of emerging donors in a new cooperative framework was a significant step forward in efforts toward shared benefit to the international community and addressing issues on a global scale. In the future, it will be important to cooperate with emerging countries as well to steadily implement the commitments of the agreement made in Busan. (See page 144 for details regarding Aid Effectiveness.)



Parliamentary Vice-Minister for Foreign Affairs Joe Nakano attends the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea (November 2011)

Promoting Partnerships with Emerging Countries

To effectively utilize the assistance given by emerging donors in the development of developing countries, it is very important to enhance the partnership with emerging donors from the standpoints of both policy and implementation. Japan implements seminars, training, dialogue, and a variety of other approaches to strengthening partnerships with emerging donors that are on the rise, taking into consideration changes in the environment that surrounds development.

1. Support for Developing Countries to Become Donors

For example, in 2010, Japan held seminars in Tokyo and Hungary for the countries of Central and Eastern Europe, for the purpose of providing support to enable those countries to become donors. In addition, Japan conducted training in Japan for Chinese individuals and organizations involved in development assistance. In both cases, Japan had the opportunity to promote understanding of Japan's

aid policies, aid implementation structure, and efforts to increase the impact of assistance, etc., which emphasize developing countries' ownership of development and enhancement of capacity, to countries that in recent years have increased their importance as emerging donors.

2. Dialogue in the International Community

In addition, Japan encourages the participation of emerging donors in a variety of meetings regarding aid, to promote dialogue. The Asia Development Forum was held in Tokyo in June 2011, with in-depth discussions of the role of development assistance, taking into consideration relevant experiences in Asia. At the MDGs Follow-up Meeting held in Tokyo that same month, with China, India, Brazil,

South Africa, and other emerging countries participating, it was confirmed that all related countries and organizations that are involved in development have the means to reduce poverty in the world, and that such countries have a responsibility to take action to move those efforts forward.

3. Triangular Cooperation

In addition to providing support to enable emerging countries to become donors, and to participate in a framework for coordination of international aid, Japan provides technical and financial support through triangular cooperation (See page 26) to enable these emerging countries to provide cooperation to less-developed countries (South-South cooperation). South-South cooperation itself is a type of cooperation that has a relatively long history, stretching back to the "Buenos Aires Plan of Action" that resulted from a meeting on South-South cooperation that was held by the UN in Buenos Aires (Argentina) in September 1978. However, even before that, Japan had already begun providing support for cooperation between Thailand and Laos in 1975, and has been a forerunner in triangular cooperation, with a significant history of cooperation.

The significance of triangular cooperation first includes the ability to utilize similarities in socio-economic environments and development stages, as well as compatibility of language and culture, to provide options for development that are suited to the recipient of

assistance. This is effective in increasing the impact of the assistance on the recipient country.

Second, by providing cooperation to a third country while receiving assistance from Japan, the countries implementing assistance (emerging countries) are able to aim for independence as aid-giving countries, while absorbing knowledge and experience related to aid. This is beneficial to those emerging countries.

Third, the ability of Japan to spread the results of Japan's cooperation to third countries is helpful to Japan. The ability to apply the results of assistance to a certain country to other countries as well, and the ability to provide aid that has impact on a larger scale without increasing the amount of resources invested are also some of its merits.

In this way, partnership with emerging countries, particularly triangular cooperation, has significant meaning. Currently, Japan has concluded "partnership program"* agreement with 12 countries that provide South-South cooperation, and is implementing comprehensive support for South-South cooperation and cooperation to strengthen the ability to provide



Collaborating with Malaysia's SIRIM Berhad (formerly known as the Standards and Industrial Research Institute of Malaysia) to conduct training to promote small and medium-sized companies in African countries (Photo: Arase Sugawara/JICA)

assistance.

Two recent examples of triangular cooperation are the “Zambia Investment Promotion Project-Triangle of Hope” and the “Mozambique Tropical Savannah Agriculture Development Project.” In the former, from August 2009 to August 2012, Japanese experts who are responsible for management, direction, and control, etc., of the project, Malaysian consultants and local Zambian consultants are working together to promote direct investment from both domestic and foreign parties and to prepare an environment that is favorable to investors. Specifically, efforts include training for Zambia Development Agency staff members, improvement of the framework for policy and regulations related to improvement of the investment environment, formulation of a plan to attract investors in 12 fields, and improvement of the investment environment through building relationships with the private sector, etc.

In the latter, cooperation began in 2009 to build a sustainable agricultural development model that takes environmental protection into consideration, and to

promote development of a competitive agricultural industry, farming villages, and regions, that have an awareness of the market. The purpose of this project is to take the experience gained over twenty years beginning in the 1970s when Japan and Brazil cooperated to transform Brazil's barren semi-desert Cerrado region into a large agricultural region, and apply that experience in Mozambique. Specifically, Japan transferred the land improvement technology and the technology related to improving agricultural productivity that had been accumulated through the development of agriculture in the Cerrado.

In the past, Japan has proactively used past cooperation for third countries, provided effective cooperation that utilizes similarities in development stages, and given support to enable emerging countries to become donors, etc. In the future, Japan will continue to promote partnership with emerging countries and aim for enhancement of ownership by countries providing South-South cooperation, and achievement of further development effect.

Terminology

*** Partnership Program**

A framework for countries that have received assistance from Japan and achieved a certain level of development to partner with Japan to provide technical cooperation to neighboring countries with a lower level of development and countries and regions with similar languages, histories, and cultures, etc. Beginning with conclusion of an agreement for a framework with Singapore in 1994, Japan has now concluded such agreements with 12 countries (Singapore, Thailand, the Philippines, Indonesia, Chile, Brazil, Argentina, Mexico, Egypt, Tunisia, Morocco and Jordan).

Keyword 1

South-South Cooperation and Triangular Cooperation

South-South Cooperation refers to cooperation between developing countries for development. It means that one country that is more developed in a certain area assists other developing countries in development of that area. Because most of the more developed countries are in the northern hemisphere, and most developing countries are in the southern hemisphere, the problem of the economic gap between the developed world and developing countries is referred to as the “north-south divide.” South-South Cooperation received its name because it refers to cooperation between developing countries (south).

In many cases, the developing country providing assistance in South-South Cooperation has restrictions on its capabilities (insufficient funds, etc.). In such cases, the developed world sometimes supplements that cooperation with technology, funds, experience and knowledge related to aid, etc. This is “North-South-South Triangular Cooperation,” in which the developed world (north) also participates in the cooperation between developing countries.

The figure shown here gives an example of the relationship between countries in Triangular Cooperation. A indicates a developing country that provides assistance. B indicates a developing country that receives assistance. Developed nations (Japan, etc.) assist in providing aid from A to B.

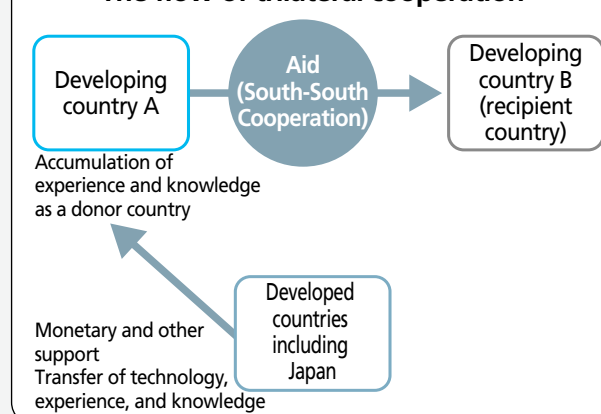
Specifically, country A, a developing country that is newly attempting to provide assistance to country B, can utilize its own funds and human resources, as well as the technology, experience, and knowledge that it has fostered, to provide assistance to country B. However, country A is itself still receiving assistance from the developed world, and even if it has the desire to assist country B, it does not necessarily have sufficient funds, human resources, or experience with aid. In such cases, Triangular Cooperation makes it possible for the developed world and international organizations to help the new aid-giving country A with those efforts.

In general, neighboring developing countries tend to have similarities, including language, culture, and climate. If there is a developing country in which technology transferred from Japan or other countries in the developed world has taken root (developing country A), and South-South Cooperation is provided by that country to another similar developing country (developing country B), smooth transfer of technology that is suited to local circumstances will be possible. Further, if this aid from A to B is supported by Japan (or other countries in the developed world), expenses can be kept lower than when Japan provides direct assistance to country B (recipient country), and it is ultimately possible to contribute to the development of more developing

countries, with Japan’s technology being utilized not only in country A, but in country B as well. Engagement in South-South Cooperation not only allows country A to gain experience, knowledge, and ability as an aid-giving country by standing on the providing side rather than the receiving side, as it had in the past, but also leads to significant confidence in its own history of development.

After World War Two, Japan gained the history and experience of walking the path of growing from an aid-receiving country to a major aid-giving country. One of the lessons learned from that experience is that supporting South-South Cooperation is an effective means of cooperation, and Japan is one of the aid-giving countries that are most proactive in its utilization. The ODA Charter states that “Japan will actively promote South-South Cooperation in partnership with more advanced developing countries in Asia and other regions.”

The flow of trilateral cooperation



“Triangular Cooperation” in Morocco: Japan provided Grant Aid for building a training center for road maintenance and construction equipment, and provided technical cooperation in Morocco. Training is currently underway for technicians invited from neighboring African countries. (Photo: Shinichi Kuno/JICA)

Section 3

Increasingly Important New Actors in Development

The development needs of developing countries are considerably large and diverse. ODA and other governmental assistance alone are insufficient to respond to those needs. It is therefore necessary to encourage the participation of NGOs, private businesses, private foundations and other new actors in development, and mobilize those “people,” “funds,” and “knowledge,” etc. For example, the observation that 60% to 70% of the funds flowing into developing countries are from the private sector also indicates that the role of non-governmental players in the development of developing countries is becoming significant.

Encouraging the activities of such new actors in development makes it possible to move ahead with effective and efficient development. To accomplish this, it is important to utilize ODA to remove barriers to the activities of new actors, and establish a link between ODA assistance and the activities of the new actors, and to build complementary relationships. It is effective to build a mutually beneficial relationship with other actors, making it possible to share governmental aid policy that promotes strategizing through the program approach (See the figure on page 39), etc., and exchange useful knowledge and experience in the field of development. While strengthening dialogue

with a variety of actors on the one hand, the Japanese Government is also proactively advancing those new partnerships through the formation of concrete collaborative projects, etc.

For example, Japan is using ODA loans and partnering with the Bill & Melinda Gates Foundation in an innovative manner to support the eradication of polio in Pakistan. This project utilizes ODA loan to finance the costs of vaccines and a vaccination campaign to eradicate polio in Pakistan. Unlike ordinary loans, the Bill & Melinda Gates Foundation will repay the loan debt in place of the Pakistani Government, on the condition that the Government achieves certain results. Japan anticipates that the knowledge that Japan has accumulated over many years of support for efforts to eradicate polio in Pakistan, as well as funds from ODA loans, will prime the pump, making it possible to obtain new funds from the Bill & Melinda Gates Foundation for Pakistan, further accelerating the efforts to eradicate polio, an international challenge. (See “Partnering with Private-sector Funding” on the next page.)



Since 1996, Japan has utilized grant aid to provide the funds necessary to obtain polio vaccines and conduct immunizations, with the aim of supporting the eradication of polio in Pakistan. Here, a Japanese expert in measures against infectious diseases administers an oral vaccine to a child. (Photo: JICA)

Keyword 2 Partnering with Private-sector Funding

The “Polio Eradication Project” ODA loan to Pakistan (Exchange of Notes signed August 2011; ¥4.993 billion) is an epoch-making project that involves a partnership between Japan’s ODA and a private foundation.

Like Afghanistan and Nigeria, Pakistan is a polio-endemic country (a country in which polio has never been eradicated). The large-scale movement of the population due to damage from flooding in 2010 was one cause of the spread of the disease, and the number of cases increased to 144. This number accounts for approximately 11.2% of the 1,290 cases reported worldwide.

In addition to regular vaccination activities, the government of Pakistan has implemented nationwide simultaneous vaccination as part of its polio eradication campaign, in order to cut polio off at the roots. In addition, the government announced a national plan in January 2011 focused particularly on eradicating polio.

For the past 15 years, Japan has, in partnership with UNICEF, provided the vaccines necessary for the polio countermeasures through grant aid, has implemented technical cooperation to support the expansion of regular vaccination activities, and has also supported the efforts of the government of Pakistan. However, with the impact of the aforementioned flooding and other factors, the efforts of the Pakistani government are making little headway. In that context, Japan engaged in discussions with the Bill & Melinda Gates Foundation (a private charity organization established by Microsoft founder Bill Gates and his wife; hereafter “Gates Foundation”), which is also working toward eradication of polio, and made the decision to partner with the Gates Foundation to provide ODA loan. For approximately two years, support will be

provided for procurement of the vaccines needed for Pakistan’s domestic polio eradication campaign, as well as the funds for administration of the vaccination.

When it has been confirmed that a high rate of vaccination and certain other goals have been reached, the Gates Foundation will repay the entire debt for the ODA loan to Japan in place of the Pakistani Government. By establishing a mechanism by which the Pakistani Government is not required to repay the loan if the goals are achieved, a higher level of effort toward eradication of polio can be drawn out from the Government. In addition, it ultimately becomes possible to provide assistance with large-scale funding, without placing a burden of debt on the Pakistani Government. This project is a new and deeply significant attempt, from the standpoint of collaborating with the Gates Foundation and a diverse range of development partners, including joint financing with the World Bank (support only for procurement of polio vaccines), and partnership with UNICEF and WHO to procure vaccines and implement the campaign, etc.

As has been the case with the partnership with the Gates Foundation, there are high expectations that fusing the experience and knowledge obtained at the sites of assistance and the close network that the Japanese government has with the governments of developing countries, with the high level of technological and financial power and the ability to make policy recommendations that are possessed by the private sector, a new player in providing aid, will allow efforts toward development to have a wide range of impact in the future, and that the effects will spread.



JICA President Sadako Ogata and Bill Gates, co-chair of Gates Foundation at a signing ceremony conducted via teleconferencing between Japan and the U.S. (Photo: JICA)

As part of Japan's partnership with NGOs, the Government of Japan, an NGO and a private business are working together to reduce poverty in a rural area in Laos. As part of this effort, while on the one hand using Grant Aid for Japanese NGO Projects to enable Japan Mine Action Service (JMAS), a specified non-profit corporation to search for and remove unexploded ordnance, Tsumura & Co. is cultivating herbal medicine on the farmland that has been cleared of the unexploded ordnance. These efforts are expected to contribute to ensuring the security of the farmers, reducing poverty, and enabling the economic development of the region.

In addition, Japan is also strengthening efforts to encourage the participation of potential actors in development. Japan implements two types of preparatory survey based on proposals from the private sector, to encourage the participation of private organizations, etc., that have superior technologies, knowledge, and experiences, and that have an interest in overseas operations. During the preparatory survey related to formation of a public-private partnership (PPP)* infrastructure project, in addition to addressing input from private businesses at an early stage of formulation of the infrastructure project and responding to development needs that government is unable to assess fully, Japan considers the optimal division of roles between the public and private sectors, and put forward proposals to the governments of developing countries. In 2011, 8 projects, including projects in Indonesia and Vietnam, were adopted, which anticipate support from the governments of partner countries to the public sector, through ODA, including loans. Promoting development of the infrastructure through PPP is desired.

Further, BOP business*² has recently been receiving attention as a new method of solving problems in developing countries. In preparatory survey to encourage partnerships with private-sector players that are aiming for participation in such BOP business, in addition to providing backup for the participation of Japanese companies and NGOs, etc., in BOP business areas in developing countries, Japan provides support for ODA partnerships with the private sector in BOP business, by assisting in the formulation of BOP business models of



The opening ceremony of a collaborative ODA project among Japanese government, private business (Tsumura), and NGO (JMAS) to remove unexploded ordnance in Laos

corporations (private businesses, NGOs, etc.) that have submitted proposals, and by requesting proposals regarding partnerships with ODA.

In addition, in June 2011, the Ministry of Foreign Affairs launched the MDGs Public-Private Partnership Network to promote public-private partnerships geared toward achievement of the Millennium Development Goals (MDGs). The Network issues information that is required by private businesses to contribute to meeting the development needs of developing countries and achieving the MDGs, and to provide support for local development in developing countries.

The areas of development are extremely broad, and the new actors in development are varied and diverse. To attempt new partnerships with players that have technology and knowledge in each area, and address development problems that cannot be handled with ODA alone, Japan will work proactively to build new cooperative relationships for development in the future as well. In addition, not only the providers of assistance, but the governments of developing countries that are the major receivers of ODA as well are increasing their interest in utilizing funds and other resources from private businesses and other sources outside the public sector for development. It will be necessary to involve the governments of developing countries in the cooperative relationships with new players in development, to achieve further progress in development.

Terminology

*** PPP (public-private partnership)**

A new method of cooperation between the public and private sectors, in which governmental and private organizations collaborate in the undertaking of a project. Input from private businesses is incorporated in the formation of the project, and the basic infrastructure is prepared with ODA, with investment, operation, and maintenance management conducted by the private sector. In this manner, roles are divided between the public and private sectors, with the technologies, knowledge, experiences, and funds of the private sector used in an effort to implement activities that are more efficient and effective. (Examples of preparatory survey: Water and sewer systems, airport construction, motorways, railways, etc.)

*** BOP business**

Refers to the bottom level of the income pyramid for the overall population. Although it is poorest segment, it is said to consist of approximately 70% of the world's population, about 4 billion people, and is attracting attention as a market with the potential for growth. It is new business that targets the low-income level as consumers, producers, and sellers, and that is expected to be helpful in providing sustainable solutions to a variety of local societal problems. (Example: Detergent, shampoo, and other hygiene goods, water purifiers, nutritional food, solar power panels, mosquito netting soaked in insecticides, etc.)

*Low-income bracket: The income bracket with an annual income per capita of \$3,000 or less in purchasing power parity. Purchasing power parity is determined by removing differences between price levels to make purchasing power between different currencies equivalent.