

2 A Large Impact with Small Funds

—Coordination among Donors—



Children in Zambia AIDS Program (Aid coordination with USAID)

Changing Aid Coordination

“Aid coordination” refers to donors* (donor countries and agencies) working together to make the most of their comparative advantages and provide more efficient aid for a maximum effect. Until several years ago, aid coordination generally involved coordination at the individual project level between specific aid agencies, or efforts to strengthen bilateral coordination such as the Japan-U.S. Common Agenda*.

However, in recent years we have seen major changes in aid methods and coordination being carried out by developed countries. Behind these changes lie the collapse of the Cold War framework that led to a diminished need for strategic aid, and worsening economic conditions in developed countries that have led to a shortage of funds in the 1990s (i.e., “aid fatigue*”). In addition, structural adjustments* implemented under the leadership of the World Bank and International Monetary Fund (IMF) have resulted in little improvement in the economic conditions of developing countries, and the number of impoverished persons is on the rise in Africa.

In order for aid to be implemented effectively, governments in developing countries themselves need to become more autonomous (i.e., ownership* should be stressed). Some people are worried that aid activities implemented by individual donors will outstrip the aid-receiving capacities of developing countries and become ineffective. No matter how well donors coordinate their aid in advance, if the government of a developing country does not consider aid coordination an issue, the effectiveness of such aid will be greatly reduced.

Expanding Sector Programs

Under these circumstances, it is necessary to make effective use of diminishing funds. Aid coordination in developing

countries must undergo qualitative changes so that quantifiable numerical targets can be achieved by increasing aid effectiveness. Civil society, NGOs, multiple aid agencies should be involved with aid that recognizes the ownership of government by developing countries.

International Development Goals (IDG) as set forth in the New Development Strategy* by the Development Assistance Committee* (DAC) were proposed at the United Nations (UN) Millennium Summit in September 2000. They were then adopted by developing countries, developed countries, and UN agencies as Millennium Development Goals (MDGs) in September 2001. Accordingly, all the parties involved in development, such as developing countries, donors, and international organizations, agreed to implement more result-oriented aid to achieve numerical targets.

In specific sectors, the tendency for developing countries and multiple aid agencies to coordinate the implementation of more efficient aid has taken root. This aid coordination method has come to be known as the “sector program*” or the “sector-wide approach.” Starting with the investment project for road development in Tanzania from the mid-1990s, this method has continued to develop in Ethiopia, Zambia, Ghana, and elsewhere in Africa, particularly in the social development sectors of health and education.

This kind of sector-level aid coordination represents efforts by developing country governments and respective donors to unify their development goals and efficiently use limited aid funds to enhance the impact of cooperation, amid decreases in overall aid amounts reflective of the domestic economic circumstances of each donor. Currently, sector programs are spreading beyond Africa to Cambodia, Nepal, and other Asian countries, and are attracting attention as mechanisms of aid coordination.

Poverty Reduction Strategy Paper (PRSP)

The Poverty Reduction Strategy Paper* (PRSP) was also born out of changing circumstances affecting aid. The PRSP was proposed by the World Bank at the Annual Meetings of the World Bank and the IMF held in September 1999. At the 1999 G8 Cologne Summit, developing countries were obligated to prepare a PRSP to receive debt reductions under the Heavily Indebted Poor Countries (HIPC) Initiative agreed upon by the developed countries. Furthermore, the World Bank and the IMF mandated the preparation of PRSPs to serve as a yardstick in implementing International Development Association* (IDA) loans and the IMF Poverty Reduction and Growth Facility. Accordingly, 74 developing countries are to draw up their own PRSPs. By April 2002, ten countries had completed their final PRSPs, while 41 countries had finished their interim PRSPs.

A PRSP is a plan drawn up by a developing country for the purpose of using limited development funds efficiently and effectively in the implementation of a development program. In order to implement development efficiently and effectively, it is necessary to coordinate the aid activities that each donor implemented without coordination with other activities in the past, based on the principle of developing country ownership, and in doing so it is also necessary to have dialogue with each aid agency and the civil society (i.e., “partnership”).

Structure of the Poverty Reduction Strategy Paper (PRSP)

- Analysis of the current state of poverty using indicators
- Sharing by society of poverty reduction goals through participatory processes
- Prioritization of policies for poverty reduction
- Policy implementation and monitoring of improvements in conditions through participatory processes
- Framework and policy matrix of capital plan (Medium-Term Expenditure Framework [MTEF])

JICA actively deals with PRSPs at all stages, including formulation, implementation and monitoring, along with the Ministry of Foreign Affairs, the Japan Bank for International Cooperation* (JBIC), and other organizations in Japan.

JICA supports PRSP formulation through the use of local consultants. And JICA office staff, experts, and project formulation advisors* attend various donor meetings and actively offer their observations and remarks.

Since planning, implementation and monitoring is carried out by each development sector, involvement in specific sector programs is important. As each country starts poverty alleviation from the paper (PRSP) stage, it is important to act from the standpoint of country-specific development applying JICA’s cooperation schemes.

Cooperation in Tanzania’s Agriculture Sector

JICA is supporting the formulation, implementation and monitoring of programs in the most important sector in Tanzania’s PRSP— agriculture—through a development study scheme. JICA is also supporting the government of Tanzania to implement agricultural and rural development in terms of donor coordination.

Aid Coordination with Other Developed Countries

As far as aid coordination with other developed countries is concerned, JICA has strengthened its friendly relations with other aid agencies in accordance with the policies of the Government of Japan.

Under the Japan-U.S. Common Agenda, started in 1994 JICA has strengthened its ties with the US Agency for International Development (USAID). In recent years after completion of the Common Agenda, JICA has made coordination projects to increase aid effectiveness and graduated from a “social” relationship. Specifically, every year since 1998, JICA has dispatched joint study teams to a selected target country for the purpose of coordinating project formation. So far, JICA has dispatched joint project formulation study teams to six countries, including Cambodia, Nigeria, Zambia and Mexico, along with USAID to pursue the formation of coordinated projects. Following these dispatches, JICA further dispatched project formulation advisors in technical cooperation and grant aid projects.

In 2001 JICA also carried out this kind of joint project formulation study* with an international organization, the United Nations High Commissioner for Refugees (UNHCR),



Signboard for Zambia AIDS Campaign

to improve the situation in the areas surrounding Rwandan and Burundian refugee camps in Tanzania.

Anti-malarial Measures in Zambia

In Zambia, the local JICA and USAID offices carry out thorough liaison and coordination activities. Thanks to this close communication, the formation of partnership projects has progressed, especially in the health sector. Foremost among these are antimalarial measures.

USAID assists the activities of a local NGO, and JICA dispatches JOCVs to help. The mosquito nets acquired through grant aid from the Japanese government were distributed to residents by the NGO for a fee while educating the residents about malaria, thus creating a revolving fund and making the project sustainable.

Since 1992, JICA has been carrying out personnel exchanges with the Canadian International Development Agency (CIDA). At present, a total of four JICA staff members have been dispatched to CIDA and three CIDA staff

members to JICA. This type of staff exchange is also carried out between JICA and other aid agencies, including the USAID and the Australian Agency for International Development (AusAID). JICA started a similar exchange with the UNHCR in 2001.

Furthermore, JICA personnel are dispatched to the Asian Development Bank, World Bank, the United Nations development Programme (UNDP). JICA personnel who are dispatched in these exchange programs become familiar with the organizational structure and work of the receiving agencies; they also serve to introduce JICA activities to the agencies. In so doing, they help deepen understanding of JICA.

Output-oriented Aid Coordination

It is said that aid coordination projects require more labor than independent projects. This is because it takes more work and time for donors whose project implementation mechanisms and aid strategies differ to keep step with each other and create a single unified project. JICA believes, however, that even though more labor is required, aid coordination should be promoted actively in cases where we can expect a greater effect than could be achieved through independent work.

We should not forget the fact that other aid agencies deem aid coordination to be important for expanding the impact of their own cooperation. Currently, many donors are placing more emphasis on output-oriented aid, and they make aid coordination in providing cooperation with similar goals in mind to achieve results numerically. JICA is also pursuing output-oriented cooperation and believes that, from now on, coordination with other donors will become more necessary than ever.

The sharing of expertise regarding aid methods and development is also gaining momentum among donors. For instance, multiple donors hold joint seminars and specialists in similar fields in the process of forming networks among donors. JICA is also forming such networks with other donors. With the World Bank Institute, JICA has implemented joint seminars on health sector reform and watershed management. In addition, JICA is also actively exchanging views with other donors on new development issues, including legislation support and peacebuilding.

In addition, through the PRSP formulation process, the standardization of aid procedures among donors has become a subject of discussion. Such discussions are actively made at the DAC and other international fora.

In these discussions extreme positions have been put forth that call for putting aid funds into the government accounts of developing countries without restrictions on how those funds should be spent (called “general financial support”). The viewpoint does not support the kind of “project-type” cooperation in which Japan has excelled to date. Project-type cooperation, when not well coordinated in the relevant sector, may impose great costs on the recipient government, and thus could lead to unbalanced development. However, JICA believes it can achieve focused and sustainable results as long as it is properly coordinated within the sector.

In cases where all donor funds fall into the category of general financial support, the funds themselves lack flexibility. For example, when corruption takes place in one part of the administration, it can only result in discontinuance of all aid.

Amid these changes, JICA actively participates in sector programs, and we are working to provide cooperation within the scope of overall coordination.

Japan-U.S. Partnership in the Health Care Field

1. In order to continue development of the cooperation experience cultivated in the health field under the Japan-U.S. Common Agenda, a Health Care Partnership statement was signed between the director-general of the Economic Cooperation Bureau of the Ministry of Foreign Affairs, and the assistant administrator of the USAID Bureau for Global Health in June 2002.
2. This statement sets forth objectives that further promote cooperation by both countries, enhance this cooperation, and create strategies for improving efficiency based on the evaluations of past cooperation programs.
3. The agreement promotes communication at the local level, enhances human exchange, speeds up decision making, and monitors successful cases. JICA and USAID have completed coordination on more specific action plans on both country and field bases.



The Support Program on Rural and Agriculture Sector Development in Tanzania