

An hourglass with green sand is the central visual element. The top bulb is dark grey and mostly empty, while the bottom bulb is filled with green sand. The sand is falling from the narrow neck in the center. The background is white at the top and green at the bottom, matching the sand's color.

Current Trends in International Cooperation and Japan's Role

by Richard Manning
Chair

OECD-Development Assistance Committee



Development Assistance Committee (DAC)

“Where donors come
together to make
aid more effective”





Development Assistance Committee

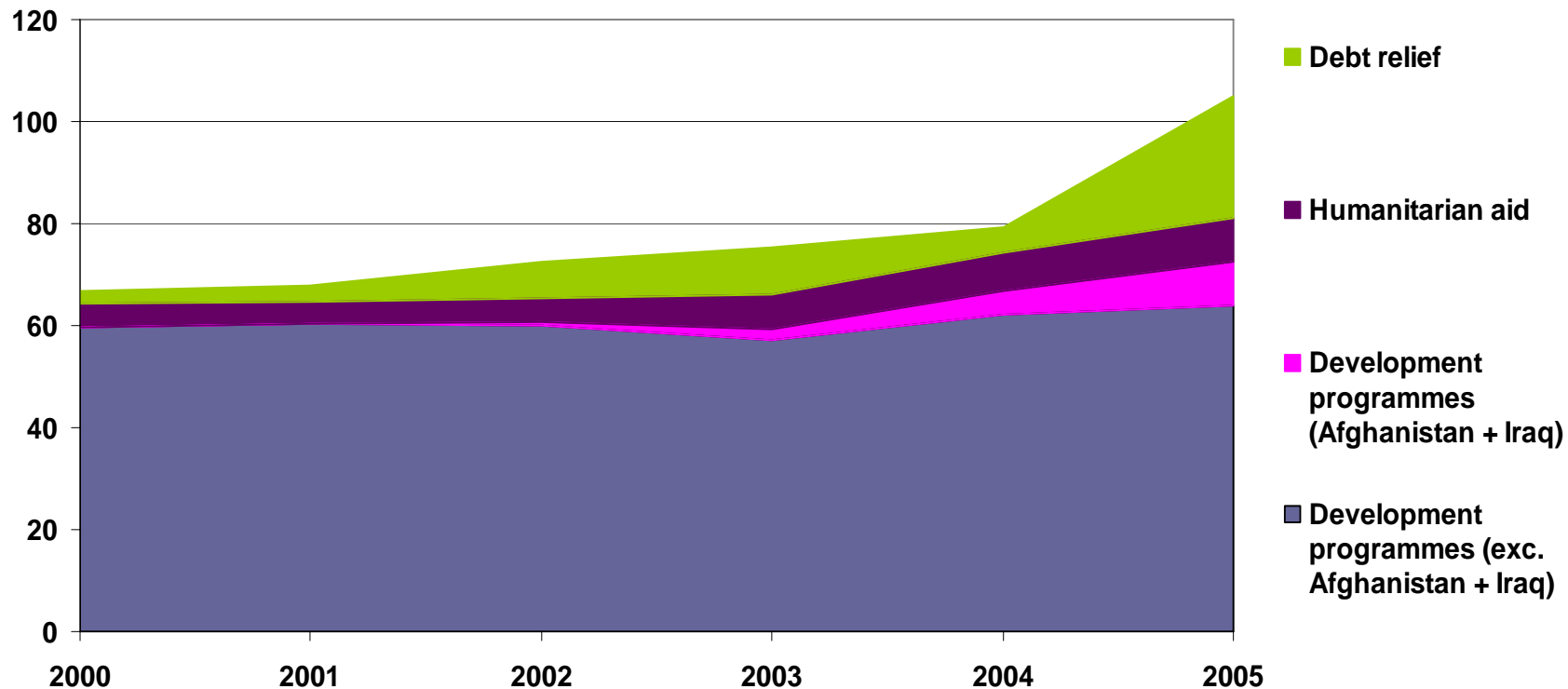
- Part of OECD's "Development Cluster", including Development Centre.
- Brief history and structure
- Key tasks
 - Statistics and definition of official development assistance
 - Peer Review
 - Aid effectiveness and the Paris Declaration
 - Policy issues, e.g. environment, gender, governance, aid for trade
 - Close links with UN (e.g. ECOSOC Development Cooperation Forum, Financing for Development) and International Financial Institutions

Volume of ODA

Looking back

Major components of net ODA between 2000 and 2005

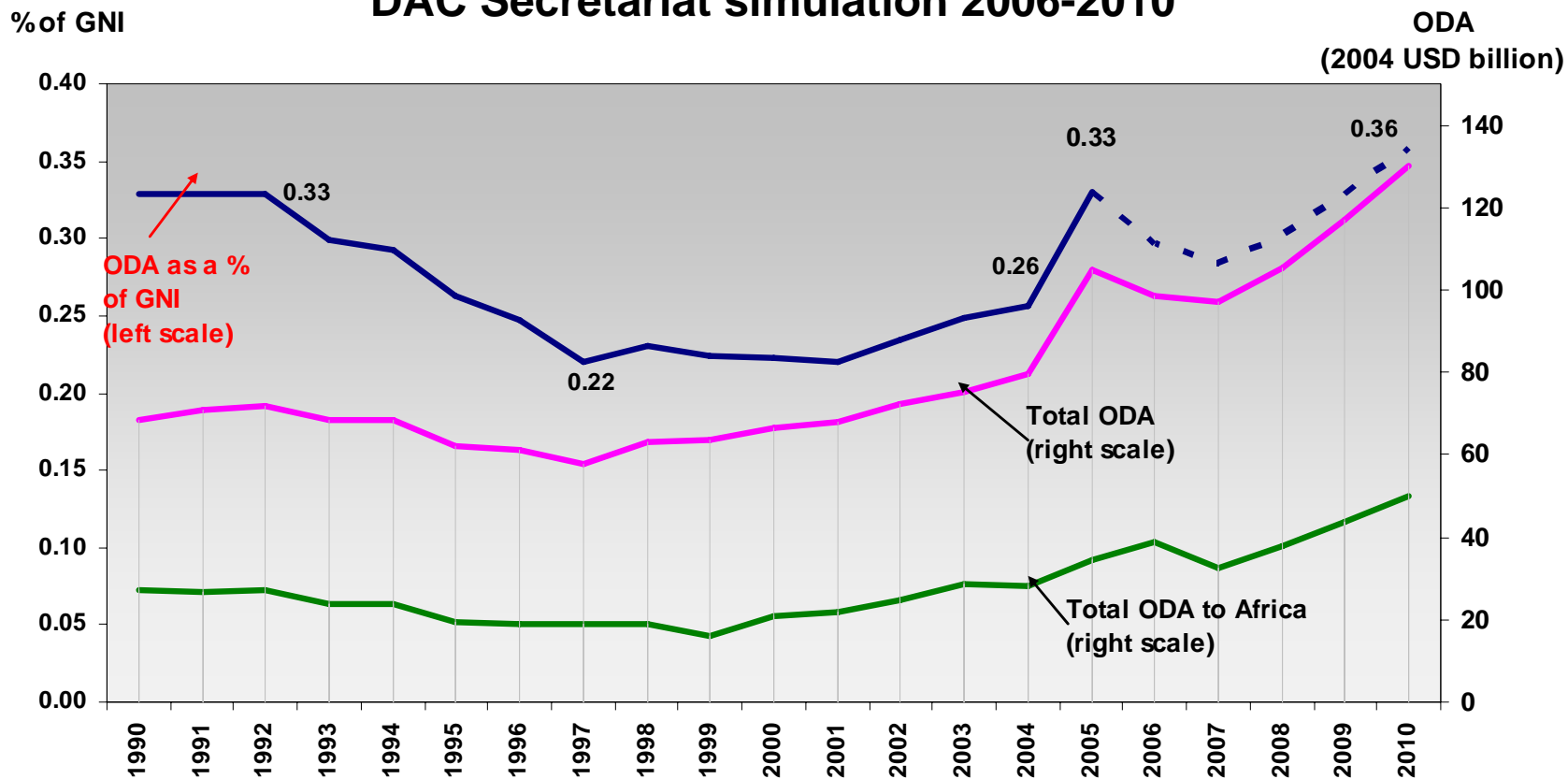
Constant 2004 USD
billions



Volume of ODA

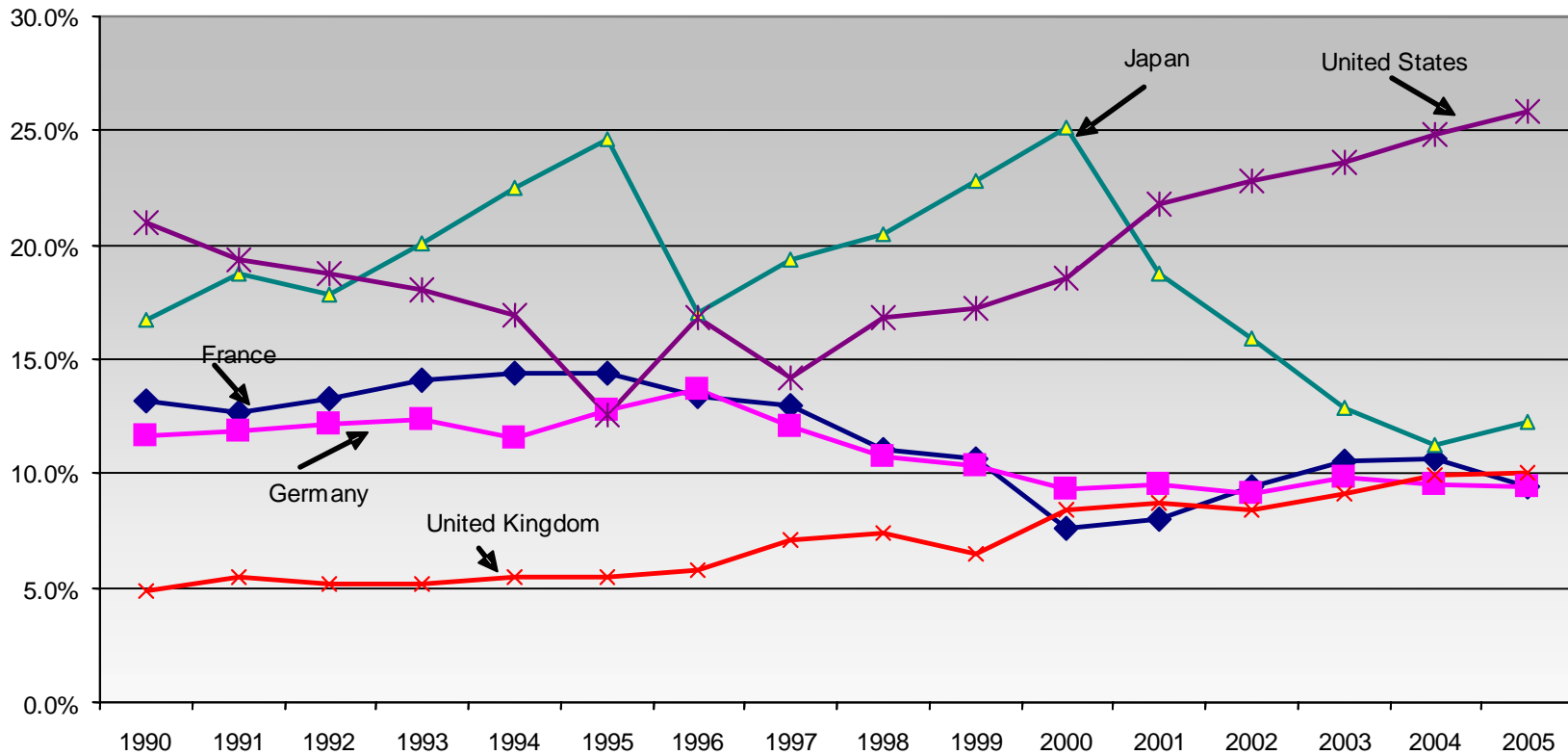
Looking forward

**DAC Members' net ODA 1990 – 2005;
DAC Secretariat simulation 2006-2010**



Share of total net ODA by major DAC donor 1990-2005

% of total DAC net ODA





Japan's Gleneagles G8 pledge to increase ODA

What the Government said at the time:

Japan will strive to realize a strategic expansion of its ODA volume in order to ensure a credible and sufficient level of ODA. In this context, Japan intends to increase its ODA volume by US\$10 billion in aggregate over the next five years, compared to the level of ODA on the basis of 2004 net ODA disbursement.

[MFA statement 6/7/05]



Japan's Gleneagles G8 pledge to increase ODA

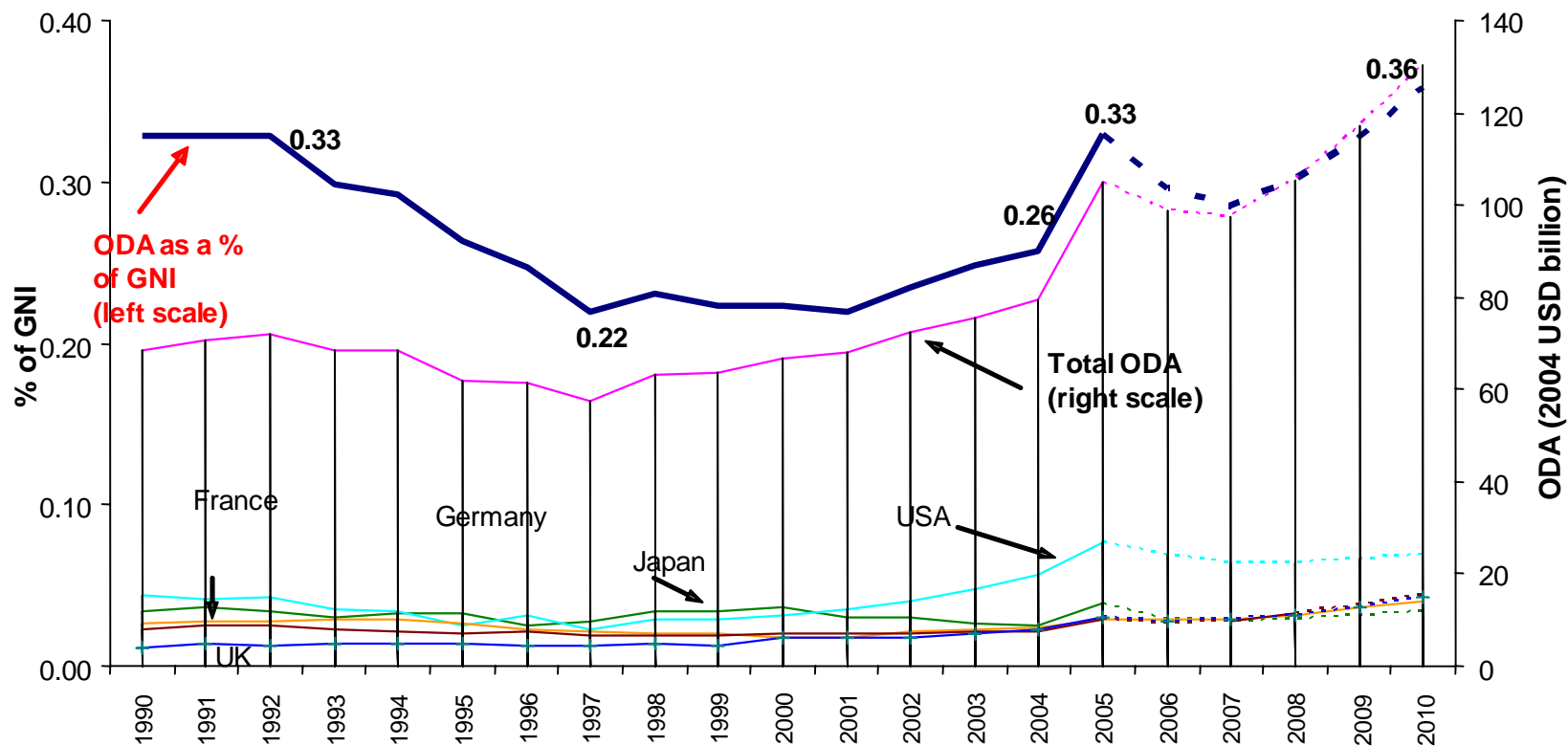
What the cynics said:

The Japanese government stands accused of reneging on its promise at the recent Group of Eight meeting to increase aid to poor countries after admitting it was considering including debt relief for Iraq in the total.

[Financial Times, 17/8/05]

Prospective Shares of ODA (tentative)

DAC Members' net ODA 1990 – 2005 and DAC Secretariat simulations of net ODA to 2006 and 2010





New sources of aid flows


- Innovative finance
- 2006 saw start up of three major initiatives, all health related
- Relatively modest – possibly USD 2 billion per year- but significant addition to health-related flows
- Additionality of these flows not a simple issue



New sources of aid flows

Non-DAC donors

- Significant increases from OECD non-DAC members, other EU countries and states outside OECD and EU
- Some countries do report (next slide)
- But we need better information on others, and this is key priority for the DAC



ODA from Non-DAC Donors 2005

<i>Net disbursements</i>	<i>USD million</i>
<i>OECD Non-DAC</i>	
Czech Republic	135
Hungary	100
Iceland	27
Korea	752
Poland	205
Slovak Republic	56
Turkey	601
<i>EU NON-OECD DONORS</i>	<i>87</i>
<i>MIDDLE EAST</i>	
Israel	95
Kuwait	547
Saudi Arabia	1 022
United Arab Emirates	141
TOTAL	3 770



Non-ODA flows

- Commercial flows far more important than aid for middle-income and resource rich countries
- Flows from Foundations increasing rapidly (perhaps USD 3 billion a year from US Foundations)
- Remittances important in many countries



Major trends in aid allocation

Major aid flows to Iraq,
and debt relief to Iraq and Nigeria
can obscure long term trends

But....



Major trends in aid allocation

- 96% of ODA goes to the least-developed, other low income and lower middle income countries
- Signs of declining aid to East Asia and Europe as countries progress (Thailand, Philippines, Bosnia out of Top 25)
- “Good performers” attract more aid (Vietnam, Tanzania, Ghana)
- Crises are very expensive for donors



ODA Recipients – Top 5

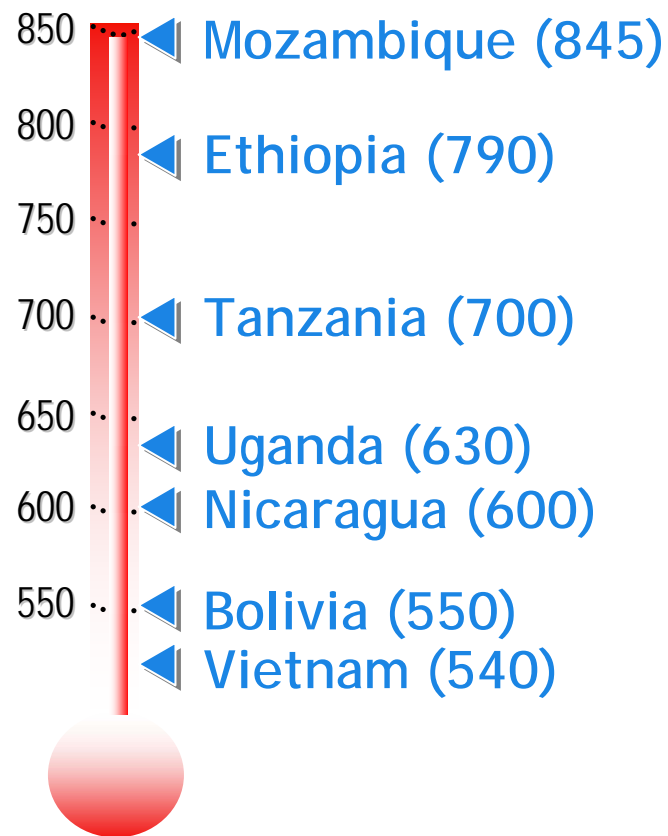
1994-95		1999-2000		2004-95	
China	3 300	China	2 320	Iraq	6 038
Egypt	2 559	Indonesia	1 933	Afghanistan	2 448
India	2 083	Viet Nam	1 715	Viet Nam	1 866
Bangladesh	1 681	India	1 702	Ethiopia	1 780
Indonesia	1 380	Egypt	1 436	China	1 728
Total	11 003		9 106		13 860

ODA Recipients 6-10

	1994-95	1999-2000		2004-95	
Zambia	1 460	Bangladesh	1 285	Tanzania	1 557
Côte d'Ivoire	1 438	Serbia & Montenegro	1 236	Pakistan	1 500
Pakistan	1 310	Tanzania	1 105	Sudan	1 386
Mozambique	1 239	Thailand	861	Bangladesh	1 334
Philippines	976	Mozambique	1 030	Mozambique	1 245
Top 10 total	17 426		14 622		20 883

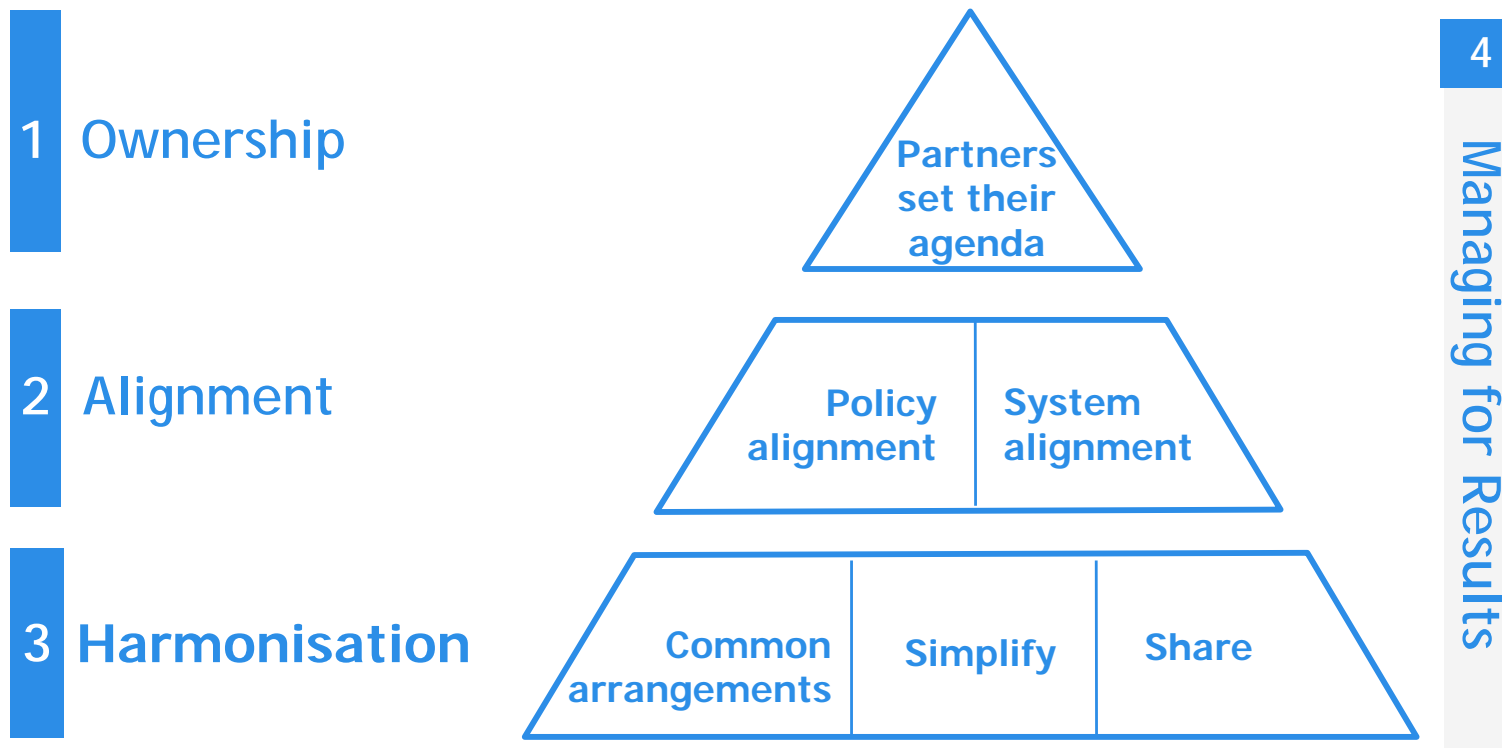
Aid Effectiveness

New donor projects
and activities per year
(2001-2003)



Aid Effectiveness

56 action-oriented commitments





Aid Effectiveness

Monitoring the Paris Declaration indicators

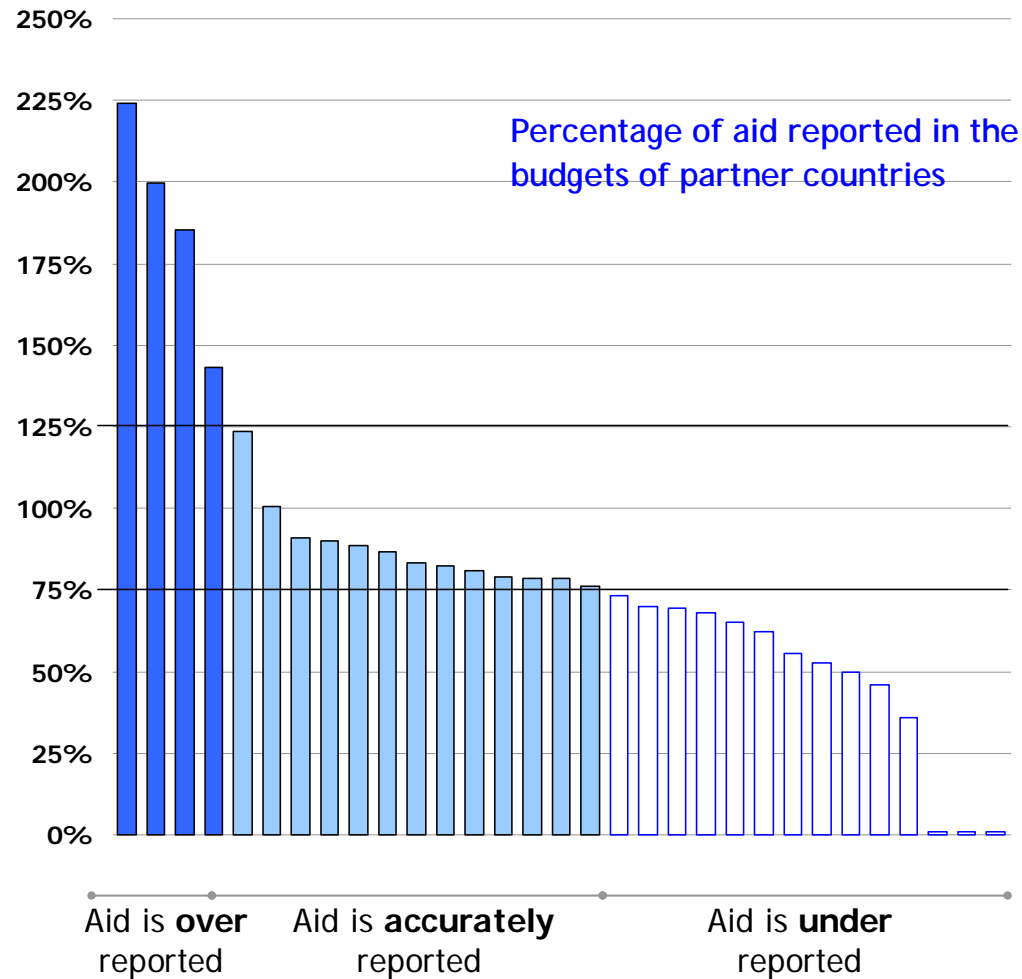




Key findings from survey

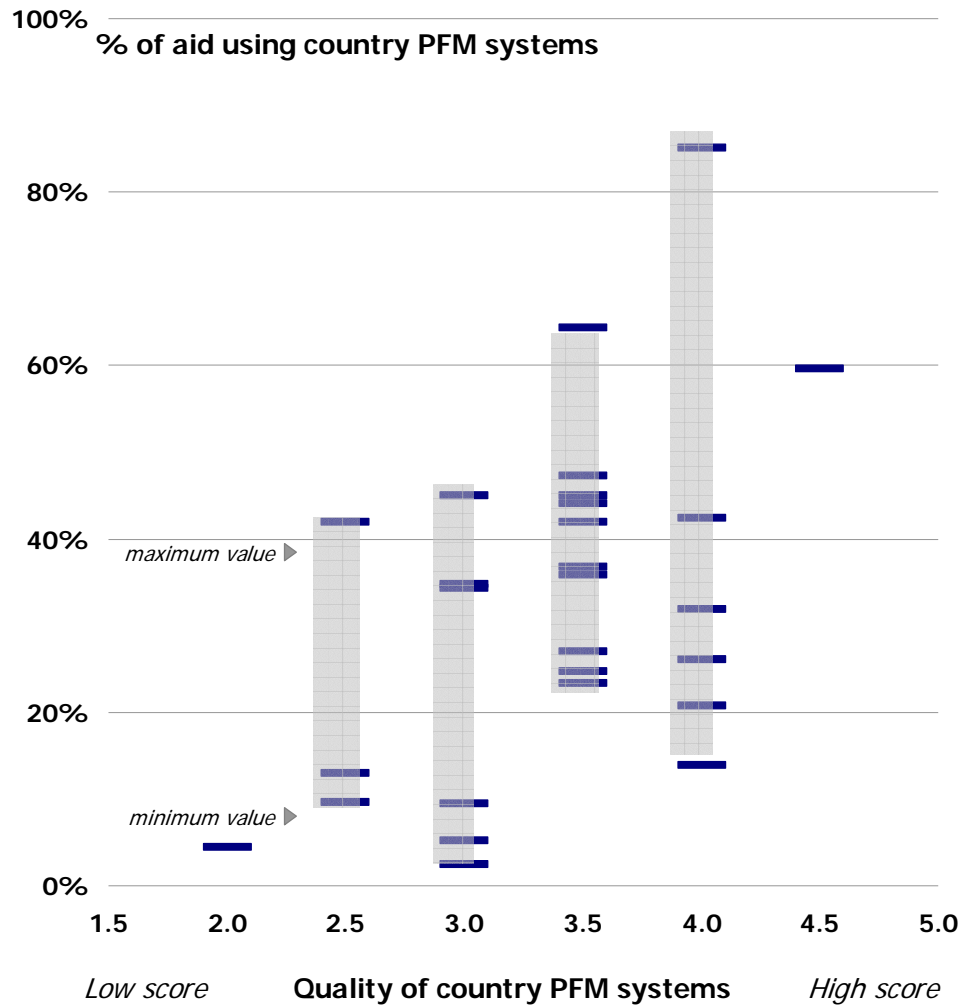
- Only 19% of recipients had operational development strategies in 2005
- Transaction costs are heavy:
 - 10,837 donor missions reported (roughly one a day per country)
 - 2,381 pieces of country analytical work
- But also some less predictable information.....

Aid flows in recipient country budgets - huge variability

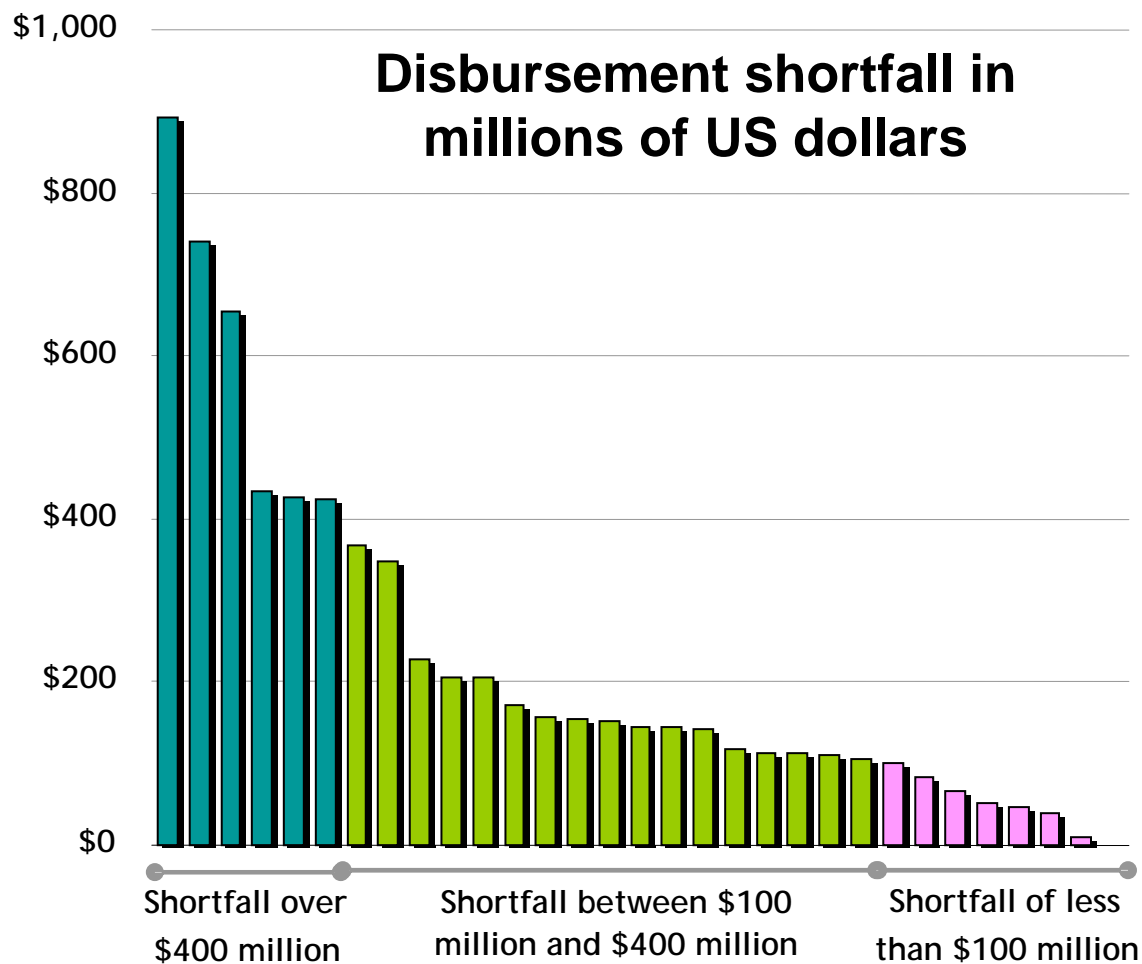


Are donors using local systems?

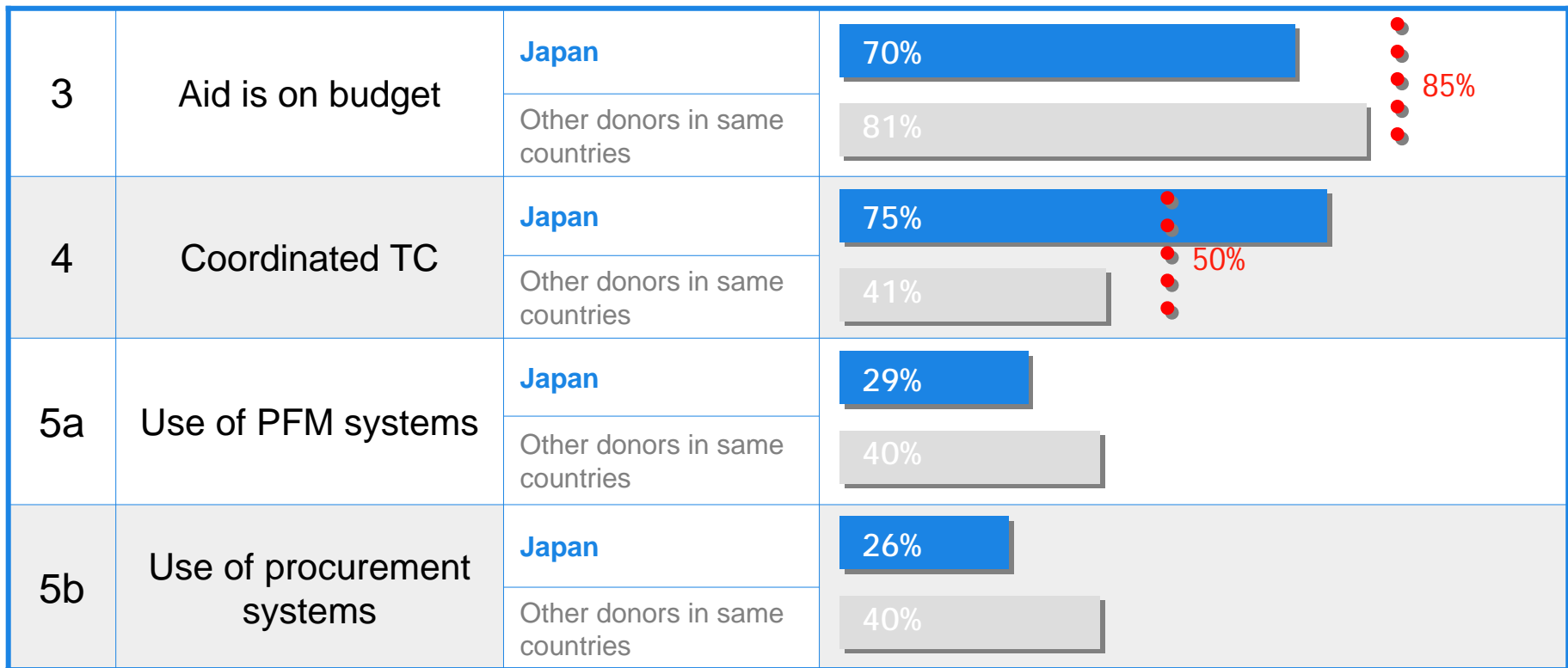
- Some correlation, but it's weak




How predictable is aid year by year?



How far is Japan from achieving the 2010 targets? (1/2)



 2010 target where applicable

How far is Japan from achieving the 2010 targets? (2/2)

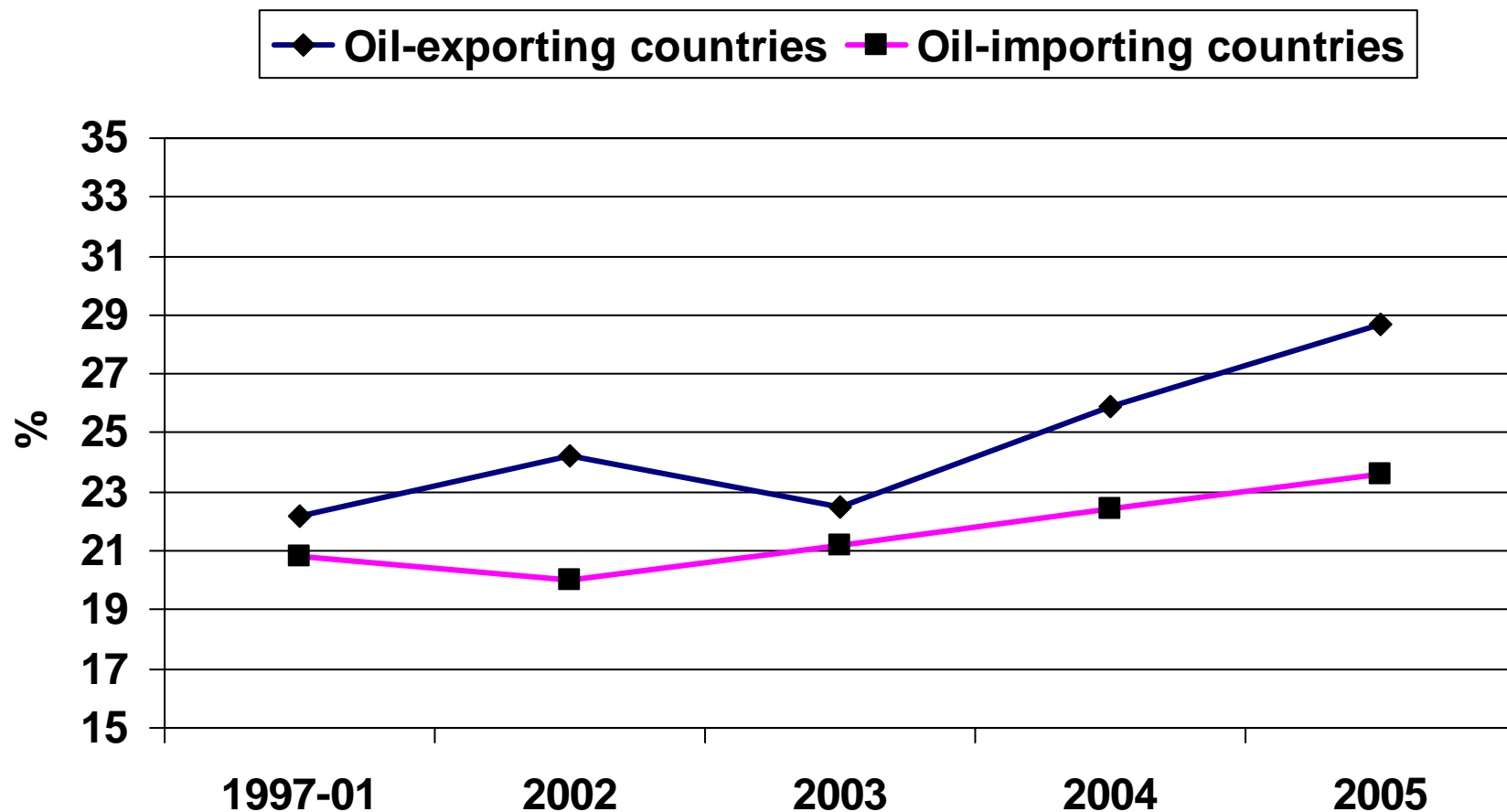
7	In-year predictability	Japan	114%	
		Other donors in same countries	63%	
8	Untied aid	Japan	77%	
		Other donors in same countries	62%	
9	Program-based approaches	Japan	34%	66%
		Other donors in same countries	42%	
10a	Joint missions	Japan	2%	40%
		Other donors in same countries	26%	
10b	Joint analytic work	Japan	52%	66%
		Other donors in same countries	53%	



2010 target where applicable

Encouraging Signs

Government revenue, sub-Saharan Africa, as percent of GDP





Millennium Development Goals

- Number of children of primary school age recorded as *not* at school is down from 98 to 77 million from 1999 to 2004
- Infant mortality is down in Tanzania by about 30% over the same period, with similar results in several other sub-Saharan African countries



DAC Aid Review Dec 2003

- In implementing the ODA Charter, Japan should highlight that the primary objective of ODA is for the development of the recipient country and should ensure that, narrower national interests do not over-ride this objective.
- Japan should make every effort to increase ODA levels as economic conditions improve, building broad-based public support to facilitate this.
- The development of a clearer policy on how Japan intends to focus on poor countries or poor populations within countries should be considered.
- Japan should strive to achieve a more balanced sector portfolio in line with new ODA Charter directions, by focusing more investment in basic health and education services to reduce poverty