

"The Future of Foreign Aid"

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Moderator:

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The Brookings Institution

Keynote Speaker:

Sadako Ogata

President, Japan International Cooperation Agency

On October 15, 2008, Brookings hosted Sadako Ogata, President of the Japan International Cooperation Agency (JICA), for a briefing on the topic of foreign aid effectiveness and the future of aid.

The landscape of foreign aid has changed. When she served as the United Nations High Commissioner for Refugees from 1991 through 2000, Ogata said the issue at the time was a “gap between humanitarian and development communities.” At a past UNHCR co-sponsored presentation at Brookings with James Wolfensohn, then President of the World Bank, she questioned how to address the transition from war-torn societies into a much more sustainable development phase and to how eliminate the transition gap.

In an effort to reduce such gaps, this year, Ogata led a merger between JICA and the Japan Bank for International Cooperation (JBIC), which created one of the world’s largest bilateral aid donors with financial resources of one trillion yen (\$10 billion) and housed technical, grant and loan assistance together for the first time. She described that this move followed her motto of the “three S’s: scale up our operation, speed up the operation, and spread out the operation results.” The test, Ogata noted, is how to effectively use the merged financial, technical and intellectual resources.

In war-torn or disaster areas, speed is of urgent necessity. “[Development agencies] have to speed up the entry into post-conflict situations [and] natural disaster situations, in order to link the emergency help quickly and directly with medium and long-term reconstruction development aid.” Ogata continues, “And I have seen this happening in, for example, one of the worst places that you probably know...Southern Sudan. Just coming out of the war, [there] were lots of refugees coming back from Kenya... [and there wasn’t] any housing, markets, [or] roads.”

She maintained that “scaling up is really trying to make more effective use of the newly combined assets” by uniting development assistance with local agencies and

communities. On the ground, she recognizes the need for large physical infrastructure development but she also wants to ensure that this type of development is closely linked with capacity building of people and local agencies and strengthening their ability to develop. Development assistance will be effective and have a better opportunity to scale up if the agency promotes ownership and responds to national and local needs.

Today, she sees development agencies addressing the gap issue particularly in Africa where “there is substantial economic growth.” She reflected on the Tokyo International Conference on Africa Development in May 2008 that the “idea of Africa development was really not just [centered on] the MDGs but on [accelerating] economic growth.” By “bringing [in] the private sector, JICA would continue to do a lot of technical assistance of training people [to stand] on their own...while a large amount of big highways, a big water supply, those things would be made possible by development assistance [of] soft loans and hopefully, some of the private sector will also see the opportunity and come in.” Ogata stressed that development assistance must be spread out and that the “receiving countries... learn to do many more things than they [have been] used to. Villages have to be put together so that they learn how to exchange their village products and start...trade within their own [village].” She also urges that the donor community work closely with each other so that they can coordinate projects and programs and are “promoted by [not only] bilateral [aid agencies] but also NGOs and international organizations.”

Homi Kharas, Senior Fellow at the Wolfensohn Center for Development, commented on the need for better coordination among aid agencies, both public and private. Kharas noted that “humanitarian assistance, when it’s done right, operates quite well, and there seems to be a clarity of objectives, there seems to be a speed of response, [and] and everyone seems to know what their role is and what they’re supposed to do. All these rules and regulations that otherwise bind the agencies magically disappear, and things really get done.” Ogata agreed that humanitarian organizations are particularly effective when speed is of importance since bureaucracy tends to take an inferior role. She noted that reconstruction tends to be more time intensive; and “one of the difficulties is that...it usually goes through government, and in post-conflict situations, most governments are weak.” Linn remarked that bureaucratic tensions—particularly fiduciary climates—create substantial challenges in development, and balancing these responsibilities with the need for flexibility and speed are imperative.

A participant asked how to best harmonize fragmented aid, and added that there is not US government representation for foreign aid and development policy. Ogata acknowledged that Japan, too, needs a coherent and strong governmental voice and that advocacy works on behalf of interdependence. She expects JICA will advocate and push for an interdependent world and development network, and hopes to make that change within Japan.

Reflecting on aid and development within Afghanistan, Ogata remarked that the development community met with the humanitarian committee to increase efforts for post-conflict reconstruction, and therefore effectively addressed the transition gap. She

noted that basic education and healthcare has greatly improved; yet, rural communities are not seeing the critical development that is needed, and the management of police forces has not improved. Ogata claimed that the Afghan government is not strong enough, and there needs to be tighter control of the growing opium production and the influx of the Taliban. Japan is providing economic and social aspects of development, Ogata noted, and with five centers on the ground, they are working towards better rural development of education, health, water and roads.

By referencing on the ground examples of JICA in Africa or Asia, Ogata reinforced her motto of the three S's: scale up, speed up, and spread out. She is optimistic that the merger between JICA and JBIC will allow for greater harmonization among Japan's foreign development priorities, and greater coordination among financial, technical and intellectual resources will ensue.