

Japan International Cooperation Agency
National Coordination Team of South-South Cooperation

Republic of Indonesia

A Comparative Study on The Management of South-South Cooperation in Indonesia, Brazil, Thailand and Japan Cases

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Executive Summary

Indonesia has implemented South-South cooperation SSC since 1981 based on the idea of “solidarity” recognized and shared at the Bandung Conference in 1955. Being a member of G 20 and as a Middle Income Country, Indonesia started to consider playing a central role as a representative of South countries. These motivations reflect Indonesian history quite well and could show Indonesia’s uniqueness in the South countries to the world.

The Japanese government has collaborated with Indonesian SSC in the field of training at third countries, and seconding third country experts. Recently it started assisting the formulation of SSC policy, such as Grand Design and Blue Print for SSC. Taking into account of the draft policy, this comparative study was conducted in cooperation with National Cooperation Team of South-South Cooperation, in order to extract lessons and issues from other countries’ experiences for improving the management of Indonesian SSC. In order to provide useful information to the Indonesian government, the case study was conducted targeting at Brazil, Thailand and Japan.

There are eight major findings from the comparative study: government leaderships in formulation of cooperation vision; reasons of SSC provision; domestic development and SSC; technical cooperation among development countries TCDC and economic cooperation among developing countries ECDC in tandem; implementation and management; human resources; private sectors’ involvement and joint project. Based on the findings, JICA recommends the Indonesian government to consider the following four issues: i defining “what SSC is” should be rooted in Indonesian society; ii SSC visions in relation to domestic development; iii mind-set from a recipient to a provider and iv encouraging SSC both TCDC and ECDC in a practical and sustainable manner.

This report consists of two parts. Part 1 shows findings from the comparative study on SSC management followed by recommendations to the Indonesian government which are based on the consideration of extracted issues from the comparative study in the context of Indonesia. Part 2 shows reports on case study countries Brazil, Japan, Thailand and Indonesia followed by Appendix of “a history of Japan’s ODA”. The field study was conducted in Brazil, Japan and Indonesia. Due to the flood in 2011, the field study in Thailand was not conducted, therefore, the literature survey was conducted in the case of Thailand.

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Photos

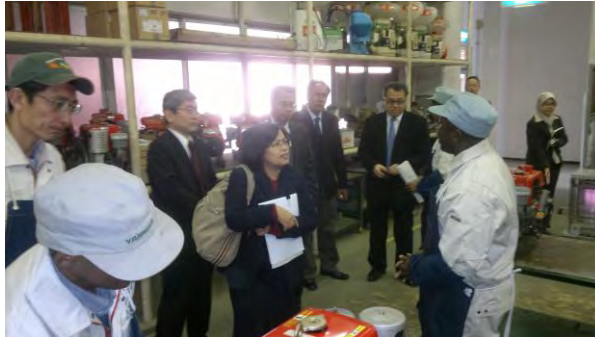
Site Survey at Brazil



Video conference with Japan on the outcome of Brazil survey



Site Survey at Japan



Site Survey at Indonesia



Abbreviations and Acronyms

ABC	Brazilian Cooperation Agency
BAPPENAS	National Development Planning Agency
BBIB	Center for Artificial Dissemination
BKKBN	National Family Planning Board
BNDES	National Bank for Economic and Social Development
CGIAR	Consultative Group on International Agricultural Research
CNPq	National Council for Scientific and Technological Development
ECDC	Economic Cooperation among Developing Countries
EMBRAPA	Agricultural Research Organization
EWEC	East West Economic Corridor
EXIM	Export and Import Bank
FILP	Fiscal Investment and Loan Program
FOCEM	Structural Convergence and Institutional Strengthening Fund
GE	Grant Element
IDA	International Development Association
JBIC	Japan Bank for International cooperation
JBPP	Japan-Brazil Partnership Program
JICA	Japan International Cooperation Agency
JOCV	Japanese Overseas Cooperation Volunteer
JSPS	Japan Society for the Promotion of Science
JST	Japan Science and Technology Agency
M/P	Master plans
METI	Ministry of Economic and Trade Industry
MOA	Ministry of Agriculture
MOFA	Ministry of Foreign Affairs
MPOG	Ministry of Planning, Budget and Management
NAM	Non-Aligned Movement
NSEC	North South Economic Corridor
ODA	Official Development Assistance
OECD	Overseas Economic Cooperation Fund
OOF	Other Official Flows
RPJMN	Medium Term Development Plan
RPJMN	Medium Term Development Plan
SATREPS	Science and Technology Research Partnership for Sustainable Development
SEAIN	Ministry of Planning's Department for International Affairs
SEC	Southern Economic Corridor

SSC

South-South cooperation

TCDC

Technical Cooperation among Development Countries

Part 1

***Findings from a Comparative Study on
South-South Cooperation Management***

1. BACKGROUND AND OBJECTIVE OF THE STUDY

Indonesia has implemented South-South cooperation SSC¹ since 1981. The Japanese government has collaborated with Indonesian SSC in the field of training at third countries, and seconding third country experts. Recently it started assisting the formulation of SSC policy, such as Grand Design and Blue Print for SSC. Taking into account of the draft policy, the study extracts lessons and issues necessary for improving the management of Indonesia's SSC from other countries' experiences. The objective of the study is to provide useful information to the Indonesian government, which will help the government formulate a concept note for the future SSC. The case study countries are Brazil, Thailand and Japan. The comparative study is conducted in a following way.

- Literature surveys on SSC, Triangular cooperation and ODA of Brazil, Thailand, and Japan.
- Field visit to Brazil and Japan to study their SSC, Triangular cooperation and Official Development Assistance ODA.
- Exchange of opinions about case studies of Brazil, Thailand and Japan at TV meetings between Indonesia and Japan.
- Field visit to Indonesia to study and exchange of views on SSC and to have a workshop.
- Final report preparation.

2. BASIC DATA OF CASE STUDY COUNTRIES

Table 1 shows general information about three case study countries and Indonesia.

	Indonesia	Brazil	Japan	Thailand
Population (100 mil)	2.38	1.91	1.27	0.67
Areas (10,000 km ²)	191	852	38	51
Nominal GDP (US\$ 100 mil)	707	2,088	5,498	319
Inception of SSC / ODA	1980s	1970s	1954	1954

Source: [Yuri Sato, 2011].

¹ Definition of ODA varies among the studied countries. Brazil utilizes the expression of "international development cooperation" to indicate technical cooperation and grant. Thailand utilizes the word ODA to indicate technical cooperation, grant and loans including both soft loans (grant element (GE exceeds 25% and commercial loans and export credits (GE is less than 25%. In Japan, the word "ODA" includes grant, technical cooperation and soft loans (GE exceeds 25%, whereas Other Official Flows (OOF, GE is less than 25% and private capital flows are included in the category of "international cooperation". Technical cooperation for Science and Technology is included in "international development cooperation" in Brazil and "ODA" in Thailand, but not included in "ODA" in Japan (S & T is included in the wider concept of "international cooperation". In this paper, the author basically uses the word South-South Cooperation (SSC and ODA to indicate technical cooperation including science and technology, grant and loans officially provided to recipient countries by the three countries, regardless of respective country's definitions.

Table 1 Basic Data

3. FINDINGS FROM THE COMPARATIVE STUDY

After conducting the field study in Indonesia, the following issues are recognized to be crucial for the Indonesian government to consider for the future SSC implementation. Respective Issues are discussed by taking into account of lessons and experiences obtained from the three case study countries.

(1) GOVERNMENT LEADERSHIPS IN FORMULATION OF COOPERATION VISION

All the three case study countries show strong government leaderships in formulating cooperation vision. Brazil has significantly expanded the development cooperation especially after 2003 under the strong initiative of President Luiz Inácio Lula da Silva, who saw cooperation as "an instrument of foreign policy and of national prestige and standing," as well as "one of the country's responsibilities". President Lula has a strong will to give priority to establishing a south-south axis in his foreign policy focusing on i Africa, in particular, the Portuguese-speaking countries where Brazilian cultural and economic penetration is greater and competition with traditional and „emerging“ donors is stronger, and ii South American least developed countries in order to ease tension built up over the expropriation of Brazilian assets such as PETROBRAS in Bolivia or where energy contracts are being renegotiated Itaipú in Paraguay.

During the period when Japan paid reparations and received various aid from foreign countries after the World War II, political leaders and related ministries struggled for formulating visions for recovering Japan and proposed such views as Japan's external economic cooperation providing aid in combination with "receiving aid from international society". Such views were widely shared by politicians and related ministries regardless of their political stance, different interests of the ministries and background and experiences of individual political leaders and policy formulators.²

Thailand started technical cooperation in partnerships with donors from 1954. Being a middle-income country with strong growth, Thailand has made efforts to transform it from a recipient country to a providing country and established several organizations engaged in international development cooperation in the 1990s. Such efforts were further strengthened by Prime Minister Thaksin's declaration of "no more assistance" in 2003 that made the country shift from a recipient country to an "Emerging Middle-Income Aid Provider" as a development partner with former donor-countries.

As these case studies show, it is likely that strong initiatives could enhance country's development cooperation and help the transformation from a recipient to a provider. Indonesia has a long history in cooperating with other developing countries since its independence and various visions are observed in

². [Yasutami Shimomura, 2010]

different administration periods. Presently, the government has formulated the draft of Grand Design and Blue Print for SSC and is modifying them by inviting various comments not only from public but also from private sectors. It is expected that the government could lead the discussion about SSC and show a clear direction and visions of SSC for Indonesia.

(2) WHY PROVIDING SSC?

It is clearly observed that three case study countries had imminent reasons of compelling itself to provide SSC to developing countries. Both Brazil and Thailand are sharing borders with several countries, most of which are Low Income Countries. The economic gaps between the two countries and the neighboring Low Income Countries have caused several problems which had to be solved. Japan had to repay reparation after the WW II as well as reconstruct the country from the ash. Thus, it was urgently necessary or there were no other ways but to provide SSC / ODA in the cases of the three case countries.

The three countries gradually expanded the objectives, modalities and recipient countries of ODA as they achieved economic and social development. Brazil has put strong emphasis on capacity development of Latin American countries in the initial stage and later expanded to other countries, based on the strong belief that partner countries can benefit from an effective transfer of knowledge, and from the exchange of experiences previously developed under similar socioeconomic realities. Although Brazil has not counted financial assistance as international development cooperation, it has cancelled debts of heavily indebted countries, invested in Brazilian enterprises operating in abroad, made commercial loans and export credits to developing countries via a national bank, offered soft loans directly to several African countries such as Angola, Guinea-Bissau and Congo, indirectly to developing countries through a window of International Development Association IDA.

Thailand has supported mainly neighboring Low Income Countries in reducing poverty by increasing their capabilities for sustainable development. Soft loans have been provided for developing infrastructure such as roads and bridges near the border so that both a recipient and Thailand could benefit from the economic activities generated from the investment. Thailand has pursued for national interests in promoting its role in the international arena as well as to support the emergence of Thailand as a major regional player and an emerging provider in the global context. Therefore, Thailand has promoted partnerships for development to enable Thailand to play a key role in the Asian region, Africa and Latin America.

Japan gradually shifted from a recipient to a donor in the late 1970s after the termination of reparation payment in 1976 and announced the first of a number of aid doubling plans Medium-term Target to bolster ODA in order to assume greater "international responsibility" and "recycling of trade surplus". After the 1980s Japan increased ODA volumes to be ranked as a top donor while most donors had been affected by "aid fatigue", and kept the position from 1989 to 2000 except for 1990. Under the condition, it

was expected for Japan to contribute to world development issues including environment and world peace and the first ODA Charter was approved by the Cabinet in 1992. In line with the diversified objectives of ODA provision, Japan prioritized its assistance for other regions on the basis of the objectives, basic policies, and priority issues set out in the Charter, including Africa.

Compared with these cases, Indonesia currently seems to face with less imminent problems which had to provide SSC. Rather, Indonesia considers SSC as a part of solidarity recognized at the Bandung Conference in 1955. However, Indonesia started to think about playing a central role as a representative of South countries at G20. These motivations reflect Indonesian history quite well and could show Indonesia's uniqueness in the South countries to the world. However, it is also worth considering whether these principles *alone* could be supported as strong motivations for SSC provision by Indonesian people as a whole.

(3) DOMESTIC DEVELOPMENT AND SSC

Both SSC and ODA require technology, experiences and expertise that could be applied to and/or shared with recipient countries. Such technology, experiences and expertise are developed through development of own countries. In other words, SSC should be embedded in domestic development.

Three case study countries transformed themselves from a recipient to a provider and gradually expanded the objectives, modalities and recipient countries as they achieved economic and social development. As a recipient country, Japan accumulated rich experiences of implementing projects in collaboration with foreign experts by exchanging professional views based on deep discussion and consultation in various fields. For instance, during the implementation period of Aichi Irrigation project 1957-1962 partially financed by World Bank and provided technical cooperation by the US, decisions were made mutually based on deep discussion and consultation between recipient Japan and donors WB and USA in various fields such as the dam site, construction method of the dam, canal sites taking into account of land titles and project implementing system. Such experiences of mutual project implementation respecting for knowledge, expertise and experiences became an important lesson for Japan to provide ODA to other developing countries afterwards. In addition, Japan imported foreign technology on a large scale in the 1950s via increasing technical cooperation with foreign firms as well. Private firms converted their technology developed during the war into technology for general private industry abroad during this period. The technologies, experiences and expertise obtained from the domestic development have been provided to other developing countries.

Most of Brazil's support for other developing countries is in the areas of agriculture, health and

professional and vocational training,³In which capacity of implementing agencies was internationally identified as high level. Interviews identified that this is due to the government long-term investment in human resource development, not only to meet domestic requirements, but to let research and development institutions pursue international standards, such as the cases in Agricultural Research Organization EMBRAPA, and in prevention and treatment of HIV/AIDS.

Thailand has extended its technical cooperation utilizing its experiences and technology learned/obtained through implementing various projects with traditional donors to other developing countries within the framework of South-South cooperation since the 1970s. Thailand has utilized lessons obtained from own development for implementing SSC, as Thailand has taken similar steps as its neighbors. Other important steps in Thai development include labor-intensive manufactured exports, promotion of tourism and other services sectors, transition to higher technology manufacturing and exports and cross-border supply chains, contract farming and food processing, widespread availability of higher education, IT development, banking, protection and restoration of the environment and renewable energy. The both cases proved that strong domestic development helped Thailand operate SSC

To what extent is Indonesia's SSC embedded in the domestic development now? SSC is positioned as one of the important development pillars in the Medium Term Development Plan RPJMN 2010-2014 in Indonesia. The Indonesian government is now in the process of finding out Indonesia's comparative advantages accumulated through domestic development. Such knowledge and experiences need to be shared and discussed more by inviting stakeholders of domestic development such as private sector, local government, civil society so that Indonesia could build a more tight and close linkage between SSC and with domestic development.

(4) TCDC AND ECDC IN TANDEM

Table 2 summarizes the three countries' technical cooperation among developing countries TCDC and economic cooperation among developing countries ECDC. As Table 2 shows, all the three countries have provided both technical cooperation TC and economic cooperation EC, and EC has played a significant role in terms of volumes. Three countries have not implemented TC and EC simultaneously, rather utilized them for different objectives.

³[Mario Osava]

	TCDC	ECDC
Brazil	<ul style="list-style-type: none"> •Technical cooperation (13.5%) •Humanitarian assistance (12.0%) •Scholarships (6.1%) •Contributions to international organizations (68.4%) 	<ul style="list-style-type: none"> •Debt cancellations, investing in Brazilian enterprises operating in abroad, commercial loans and export credits made to developing countries, soft loans to several African countries.
Japan	<ul style="list-style-type: none"> •Grant aid (8.7%) •Technical cooperation (18.4%) •Contribution to multi-DFI (18.2%) 	<ul style="list-style-type: none"> Loan aid (51%) Infrastructure development
Thailand	<ul style="list-style-type: none"> Technical cooperation (20%) •Training courses, study tours, study programs, dispatching experts and volunteers, provision of equipment, seminars and conferences, hub for transferring technical know-how, grant for FS/DD. 	<ul style="list-style-type: none"> Loan (80%) •Soft loan •Short/long term credit •Cross-border public goods development.

Table 2 TCDC and ECDC

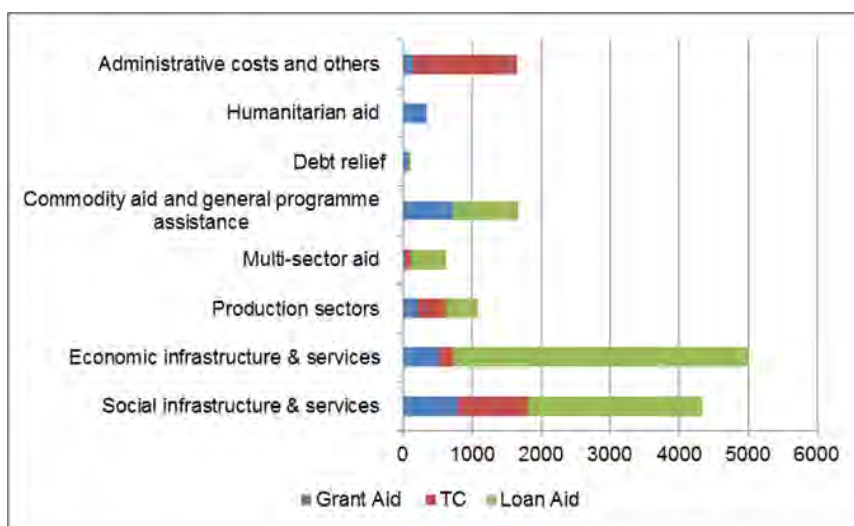
The Brazilian Government defines TC and research for development as “international development cooperation” and does not count EC in the framework. However, both TC and EC independently play powerful roles in the national development of the country. Brazil has provided EC in the forms of debt cancellations, investing in Brazilian enterprises operating in abroad, commercial loans and export credits made to developing countries via the National Bank for Economic and Social Development BNDES.⁴ TC has been provided to less developed countries whereas EC is concentrated in investment on services and programs for exports of primary commodities and semi-manufactured goods in developing countries. EC has been provided by BNDES for financing foreign private investment by Brazilian enterprises and strengthening the great national enterprise and making it more competitive internationally.⁵ BNDES does not form part of Brazilian international development cooperation in the narrow sense. Yet, its activities in supporting Brazilian investments in exports in particular in the infrastructure and biofuels areas are part of Brazil’s overall strategy to strengthen ties with developing countries. Therefore, there was a controversial debate over the commercial loans made to developing countries via BNDES. While the principle of providing international development cooperation does not require returns with no conditions, the amount of US\$3.3 billion commercial loans, and export credits provided by BNDES are reimbursable and require the beneficiaries to comply with a number of conditions, the first of these being the obligation to use the resources to purchase goods and contract services from Brazilian enterprises.

Figure 1 shows Japan’s bilateral ODA by sector distribution. Within the ODA, there is a linkage to support EC such as the enhancement of business environment in the beneficiary country, by which it helps socio development as well. Technical cooperation is provided in social infrastructure and services such as education, health, population policies and reproductive health, water and sewage and government and

⁴Information about financial cooperation refers to [Bruno Ayllón Pino, 2010].

⁵[Wilson Cano, August 2010], p.9.

civil society and administrative costs. Grant aid is provided in social infrastructure and services, “commodity aid and general programme assistance”, “economic infrastructure and services” and “humanitarian aid”. Loan aid is mainly utilized in projects providing “economic infrastructure and services” such as transport and storage, communications, energy, banking and financial services and business and other services, “social infrastructure and services”, and “commodity aid and general programme assistance”.



Note: Figures includes Eastern Europe and graduated countries, commitment basis,
 Source:[Ministry of Foreign Affairs, 2010], p.161 Chart IV-18 Bilateral ODA by Sector Distribution

Figure 1 Bilateral ODA by Sector Distribution

Thailand’s ODA consists of grants and concessionary loans. Although these are operated and managed by different institutions, inter-institutional coordination appears to be weak, while EC and TC are promoted by the Thai government in the form of ODA. In terms of values, more than 80% of Thai ODA is in the form of project lending and the remaining 20% is for technical cooperation and grant. Characteristics of Thai’s international development cooperation are described as follows.

- Focusing on neighboring Cambodia, Laos, Myanmar and Viet Nam countries.
- Economic cooperation with neighboring countries is tied inseparably to regional development within Thailand.
- Partnership cooperation rather than traditional terms of “donors and recipients”.

Technical cooperation consists of training, seconding of Thai experts, and provision of materials and equipment, including tailor-made training programs, which require the identification and design of special courses in response to the need of Thailand's cooperation partners and seconding volunteers called “Friends from Thailand”, fellowships and training. Loans have been utilized for helping develop infrastructure and border economic zones along the North South Economic Corridor NSEC, the East West Economic Corridor EWEC and the Southern Economic Corridor SEC. Thai’s ODA has cross-border public goods in nature such as bridges, roads, telecom systems, river systems, energy pipe

lines and transmission lines, information, and international trade including tourism. The Thai government contributed to multilateral organizations UN and ADB as well.

It is worth considering for the Indonesian government about roles of TC related to future EC. TC could provide a chance to know what business opportunities exist for private firms both in Indonesia and other developing countries.

(5) IMPLEMENTATION AND MANAGEMENT

1) IMPLEMENTING MECHANISM

There are various types of implementing mechanisms of SSC, most of which are complex structure. The determinants of implementation mechanisms which observed from the three cases are increasing demand, historical background, or clarity of operational principles. Even though a mechanism in a country is seen as complex from external eyes, if the mechanism is clearly understood by the stakeholders in the country more or less applicable to studied three countries, it appears functional in the country. Due to the complexity and rapidity of international relations, it is highly challenging to pursue thorough and total coordination in details. Over-simplification of mechanism may result in ineffectiveness. Demarcation of the contents of management between policy and implementation can be seen in the three countries. In terms of administrative systems of international cooperation, this study identified six types.⁶ They are: i Ministry of Foreign Affairs MOFA is responsible for integrating related ministries and agencies; ii a department of MOFA is in charge of ODA; iii an aid implementing organization under MOFA is in charge of ODA; iv an aid implementing organization under other ministries; v independent ministries and vi a decentralized aid implementing organization under jurisdiction of two or more ministries and agencies.

Table 3 shows types of implementing organizations of TC and EC observed in Brazil, Japan, Thailand and Indonesia. TC is provided by different types of organizations such as “department of MOFA” in the case of Brazil and Indonesia which has another department under SEKNEG as well, by a separate organization under the jurisdiction of MOFA in the case of Thailand and by an independence administrative organization in the case of Japan. Line technical ministries provide TC as well in all the four countries. EC are provided by independent aid implementing organization in the four countries.

⁶ Based on the field survey in Indonesia, author modified the classification types proposed by, [Kazumi Goto 2005] from [K.Goto, I.Ohno and T. Watanabe ed. , 2005](Japanese.

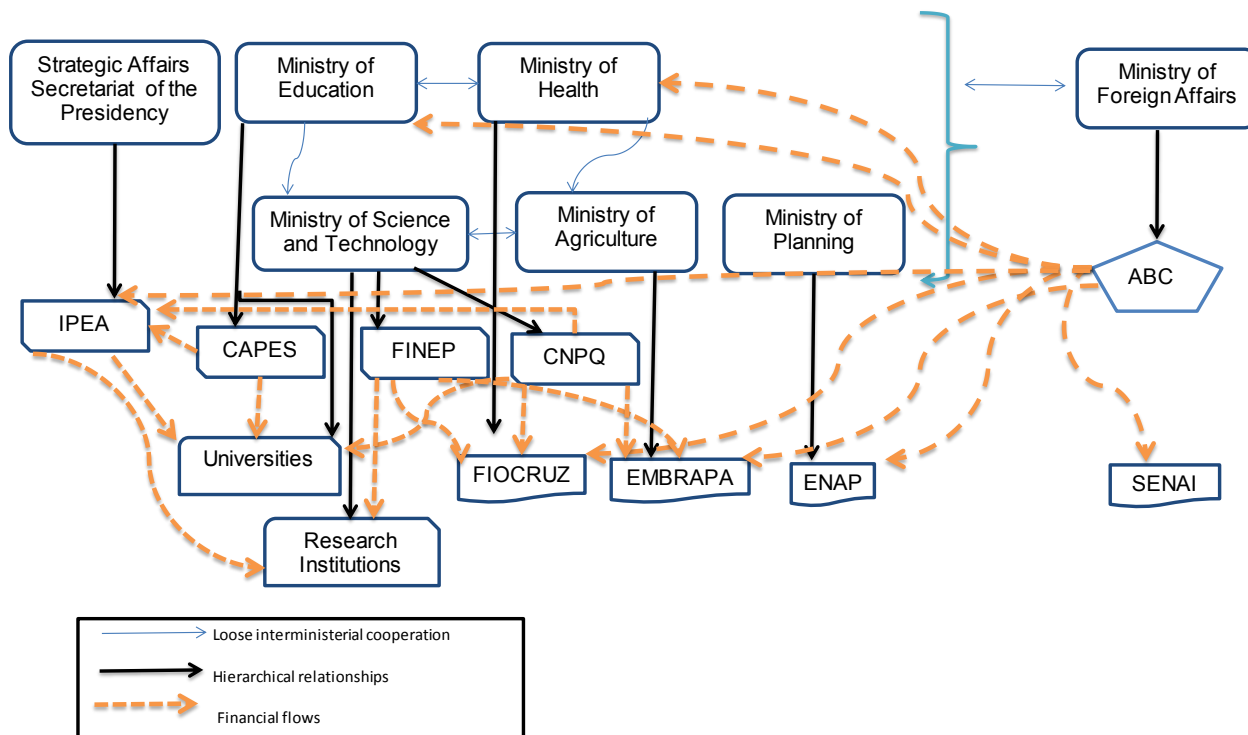
Types of Organization	Implementing organization of TC	Implementing organization of EC
A department of MOFA	Brazil (ABC, supported by UNDP), Indonesia (KST)	
Aid implementing agency under MOFA	Thailand (TICA)	
Aid implementing organization	Japan (JICA)	Brazil (BNDES), Japan (JICA & JBIC), Thailand (NEDA, EXIM), Indonesia (EXIM Bank)
Aid implementing agency under other ministries	Indonesia (SEKNEG)	
MOFA integrates related ministries		
Independent ministries	Brazil (120 institutions) Japan (12 ministries) Thailand (17 ministries) Indonesia (9 ministries)	

Source: Author made in collaboration with JICA Indonesia.

Table 3 Types of TC/EC Implementing Organizations

In the case of Brazil, 120 institutions are said to implement ODA. Technical cooperation is provided by various public organizations such as technical ministries, national universities and research institutions, and private but non-profit organizations. While these organizations send experts to abroad and conduct trainings in Brazil and the third countries by receiving trainees from abroad, ABC is solely responsible for diplomatic and administrative logistical support necessary for the activities. UNDP fully supports ABC to procure necessary equipment and materials abroad as ABC is not authorized to operate in abroad. National Bank for Economic and Social Development BNDES provides export credits and loans to developing countries at commercial basis.

Figure 2 shows relationships among related ministries, public organizations and private but non-profit organizations of Brazil working as implementing agencies in the field of international development cooperation from financial and hierarchical points of views. As the Figure implies, Brazilian international development cooperation has many different layers and a complex cooperation structure. MOFA is intended to be responsible for articulating the actions of each ministry according to foreign policy priorities. However, there is no such a centralized institution which coordinates different interests of line ministries and has overall responsibility.



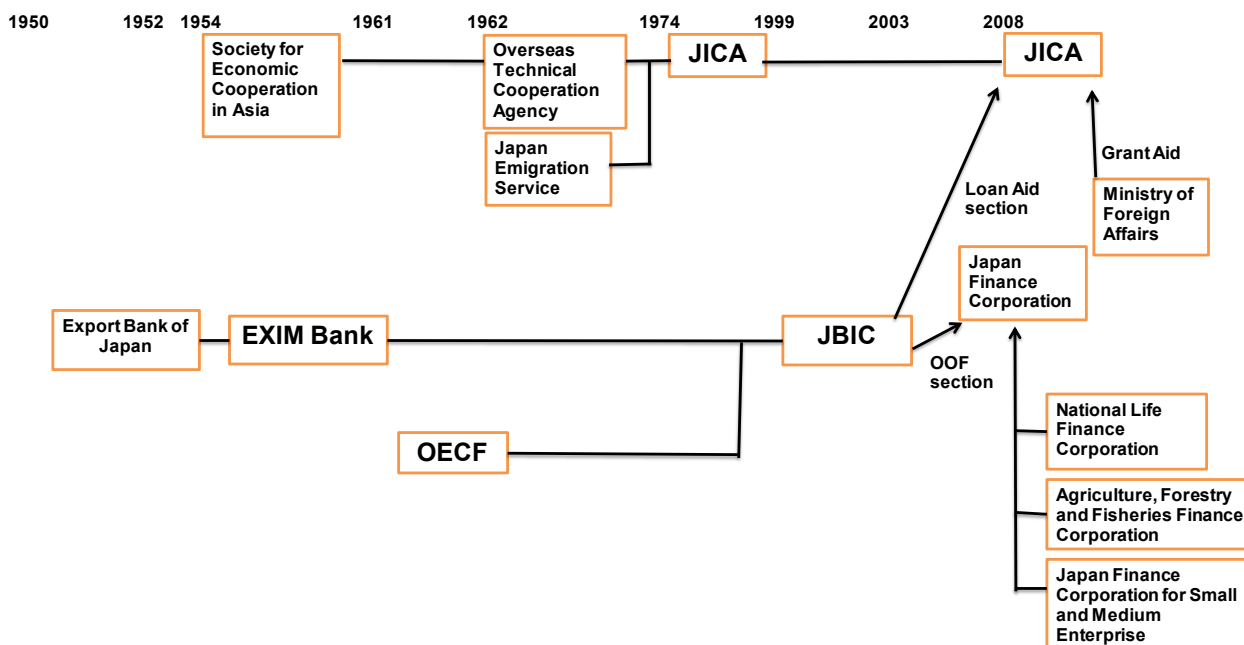
Source: Author made by adding information obtained from the field study in Brazil to Figure 1 written on the page 8 of “[Alcides Costa Vaz and Cristina Yumie Aoki Inoue, December 2007]”

Figure 2 Key players, financial and administrative flows of science and technical cooperation

In the case of Japan, JICA, which is Independence Administrative Institution, is responsible for implementing grant, majority of technical cooperation and soft loans grant element exceeds 25%. There exist other organizations in charge of ODA provision apart from JICA: 12 ministries provide technical cooperation, MOFA contributes funds to UN and UN related organizations and MOF contributes funds to international development financial institutions DFIs such as World Bank. JICA is organized based on five cross-cutting issues departments and regional departments regardless of cooperation schemes; therefore it could formulate projects by incorporating various schemes flexibly to tackle with development tasks.

Figure 3 shows institutional changes of main implementing agencies engaged in technical and financial cooperation. Export and Import Bank (EXIM) was established in 1950 as a governmental banking institution that gave commercial loans called as “Other Official Flows (OOF whose grant element (GE) was less than 25% to Japanese firms and foreign governments. Overseas Economic Cooperation Fund (OECF) was formed after the Asian Development Fund in EXIM in 1961. OECF shared responsibilities and was in partnership with EXIM Bank in the early stages of the organization’s development. Since 1975, OECF had been distributing almost all Japanese bilateral concessional loan aid to developing countries whose grant element exceeded 25%. Japan International Cooperation Agency (JICA) was established as a technical cooperation agency in 1974 by merging existing technical cooperation

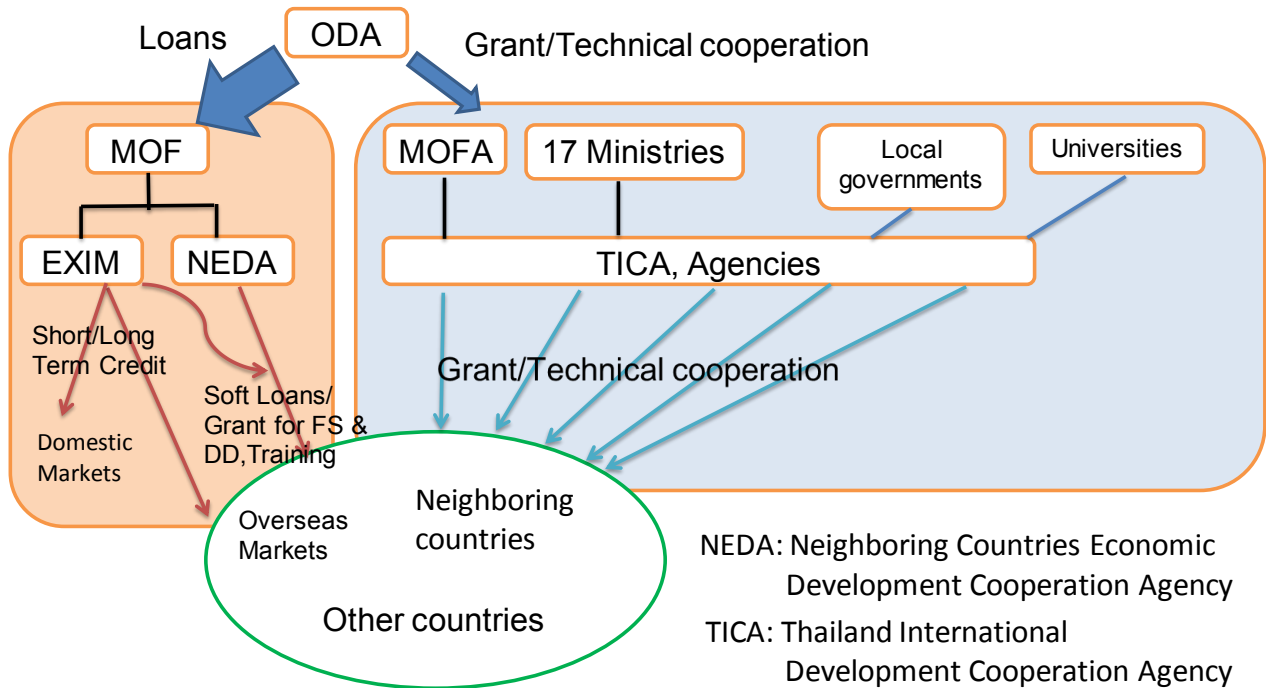
providing agencies established by several ministries. EXIM Bank and OCEF were remerged as Japan Bank for International cooperation (JBIC in 1999. In 2008 former EXIM bank function of JBIC was merged with three public organizations and formed Japan Finance Corporation under the jurisdiction of MOF in October 2008. The former OECF function of JBIC responsible for concessional loan aid was merged with JICA in October 2008. Grant aid governed by MOFA was transferred to JICA as well.



Source: Author made based on MOFA, “50 years of Japan’s ODA
<http://www.mofa.go.jp/policy/odacooperation/anniv50/pamphlet/progress1.html>

Figure 3 Institutional Change of Implementing Agencies

In the case of Thailand, TICA, which is an aid implementing organization under the jurisdiction of MOFA, is responsible for majority of technical cooperation and grant. EXIM and NEDA, an independent organization under the jurisdiction of MOF, are responsible for loan and short and long term export credit. 17 ministries, local governments and universities provide technical cooperation as well. NEDA provides grant for technical cooperation necessary for loan project implementation. Technical cooperation and loans have not yet been jointly implemented. TICA manages and coordinates technical cooperation, administers over partnership programs, provides guidance and useful services to projects and foreign consultants. 17 line Ministries, local governments and universities provide grant as well.



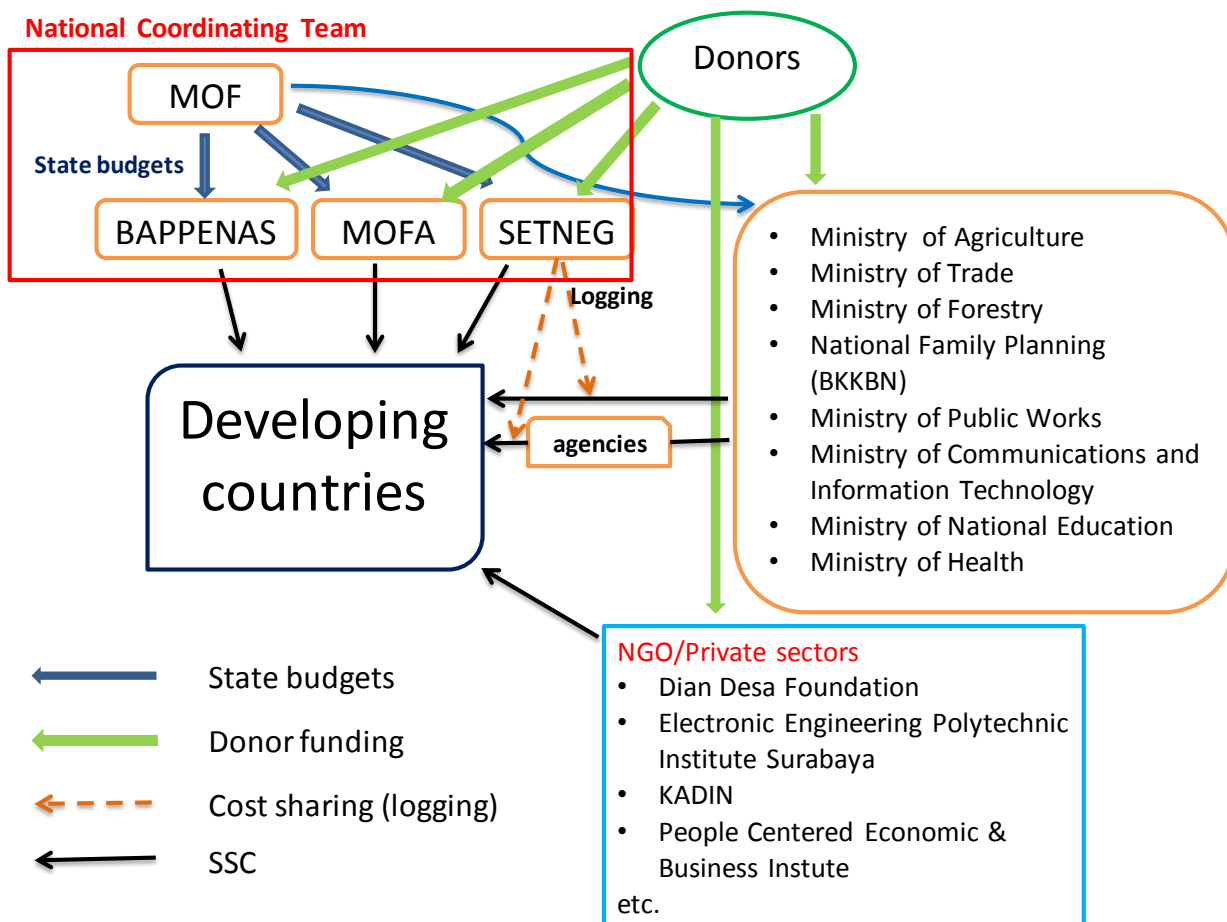
Source: Author made based on [Thailand International Development Cooperation Agency (MOFA, 2009)]

Figure 4 Key players of financial and technical cooperation

Figure 5 shows a map of implementing organizations of SSC technical cooperation in Indonesia. TC is provided by 11 ministries: State Secretariat (SEKNEG, Ministry of Foreign Affairs (MOFA⁷, Ministry of Agriculture, BAPPENAS, Ministry of Trade, Ministry of Forestry, National Family Planning Board (BKKBN, Ministry of Public Works, Ministry of Communications and Information Technology, Ministry of National Education, and Ministry of Health. There are some non-government organizations NGOs and private institutions working in SSC. Donors directly negotiate with and provide funds to an individual ministry, NGO and private institutions.

Some ministries implement SSC through agencies under the jurisdiction of them, such as Center for Artificial Dissemination (BBIB Singosari of Ministry of Agriculture and Multimedia Training Center of Ministry of Communication and Information Technology.

⁷ The technical cooperation department of MOFA was established in 2006 with about 30 staff members.



Source: Author made based on the field survey and [Japan International Cooperation Agency, PT. Indokoei International, March 2011]

Figure 5 Implementing organizations of SSC TC

2) COORDINATION

The more the total volume of assistance increase, the more challenging the coordination is. However there are a few counter measures to mitigate the difficulty of coordination from the case study.

In Brazil, technical cooperation is coordinated by ABC with the policy guidance by MOFA. Economic, education, Science & Technology Cooperation is coordinated loosely among related ministries and organizations. MOFA intends to articulate the actions of each ministry according to foreign policy priorities, but there exist no such a centralized institution coordinating different interests of line ministries. Ad-hoc reactionary approach to project design and development sometimes resulted in duplicity of efforts. In Thailand, all the TC and grant budgets are disbursed to respective ministries through TICA. TICA procures equipment and materials. In Japan, MOFA, MOF, Ministry of Economic and Trade Industry (METI struggled for hegemony in ODA since the inception and 12 ministries & agencies implement technical cooperation with inadequate coordination.

The fact that various organizations are engaged in SSC implementation prevents these countries from smooth/efficient implementation. TC is provided by various organizations without adequate coordination, hence, duplication of activities is sometimes observed in three countries. Accountability and information dissemination of international development cooperation activities are another problem.

In order to solve these issues, three countries have attempted following methods. First, establishment of an organ consisting of related ministries and agencies to coordinate respective different interests was attempted by Thailand and Japan: Committee on Technical and Economic Cooperation in the case of Thailand and Overseas Economic Cooperation Council in the case of Japan. The former Committee is chaired by Minister of MOFA being TICA as the secretariat, comprised of representatives of concerned ministries, NEDA and private sectors, is expected to coordinate different interests of ministries and approves ODA strategies. However, the committee has not been held since 2007. The latter Council was established in the Cabinet in 2006, chaired by Prime Minister and attended by the Chief Cabinet Secretary and the three Ministries MOFA, MOF and METI. The Council has discussed its roles, quantity and quality of ODA, country-specific issues and cross-sectoral principles on overseas economic cooperation so far. However, the Council is not given any authority to judge strategies flexibly; therefore, it has faced with difficulties with coordinating different objectives and interests of various ODA implementing organizations.

Second, human resource exchange among different organization has been promoted in Japan. Reflecting the historical background that different ministries were involved in the establishment, JICA has accepted many civil servants from related ministries such as MOFA, MOF, METI and Ministry of Agriculture, Forestry and Fisheries, and in return, seconded staff members to the related ministries. JICA could utilize various expertise obtained from the received civil servants, accumulated knowledge and experiences and seconded civil servants to recipient countries for a certain period of time upon requests.

In Indonesia, there is no sole SSC implementing organization at present and various line ministries provide TC to developing countries upon request, therefore, TC has been implemented sporadically. At present, there is policy guidance to address these issues and the National Coordinating Team consisting of MOFA, BAPPENAS, SEKNEG and MOF as its core members was established for coordinating policies related to SSC. It is therefore worth for the National Coordinating Team to consider the above mentioned measures in the design, in suitable and acceptable manners in Indonesia.

3) RELATIONSHIP WITH THE LEGISLATIVE BRANCH DIET/PARLIAMENT

Although relationship with diet/parliament is determined in respective countries" peculiar backgrounds, it is essential to have a common set of structure to discuss international cooperation. Those are budget item dedicated to SSC and baseline data of operation.

In Japan, while ODA has mainly been implemented by executive branch of the government as described above 1, the legislative branch has interacted with the executive branch in terms of policy and budget formulation from “Separation of powers” point of view. In Japan, the legislative branch National Diet could intervene in external policy formulation process including ODA by executing either of following rights: i recognizing conclusion of a treaty; ii budget voting rights; iii the right of legislation by House members and iv rights to investigate governmental affairs.⁸The Diet started to be actively involved in ODA especially after the middle of 1980s when Japan’s ODA amount increased rapidly and national constituent started to pay more attention about appropriate and effective implementation of ODA.

In Indonesia, after the first and second amendments to the Constitution, the parliament was given a new function of “investigation of executive branch” of the government with tools such as rights to raise questions, rights to investigate governmental affairs and rights of opinion manifestation. With the legislative change, power balance between the legislative and the executive branches changes and the legislative branch started to have more power over the executive branch in terms of policy and budget formulation. Such change in the power balance is observed not only in the central government, but also in the local government. Thus, it is necessary to consider about the interaction with the legislative branch when implementing SSC.

4) RECORD KEEPING

Information management is no doubt very important area in management. However the study shows that this is likely to become the final agenda due to overwhelmingly increasing demands of SSC in each country. On the other hand, unclearness of total profile of SSC will confuse not only prime stakeholders but also supporters of SSC as well.

Brazil and Thailand are struggling for record keeping of SSC and has just published the first comprehensive ODA report in 2009 with support from donors. Since Brazil has increased the international development cooperation rapidly within the short period of time, the necessary administrative work has not been implemented adequately. Until quite recently, Brazilian international cooperation has not even been recorded. Total amounts of cooperation, types of cooperation and areas of cooperation were not supervised. National research organization called IPEA in collaboration with World Bank published a report about Brazilian international cooperation in 2009, which was the first comprehensive document of Brazilian international cooperation collected data on cooperation activities of 65 public institutions.

Thailand is now in the process of constructing an information system of ODA with support from UNDP and

⁸[Masahiko Kojima , 2007]

published the first comprehensive ODA report called "Thailand Official Development Assistance 2007-08" in 2009. It used to be that no centralized collection system existed for information on overall Thai ODA. While some agencies and ministries had complete information, some did not. In addition, some line ministries have even utilized regular budgets as well while they receive allocations for ODA approved in the five-year budget process. Under such a condition, it was difficult to get full information and to analyze line ministries' activities. Therefore, the Thai government has taken a number of steps to improve information on Thai ODA: encouraging a clear understanding of what constitutes ODA according to OECD definition; giving the overall responsibility to TICA in order for explaining the definition of ODA and for collecting as complete information as possible and establishing a Sub-Committee on ODA Data Collection in 2004 to facilitate the data collection.

Facing with similar data collection problems caused by the sporadic implementation of TC by various line ministries, Indonesian MOFA has started to collect relevant information and data related SSC from line ministries and summed up as "Indonesia's SSC" which are shared by related stakeholders including donors. With the appropriate records, it would be possible for the Indonesian government to make an analysis of SSC based upon which appropriate development policy and strategy would be formulated. It is also worth mentioning that making public people understand and have positive views on international development cooperation could be realized by utilizing such record, while a discrepancy between the rich and the poor still exists in Indonesia.

(6) HUMAN RESOURCES

Rich human resources will be a key to successful SSC. Brazil and Japan have utilized them effectively. Brazilian international development cooperation heavily relies on public sector supported by the strong government initiatives in human resource development. The Brazilian government has invested significant amount of national budget in human resource development and research for development for more than 40 years, even during the period of strong pressure for privatization of national institutions including universities existed. Brazil's international cooperation at present is the result of the long efforts, based upon which Brazil could have comparative advantages over other countries including traditional donors. In order to cooperate with other South countries, it is crucial for a technology providing country host country to have strong human resources with competitive technology, which attracts other South countries.

The heavy reliance on public sector has both strength and weakness. Brazil could save costs necessary for implementing the cooperation including the payment for the technical fees of civil servant experts. In addition, it is rather easy to recruit appropriate experts as they are civil servants whose records are kept by the government. On the other hand, there might be some weakness in the future. First, development cooperation is not fully recognized by ordinary people as far as it is only conducted by public servants. Second, it is also unclear whether present implementing agencies keep cooperating with the

government by seconding experts to Southern countries at free of charge in the future as well. It is said that amount of Brazilian international development cooperation would be as high as 9 to 15 times more than the estimated figure, if values of transferred technologies and technical fees of experts were included.⁹ As this thought implies, present implementing agencies may become reluctant to provide their developed technologies and experts at free of charge, taking into account of the value of the intellectual property rights. Third, since Brazil's cooperation is managed by public servants who are not specifically trained for that activity, they would face with problems associated with social and cultural differences in recipient countries once they are seconded for a certain period of time.

In Japan, both public and private sectors were engaged in international development cooperation since its inception. Some of the private sectors had already experiences in working in Asian countries for construction projects such as reservoirs and electric power development even before the World War II, when Japan invaded into Asian countries. Related ministries selected and seconded appropriate civil servants to developing countries upon requests from developing countries. JICA has its own human resources to second to developing countries, by training returned Japanese Overseas Cooperation Volunteer (JOCV members at research institutions and training centers to deepen / improve their knowledge and technology utilized in developing countries so that they could meet with various demand of recipient countries.¹⁰ Some of the experts of private sectors working in Asian countries before the WW II established private consulting companies after the war and worked widely in developing countries.¹¹ Individual experts seconded by related ministries and the private companies have played important roles to find, formulate and promote ODA projects based on their knowledge and experiences obtained through their work.¹²

In the initial stage of technical cooperation, JICA staff members were likely to implement projects by themselves, sometimes in collaboration with private companies. It was possible for JICA staff members to directly implement each project by themselves when the number of projects was limited. However, as the number of requests from recipient countries increased and diversified, it became difficult for JICA staff members to implement the whole projects by themselves. Therefore, JICA gradually commissioned project implementation to private sectors as well while JICA staff members are responsible for coordination and administration necessary for implementing various types of projects¹³

In the case of Indonesia, line ministries are endowed with human resources and facilities such as training centers and research institutions. For instance, Ministry of Agriculture (MOA has seven to eight training

⁹Quoting from an interview with ABC on November 9th 2011.

¹⁰The training system of returned JOCV decreased in the 2000s, hence the returned JOCV have faced difficulties in finding career pass after coming back to Japan now.

¹¹[Tsuyoshi Hashimoto]from[K.Goto, I.Ohno and T. Watanabe ed. , 2005] (Japanese).

¹²Ibid..

¹³Ibid., p.23

centers in a country which MOFA once sent an inquiry to transform the facility into international training centers, and two training centers in abroad Tanzania and Gambia. Two agencies of MOA are engaged in SSC in the field of livestock, estate crops, food crops, horticulture, economic study, cereal, etc. It is therefore important for an emerging provider like Indonesia to consider human resources who could work in SSC projects: how to respond to future increase in requests from recipient countries, and to changes in international environment. It is also important to consider how to collaborate with private sectors when implementing SSC, as Indonesia has already many private stakeholders such as NGOs and private institutions engaged in SSC, which is further discussed in the next section.

(7) PRIVATE SECTORS' INVOLVEMENT

As “the Busan partnership for effective development cooperation: Forth high level forum on aid effectiveness” held in 2011 29 November to 1 December proposes “the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction”, it is worth considering for an emerging provider like Indonesia to continue and increase the involvement of private sectors in SSC from the inception. Although it is not easy task to convince private sectors on the effectiveness of SSC, particularly in the current situation in Indonesia, continuous inclusive approach would be advisable. Severing the relationships is not advised, considering the spirit of Grand Design and Blue Print. Involvement of civil societies and private sectors in SSC / ODA are considered in order to obtain support from private sector and invite appropriate human resources who could respond to recipients” diversified demand appropriately.

In Brazil, there is no negative opinion about providing SSC at present due to the following reasons: i people are proud of being a provider; ii the limited amount of cooperation and iii rapid economic growth. However, since Brazil has still poverty problems inside the country, it might be difficult for ordinary people to understand the value and meaning of international development cooperation, once the total amount of cooperation reached to a certain level that people consider too much. Furthermore, the fact that Brazilian international cooperation is solely conducted by public sector and involvement of private sectors has been limited will prevent awareness building of ordinary people and effective utilization of human resources.

Since the Japanese economy has been under recession for almost two decades and social security budgets exceeded significantly the ODA budgets, it becomes more severe for the government to obtain supports to ODA which is to be provided to people in other countries. It is often heard that Diet members received critical views on ODA when returning to their constituencies. The ODA Charter recognizes the importance and explains about collaboration with NGOs, private sectors, local governments and other donors. Several attempts have been made to promote understandings about ODA and to make private sectors actively involved in ODA implementation such as i JICA Partnership Program aiming at implementing the grass-roots level projects in collaboration with NGOs, universities, local governments

and public corporations, ii grant aid at grass root levels provided through Japanese embassies abroad, and iii loan aid utilized for project finding and formulation based on proposals submitted by private sectors. “The Public-Private Cooperation for Accelerated Growth” is a measure to promote public-private cooperation, based upon which the government receives consultations and proposals from private sector enterprises related to their activities which are conducive to economic growth and poverty reduction in developing countries, as well as public-private cooperation projects together with ODA. There are new initiatives such as utilizing the Grant Assistance for Grassroots Human Security Projects in cases where CSR and BOP business are carried out by enterprises in cooperation with local NGOs.

Involvement of private sectors in SSC has not yet so much materialized in Indonesia. There are limited numbers of private sectors involvement in SSC at present. It is also necessary to seriously consider local government participation to SSC, taking into account of the ongoing decentralization.

(8) JOINT PROJECT

Emerging provider countries such as Brazil and Thailand have provided SSC to other developing countries by utilizing funds from traditional donors as well. Such cooperation is called as “triangular cooperation” or “trilateral cooperation”. They have effectively utilized the knowledge and experiences a recipient country, and in a sense, consider the funds as a new funding source while they are receiving less ODA from traditional donors as they developed.

One lesson obtained from the case studies is that triangular cooperation should be initiated by the three countries’ strong commitments from the beginning and formulated the project in a way that utilizes respective knowledge, expertise and experiences as much as possible. By doing so, it is expected to generate more impacts and to fully recognize the values and incentives of implementing the triangular cooperation as well as responsibility by all the stakeholders. In other words, it is not recommendable to formulate such cooperation in a way that simply extending / replicating the existing bilateral cooperation experiences to other developing countries without adequate consultation among the three countries. ProSavana JBM project, which is implemented by Japan, Brazil and Mozambique, was formulated in a way that each country could fully recognize the merits and responsibilities of implementing the project. Brazil expected to learn about project cycle management and to try their experiences and know-how obtained from the domestic development. Mozambique expected to increase productivities of target crops and to contribute to provide indigenous knowledge accumulated by Mozambique farmers over many years. Japan expected to implement ProSavana project more effectively by collaborating with Brazilian human resources who speak same language as Mozambique’ people do and have rich research and experimental experiences in similar agro-ecological zones of the project site and to utilize know-how obtained from Cerrado project in Brazil supported by Japan for more than 30 years.

There are two points emerging provider countries should consider when implementing triangular

cooperation. First, coordination of different interests of different countries requires time and energy, which tends to increase the transaction costs. Could emerging provider countries consider such high costs as indispensable, or as unbearable? How the stakeholders think about the high transaction costs needs to be discussed and to reach to a consensus before starting the triangular cooperation projects. Second, it is worth thinking about how to avoid a situation that emerging providers are requested to do what traditional donors want, and have no rooms to reflect their thoughts and ideas in the project.

4. CONCLUDING REMARKS

The Medium Term Development Plan (RPJMN 2010-2014) points out three issues faced by Indonesia's SSC: i) there is no national design for SSC; ii) Indonesia does not have a strong entity to handle SSC; and iii) Indonesia's comparative advantage has not been identified. Regarding i), drafts of Grand Design and Blue Print for SSC were formulated and wait for approval by the President in 2012. The government considers ii) and iii) in collaboration with some donors. Followings are issues extracted from the case studies, which need to be considered by the Indonesian government in order to promote future SSC. Some of the issues are related to the points RPJMN made.

(1) DEFINING "WHAT SSC IS" SHOULD BE ROOTED IN INDONESIAN SOCIETY

Three case studies clearly show that the countries had clear objectives of providing SSC / ODA to other developing countries. It is right time for Indonesia to further discuss "what SSC is in the context of Indonesia", which would achieve inclusive national development such as the involvement of private sector, local government, and civil society. Reasons of SSC provision had changed from "strengthening political relationships with South countries" to those of "economic relationships" as the President changed from Sukarno to Suharto. Unlike the previous era, present Indonesia has tried to define SSC in a more democratic way by inviting various stakeholders from public and private sectors. One reason of SSC provision often heard during the field study is "to strengthen the representative role of South countries at G 20", reflecting the fact that Indonesia played the key role in establishing the Non-Aligned Movement (NAM). Indonesia considers SSC as a part of solidarity recognized at the Bandung Conference in 1955 and pursues solidarity, partnership, ownership, equal opportunity and mutual benefits in the past.

Other idea might come from the point of view of economic development. While the economies of developed countries have been seriously affected, developing countries including Indonesia have not yet been affected so much. Under such a situation, developing countries are expected to be an engine of economic growth and Indonesia as an emerging provider country could play such a trigger role in the world economy through SSC.

(2) SSC VISIONS IN RELATION TO DOMESTIC DEVELOPMENT.

Three case study countries had clear visions about SSC. Brazil and Thailand have focused on areas where they have comparative advantages when they provide SSC to other developing countries. They

developed such applicable technology while they developed own countries initially with the support from external assistance, then by its own initiative as a Middle Income Country. For instance, Brazil has great advantages in agriculture technology applicable for various agro-ecological zones from arid to humid backed by accumulated research and experimental activities developed in collaboration with foreign experts seconded from external organizations such as Consultative Group on International Agricultural Research (CGIAR). Thailand has put emphasis on cooperation in agriculture, education and health in particular, malaria and HIV/AIDs, which Thailand improved the domestic condition in collaboration with external donors. Japan has utilized knowledge and experiences obtained from the national development as well.

Indonesia has provided agriculture and health technical cooperation to other developing countries based on domestic development. Indonesia should more purposely build a linkage between SSC policy and domestic development policies, which will help Indonesia, promote SSC in a holistic manner and make its coordination relatively easy in future. In order to promote SSC, it is also crucial to understand comparative advantages of Indonesia which could attract other developing countries. There would be more potential strength of Indonesia's SSC which have not been explored, which would be an effective tool to portray Indonesia's new image in international community as a Middle Income Country. Apart from traditional types of technology, Indonesia has recently received various inquiries from other countries such as "debt management", "democratization" and "decentralization". Indonesia has managed debt balance and changed the paradigm from relying foreign assistance to using domestically raised funds. Russia wants to know the debt management under the decentralized system and Indonesia could share the experiences. Indonesia's democratization process has attracted some of the Arab countries which are now democratizing the country.

(3) MIND-SET FROM A RECIPIENT TO A PROVIDER

All the three case study countries have certain periods of receiving and providing ODA simultaneously. During such periods, they not only reconstructed and developed own countries through the external assistance, but also accumulated experiences, knowledge and technologies necessary for implementing ODA projects afterwards. Three countries tried to exchange professional views and opinions based on their own knowledge, expertise and experiences at that time with seconded foreign experts. In other word, it was not necessary one way "teaching", but rather took a form of "sharing", that is the base of mutual collaboration / interaction between a recipient and donor countries.

This mindset became a backbone of the three countries' ODA. Brazil stresses the importance of respecting for sovereignty of recipient countries. Thailand set principles of "self-help cooperation" and "strength from diversity". Japan has stressed an importance of "support for self-help" (*jijodoryoku*) based on an empirical lesson as a recipient obtained from „successful" reconstruction and development of the

country after the WW II. Indonesia pursues similar principles such as solidarity, partnership, ownership, equal opportunity and mutual benefits when implementing SSC.

Indonesia has accustomed to *receive* external funds/ technology and not accustomed to *provide* technical cooperation to other countries. It is important for Indonesia to share the experiences as a recipient country including mistakes with other developing countries and learn mutually. As Brazil prefers to use the word “international development cooperation” rather than “ODA” to respect for recipient countries’ dignity, Indonesia is reluctant to use the word “teach” to other countries. Indonesia rather prefers to use the word “share” in order to keep the equal partnership. Remembering the experiences of a recipient country, Indonesia could learn from recipient countries through SSC and be a spokesperson of developing countries at G20 as a representative of Asian developing countries. Meantime, development partners should take account of this mindset with the consideration toward Indonesia’s strategic position in international community, although the former should not necessarily be regarded as a short-term „give and take” manner, but also in more comprehensive manners.

(4) ENCOURAGE SSC BOTH TCDC AND ECDC IN A PRACTICAL AND SUSTAINABLE MANNER

At present, the Indonesian government has promoted TCDC ahead of ECDC and intention to consider ECDC later. Unlike TCDC, ECDC implementation requires participations of various stakeholders including private sectors. Therefore, it is not easy to promote ECDC rapidly. Besides, some parties may be reluctant to provide loans to other countries because of the financial crisis Indonesia has suffered significantly. Furthermore, there still is a criticism about the private sectors that operate abroad while unemployment rates are still high in domestic market.

Under such a situation, it is convincing that ECDC has not been actively discussed among the government. In addition, there are many foreign private banks and financial institutions operating in Indonesia that could support private firms’ trade activities. In this regard, it is not possible to just apply the experiences of the three case study countries. Therefore, it is important to consider Indonesian way of ECDC taking into account of what are needed by the private sectors that could not be supplied by the existing private sectors. It is also worth considering about strategic utilization of EXIM Bank for the purpose of domestic development in relation to SSC in the long run.

Part 2 ***Case studies***

I. A Case of Brazil

1. A BRIEF HISTORY OF BRAZILIAN INTERNATIONAL DEVELOPMENT COOPERATION¹⁴

Brazil initiated its international development cooperation in the 1970s. In 1978 the Brazil's experiences as an aid recipient country was incorporated into the UN Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries and since then Brazil has tried to maximize the received aid from North and supported and promoted development cooperation to other less developed countries. During the 1980s, Brazil has accumulated and made a progress of its technical know-how in the international development cooperation and gradually transformed itself from a recipient to a provider to developing countries. Brazil has selected bilateral cooperation as the instrument for Brazil's foreign policy.

During the government of LuizInácio Lula da Silva (2003-2011, technical, scientific and technological cooperation grew in leaps and bounds reflecting the president's strong will to give priority to establishing a south-south axis in his foreign policy. Focus areas of cooperation was Africa, in particular, the Portuguese-speaking countries where, on the other hand, Brazilian cultural and economic penetration is greater and competition with traditional and emerging providers is stronger. In addition, Brazil has continuously given high priority to South American mainly Low Income Countries where tension has built up over the expropriation of Brazilian assets PETROBRAS in Bolivia or where energy contracts are being renegotiated Itaipú in Paraguay.

Figure BR-1 shows the total estimated amount of Brazilian international cooperation. According to the first official report on Brazilian Cooperation for International Development, the total estimate of Brazil's cooperation dedicated annually to international organizations, technical and humanitarian assistance, and scholarships for foreign students. The scholarships grew 129 percent between 2005 and 2009, from 158 million dollars to 362 million dollars, which is equivalent to a 0.02 percent of GDP.¹⁵ This total estimated amount does not include the cancellation of debt owed by Low Income Countries. Once the figure was included, the total amount of development cooperation would be significantly higher.

Looking at the breakdown of the cooperation, the largest part, which accounts for 76 percent of Brazil's development cooperation, went to international organizations including United Nations agencies like the U.N. Refugee Agency, and at the regional level, various development banks and funds including World Bank, Inter-American Bank and African Development Bank. One of the biggest contributions goes to the Structural Convergence and Institutional Strengthening Fund (FOCEM set up by the Mercosur Southern Common Market trade bloc. FOCEM receives more than 30 percent of the funds that the Brazilian

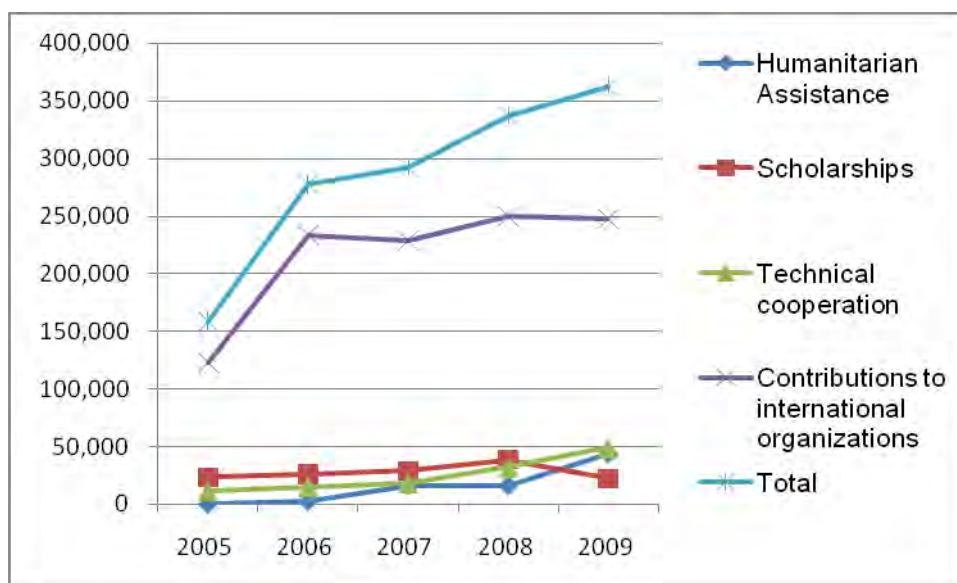
¹⁴This section is written mainly based on [Bruno AyllónPino, 2010].

(http://www.realinstitutoelcano.org/wps/portal/rielcano_eng/Content?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/cooperation+development/ari143-2010)

¹⁵According to Guilherme Schmitz, one of the authors of the study, carried out by Brazil's Institute of Applied Economic Research (IPEA).

government contributes to international bodies.¹⁶

Unit: US\$ 1,000



Source:[IPEA, 2009]

Figure BR- 1 Breakdown of Brazilian International Cooperation

2. OBJECTIVES AND PRINCIPLES OF BRAZILIAN INTERNATIONAL DEVELOPMENT COOPERATION

Brazil has significantly expanded the development cooperation especially after 2003 under the strong initiative of President LuizInácio Lula da Silva, who saw cooperation as "an instrument of foreign policy and of national prestige and standing," as well as "one of the country's responsibilities". By that time, Brazil has risen the role on the international scene and recognized various features that could effectively contribute to implementing the development cooperation: Its condition as an emerging economy with high growth rates and a strong capacity to attract investment; its political and institutional stability; its leadership in South America and its role as a regional stabilizer; its commitment to multilateralism and to the reduction of regional and international asymmetries in their political, financial and commercial dimensions and its success in combating poverty and its successful track record in innovative social programs and technologies.¹⁷

The objective of Brazilian international development cooperation is capacity development based on the strong belief that partner countries can benefit from an effective transfer of knowledge, and from the exchange of experiences previously developed under similar socioeconomic realities.¹⁸ Political discourse has developed the concept of a „diplomacy of solidarity“ based on the transfer to developing countries of Brazil’s experience and know-how, without conditions or interference, in areas deemed to be relevant by

¹⁶<http://ipsnews.net/news.asp?idnews=54297>.

¹⁷[Bruno AyllónPino, 2010].

¹⁸Answer to OECD questionnaire by ABC.

the recipients, and always respecting their sovereignty.¹⁹

The followings are basic principles associated with implementing international development cooperation quoted by related institutions during the field study.

- Horizontal relationship, equal partnerships with recipient countries, no subordinated relationship, demand driven, not expecting returns, cooperation and solidarity with developing countries.
- This principle is applied both TCDC and ECDC.

There are various views obtained during the field study on the reasons why Brazil has implemented development cooperation. They are diplomatic tools; strengthen and showing Brazil's presence in countries and regions identified by national interests; making Brazil prominent in the world; strengthening leadership of Brazil in Latin America; opening markets and creating possibilities for economic, political, and social cooperation and strengthening Brazilian science and technology capabilities. The diversified views imply different interests about the cooperation according to various stakeholders engaged in the cooperation.

3. STRATEGIC ENVIRONMENT

Brazil seems to have cooperated with South countries taking into account of national, political and economic interests of the country. From national points of view, Brazil shares its border with almost all the Latin American countries except for Chile and Ecuador, which has made Brazil pay strong attention to work closely with its neighboring countries. For instance, close collaboration between local governments²⁰ located in border areas has been implemented in the field of sanitary and waste management, development of road networks, nature conservation etc.

From the economic points of view, while the importance of Latin America as trading partners is strong, Brazil has diversified its trading partners in recent years and importance of BRICs as well as other emerging and developing countries has increased. Under the situation, Brazil needed to have sound and constructing relationships with these countries, which has made the country inclined towards international cooperation.

From the political points of views, Brazilian international cooperation has played a very important role in terms of obtaining strong supports to Brazilian government decision. For instance, Brazil has obtained supports from other developing countries such as "Cotton 4" Mali, Burkina Faso, Niger and Benin. When Brazil won in the WTO lawsuits against the subsidies offered by the US government to its cotton farmers, who offload cotton into the global market at very cheap prices hence, hurts African and Brazilian cotton growers, these four countries supported Brazil. After Brazil won against USA, it started to provide

¹⁹[Bruno AyllónPino, 2010].

²⁰In Brazil , local government means states and municipalities.

technical cooperation in the field of cotton production for these four countries under the name of “Cotton 4” project. When a Brazilian was elected as a director of FAO, supports from many developing countries were obtained. Good reputation about Brazilian cooperation seems to exist behind these strong supports for Brazil from developing countries,.

4. LEGAL FRAMEWORK

Brazil has increased the amount of international cooperation too rapidly for the government to formulate the necessary and adequate legal framework which enables related government institutions to operate smoothly in abroad. At present, the legal framework set for the related government bodies engaged in international cooperation does not even expect them working abroad. In other words, present legal systems do not meet with the changing roles of related institutions which need to be engaged in international cooperation.

As a result, various activities associated with international cooperation are constrained. For instance, ABC²¹, the focal point of the international cooperation, cannot even utilize money outside of the country, therefore, is executing the field operation through UNDP channels. Since ABC does not have a legal framework dedicated to SSC, it applies existing bilateral agreements for SSC in practical operation. For instance, bilateral agreements such as Japan-Brazil Partnership Program (JBPP) could provide the legal basis for TCDC between Brazil and other developing countries as well. ABC is learning from the negotiation process with other donors when implementing TC as well. The same applications are observed in other implementing agencies such as ENAP²² and EMBRAPA. ENAP started its first international cooperation project in Mozambique in 2011, after the several amendments to its governing law. EMBRAPA also set up the first overseas office in Ghana after the amendment of the governing law. Thus, it could be said that while the government has not yet launched on formulating a comprehensive legal framework dedicated to international cooperation, several occasional / ad hoc amendments were added to existing laws in order to react to the increasing and various requests from other developing countries in the field.

The lack of adequate legal framework has affected on the administrative structures of Brazilian institutions as well. Those institutions are requested to work domestically and internationally simultaneously under the legal restrictions to receive or to provide grant. They were not statutorily conceived to engage in international action, which causes major difficulties in the field operation. Even so, there exists no necessary political, technical and social debate on the impact on the administrative structures of Brazilian institutions that is necessary to implement the multiplicity of cooperation projects. Moreover, legal aspects and planning tools designed or specialized human resources have not been considered. Furthermore, financial resources are assigned from project to project, without budgetary forecasts to

²¹ABC was initially established as a unit of UNDP project within MOFA.

²²The Brazilian National School for Public Administration.

ensure the continuity of the actions or the necessary stability.²³

Whether the government has launched on legal framework formulation is still unknown. It was said that there was an announcement about a new legal framework and the design of an institutional model to meet the requests for cooperation that have been received.²⁴ On the other hand, as far as the field study is concerned, no institutions have such a legal framework.

5. MEDIUM TO LONG TERM POLICY AND STRATEGY

Since the amount of SSC has increased so rapidly that the government could not formulate any written policy or strategy for international development cooperation. No strategy around which areas to concentrate and invest and no policy guidelines for research collaboration exist at present.

However, the existing development cooperation shows some tendencies. Most of Brazil's support for Low Income Countries is in the areas of agriculture, health and professional and vocational training.²⁵ The idea is to share the knowledge the country has accumulated in tropical agriculture, especially in the government's Brazilian Agricultural Research Organization EMBRAPA, and in prevention and treatment of HIV/AIDS. In terms of targeting countries / areas, it is clear that Brazil put strong emphasis on South America and Africa, in particular, the Portuguese-language speaking countries as priority regions. In addition, strengthening of political and economic ties with other emerging market countries, specifically South Africa and India IBSA has become a crucial issue for Brazil. From partnering point of view, Brazil has actively promoted to collaborate with traditional donors such as Japan, Germany, the United Kingdom, Canada, Spain, France, and Italy within the framework of triangular cooperation. There are some success cases such as in the increase in soy harvests in Cuba and in the higher yields and quality of cotton in four big producers of that crop in Africa: Benin, Burkina Faso, Chad and Mali.

These attempts could be considered as the results of an ad-hoc reactionary approach to project design and development, therefore, often have resulted in duplicity of efforts and ownership issues among the different agencies involved. In other words, pursuing for "demand driven" approach without the appropriate policy and strategy might have caused the ad-hoc reaction. Therefore, Brazil is now facing the challenge of building a public policy for international cooperation that is sustainable and long-lasting, beyond the personal commitments of its political leaders.

6. TYPES AND MODALITIES OF BRAZILIAN INTERNATIONAL DEVELOPMENT COOPERATION

Characteristics of Brazilian international development cooperation are described as follows.

- Untied, non-conditionally, solidarity and respect for another's sovereignty.

²³[Bruno AyllónPino, 2010].

²⁴[Bruno AyllónPino, 2010].

²⁵[Mario Osava] (<http://ipsnews.net/news.asp?idnews=54297..>)

- Partnership cooperation rather than traditional terms and concepts of ODA or foreign aid.
- More directly from its affinity with other less developed countries and less from immediate political, economic or diplomatic ambitions²⁶.

<Technical Cooperation>

As explained in the previous sections, technical cooperation, in terms of capacity building and knowledge transfer / exchange, represent the main part of Brazilian international development cooperation, while financial cooperation is still low. SSC in the context of Brazil is technical cooperation and research for development. The implementation mechanism of technical cooperation is explained in the following section 7.

<Grant>

Brazil's regulatory framework does not permit ABC to administer other forms of aid assistance such as loans, grants and donations. However, in practice, ABC provides grant such as in the form of goods and equipment through UNDP.

<Financial cooperation>

In the field of financial cooperation²⁷, there are debt cancellations, investing in Brazilian enterprises operating in abroad, commercial loans and export credits made to developing countries via the National Bank for Economic and Social Development (BNDES). Brazil signed the HIPC initiative, reducing the debts of many African countries with the Brazilian treasury. Debts of Mozambique, Tanzania, Mauritania, Guinea-Bissau, Bolivia, Guyana, Nicaragua, Honduras and Haiti were cancelled under the initiative. Brazil offers soft loans to several African countries which are considered by the IMF and World Bank to be the emerging country which provides the most loans to Low Income Countries, particularly Angola, Guinea-Bissau and the Congo. In addition, Brazil has provided soft loans to developing countries through a window of International Development Association (IDA, the „soft“ window of World Bank. According to information from the Presidency of the Republic, through 2007 Brazil condoned or refinanced debt to other developing countries to the amount of US\$1.25 billion.

There exists a controversial debate over the commercial loans made to developing countries via BNDES. As mentioned above, principles of providing international development cooperation include not for returns and no conditions. However, the amount of US\$3.3 billion commercial loans, and export credits provided by BNDES are reimbursable and require the beneficiaries to comply with a number of conditions, the first of these being the obligation to use the resources to purchase goods and contract services from Brazilian enterprises.

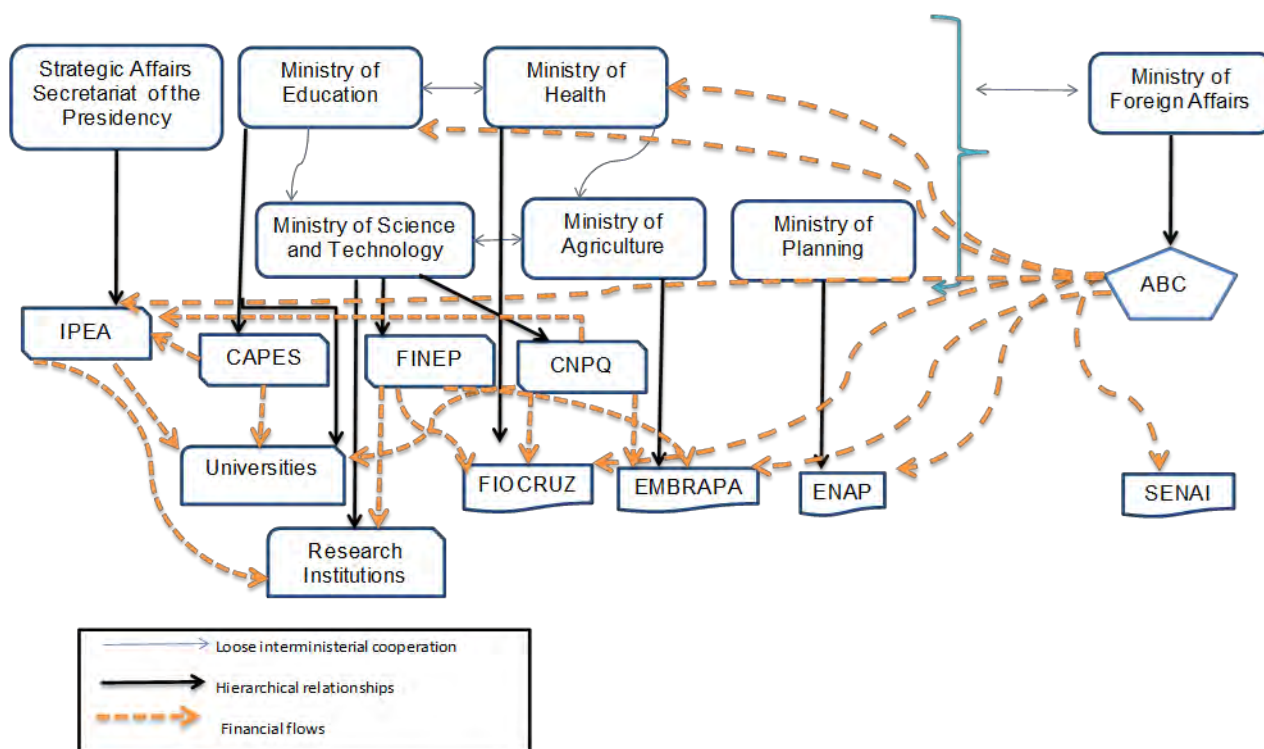
²⁶[Paul Thurman, Karin Vazquez, Andres Lalinde. Tatiana Cabral Sehnllrr and Xheni Shehll, 2011], p.8

²⁷Information about financial cooperation refers to [Bruno AyllónPino, 2010]..

Until the late nineties BNDES focused on industry and oriented to the domestic market, but began to increasingly concentrate its investment on services and programs for exports of primary commodities and semi-manufactured goods in developing countries. Following the government policy to strengthen the great national enterprise and to make it more competitive internationally, BNDES has financed foreign private investment by Brazilian enterprises.²⁸ BNDES does not form part of Brazilian international development cooperation in the narrow sense. Yet, its activities in supporting Brazilian investments in exports in particular in the infrastructure and biofuels areas are part of Brazil's overall strategy to strengthen ties with developing countries.

7. IMPLEMENTATION MECHANISM

Figure BR-2 shows relationships among related ministries, public organizations and private but non-profit organizations working as implementing agencies in the field of international development cooperation from financial and hierarchical points of views. As the Figure implies, Brazilian international development cooperation has many different layers and a complex cooperation structure. Ministry of Foreign Affairs (MOFA) is intended to be responsible for articulating the actions of each ministry according to foreign policy priorities. However, there is no such a centralized institution which coordinates different interests of line ministries and has overall responsibility.



Source: Author made by adding information obtained from the field study in Brazil to Figure 1 written on the page 8 of “[Alcides Costa Vaz and Cristina Yumie Aoki Inoue, December 2007]

Figure BR- 2 Key players, financial and administrative flows of science and technical cooperation

²⁸Wilson Cano, “A national agenda for development”, The Perspective of the World Review, Volume 2, Number 2, August 2010, p.9.

There are several important focal points in Brazil's government for assistance programs, including:

- The Ministry of External Affairs and its adjunct the Brazilian Cooperation Agency (ABC)
- Line ministries such as health, education and agriculture
- the National Council for Scientific and Technological Development (CNPq)
- the Ministry of Planning's Department for International Affairs (SEAIN).
- Implementing agencies such as EMBRAPA, SENAI, ENAP, FIOCRUZ, etc.
- Research institutions and universities

Currently, 120 institutions are said to be involved in Brazilian development cooperation. ABC has the role of negotiating, promoting, and monitoring the Brazilian government's cooperation projects and programs and coordinating the relationship with the counterparts' resources of the projects. When it comes to the implementation, different line ministries and institutions usually contribute technical experts while ABC facilitates such activities by providing travel and per diem resources, along with capital investment and consultancy work. In terms of capital investment, since ABC is not allowed to send money abroad under the governing law, cost sharing arrangement between the Brazilian government and UNDP was made which becomes a palliative to bypass some of the legislation regarding the recruitment and procuring goods and services in abroad. Cost sharing accounts for 69% of total ABC's budget in 2010. Cost sharing arrangements are also done with other organizations.²⁹

ABC has 160 employees at the headquarters office and 10 in the field office acting as focal points in some of the priority recipient countries. Although the actual figure is not obtained during the field study, majority of the staff members are employed at contract basis maximum 2 years employed via UNDP. The rest are diplomats seconded from MOFA. ABC manages 88 projects under the triangular cooperation modality in 27 countries.

There are several operational issues associated with the present implementation mechanism. First, coordination among different stakeholders is still difficult and activities are diffused basically because of the participation of very different partners and the lack of coherent and comprehensive framing strategies. While ABC is implicitly expected to play the role of coordination, the limited number of staff members based in Brazil not in abroad prevents it from accomplishing it. Second, reflecting the fact that main modality of international development cooperation has been seconding experts to abroad, ABC does not have appropriate monitoring and evaluation tools for the activities. Only in the case of big projects such as above mentioned "Cotton 4", ABC established a special unit only for monitoring and evaluating the activities of the project. But such long term structural projects are few at present. Third, weak staff incentives are likely to prevent them from achieving for good performance. Forth, there is a debate over whether ABC should be independent from MOFA at present. Both positive and negative views exist, but

²⁹. [German Development Institute, May 2010].

majority of the stakeholders consider it impossible at least in the near future, taking into account that it was not realized even under the strong insistence by Marco Farani, director of the Brazilian Agency for Cooperation (ABC).

8. FINDINGS FROM THE FIELD STUDY

(1) IMPORTANCE OF HUMAN RESOURCE DEVELOPMENT

The Brazilian government has invested significant amount of national budget in human resource development and research for development for more than 40 years, even during the period of strong pressure for privatization of national institutions including universities existed. The present Brazil's international cooperation is the result of the long efforts based upon which Brazil could have comparative advantages over other countries including traditional donors.

In order to cooperate with other South countries, it is crucial for a technology providing country host country to have strong human resources with competitive technology, which attracts other South countries.

(2) STRONG AND WEAK POINTS OF DEVELOPMENT COOPERATION RELYING ON PUBLIC SECTORS

One of the characteristic of Brazilian international development cooperation is its heavy reliance on public sector. Owing to the system, Brazil could save costs necessary for implementing the cooperation including the payment for the technical fees of civil servant experts. In addition, it is rather easy to recruit appropriate experts as they are civil servants whose records are kept at the government.

On the other hand, there might be some weakness associated with this way of implementation in the future. First, development cooperation is not fully recognized by ordinary people as far as it is conducted thoroughly by public servants. It might be reasonable for Brazil to work only within the public sector, taking into account of the nature of development cooperation, that should be no profit making and no return should be expected. But as the cooperation continuously grows, it might lose precious opportunities to utilize developing private sector's knowledge and technology, though private sectors might be reluctant to give their technology to others at free of charge, unless they can obtain some merits from participating in the cooperation. Second, it is also unclear whether present implementing agencies keep cooperating with the government by seconding experts to Southern countries at free of charge in the future as well. It is said that amount of Brazilian international development cooperation would be as high as 9 to 15 times more than the estimated figure calculated according to in-cost method, if values of transferred technologies and technical fees of experts are calculated as traditional donors did.³⁰ As this thought implies, there might be a possibility that present implementing agencies would become reluctant to provide their developed technologies and experts at free of charge taking into account of the value of

³⁰Quoting from an interview with ABC on November 9th 2011.

the intellectual property rights. In fact, some implementing agencies established their own offices in abroad recently: EMBRAPA established a branch office in Ghana and FIOCRUZ³¹ established a branch office in Mozambique, while ABC cannot have its own overseas branch offices. Once these agencies fully recognize the value of their technology and expertise, they might request for appropriate fees for the services, in particular, private non-profit implementing agencies such as SENAI³² and FIOCRUS. Third, since Brazil's cooperation is managed by public servants who are not specifically trained for that activity, therefore, they would face with problems associated with social and cultural differences in recipient countries once they are seconded for a certain period of time. At each related ministry, neither international cooperation department exists such function is located under the Vice Minister or Minister, nor specific training courses are prepared.³³ Under such a circumstance, seconded experts do not even know how to behave in the international cooperation. ENAP has launched on the training of experts, but it is still limited in numbers.

(3) RECORD KEEPING

Since Brazil has increased the international development cooperation rapidly within the short period of time, the necessary administrative work has not been implemented adequately. Record keeping is one of such issues. Until quite recently, Brazilian international cooperation has not even been recorded. Total amount of cooperation, types of cooperation, areas of cooperation, etc. were not supervised. IPEA in collaboration with World Bank published a report about Brazilian international cooperation in 2009, which was the first comprehensive document of Brazilian international cooperation collected data on cooperation activities of 65 public institutions.

Without appropriate records, it is difficult to make an analysis based upon which appropriate development policy and strategy would be formulated. It is also worth mentioning that making public people understand and have positive views on international cooperation could be realized by utilizing such record, while a discrepancy between the rich and the poor still exists in its own country.

Thus, it is significantly important for Indonesia to think about the record keeping systems for international cooperation before increasing the amount.

(4) INVOLVEMENT OF CIVIL SOCIETY AND PRIVATE SECTORS IN INTERNATIONAL COOPERATION

Views observed during the field survey regarding why Brazilian people do not have negative opinion about international cooperation are as follows.

- Proud of reaching a stage of helping other countries, feel prestigious

³¹FundaçãoOswaldo Cruz (The Oswaldo Cruz Foundation).

³²ServiçoNacional de Aprendizagem Industrial (SENAI (National Service for Industrial Training).

³³Quoting from an interview with ENAP on November 11th 2011.

- The amount of cooperation budget is relatively small compared with total national budget; therefore, people might not care too much.
- Under the increasing trend of the economy, cooperation to other developing countries does not harm the national economy.

However, since Brazil has still poverty problem inside the country, it might be difficult for ordinary people to understand the value and meaning of international development cooperation, once the total amount of cooperation reached to a certain level that people consider too much.

As mentioned in above 2, Brazilian international cooperation is conducted by public sector at present and involvement of private sectors has been limited. On the other hand, civil societies have emerged as new stakeholders and some small attempts have been made by the civil societies in the field of international cooperation. In addition, direct collaboration between Brazilian local governments³⁴ and local governments of developing countries has started recently.

Participation of civil societies will be decisive to construct and find Brazilian own cooperation model based on the institutional, social and historical characteristics that have shaped its progress from developing country to emerging power from now on, though such debate is limited and restricted to academic circles.

(5) PRINCIPLE AND INVISIBLE EXPECTATION OF INTERNATIONAL DEVELOPMENT COOPERATION

While a consistent theme of international development cooperation has been the emphasis on cooperation and solidarity with developing countries a reflection of Brazil's recent experience as a recipient of assistance, some observers suggest that the country's policies are also consistent with its own economic self-interest. It might be also true that the Brazilian actions towards SSC are intended to assure Brazil's hegemony within sub-systems of South America and the Community of Portuguese Speaking Countries. For instance, the head of the Division of International Affairs from the Brazilian Ministry of Planning, Budget and Management (MPOG sees Brazilian growing engagement in international development cooperation as a result of the expansion of Brazilian capitalism, which demands a more proactive attitude towards real or potential economic partners.³⁵

Though there are no written materials, the Brazilian government might have different standard regarding "objectives of cooperation" according to economic development levels of recipient countries. In the case of Low Income Countries such as Africa, Brazil might easily adopt the principle of "non-profit" purpose cooperation. On the other hand, if a recipient country is a middle income country, Brazil might consider

³⁴ Both state and municipalities are autonomous body and do not subordinate to national government.

³⁵ Iara Costa Leite, University of Brasília, "Brazilian Engagement in International Development Cooperation: Thinking Ahead" (<http://www.southsouth.info/profiles/blogs/brazilian-engagement-in>)

risks of providing technical cooperation at free of charge.

Political and economic expansion could be such objectives Brazil provides international development cooperation. There is a view that Brazil wants to have support to its candidacy to a permanent position on the UN Security Council. It is also pointed that Brazil wants to expand the trade and presence in the international markets or efforts to disseminate its domestic technology in the worldwide production of biofuels, in addition to the sale of resources and equipment produced by Brazilian companies, appear to be important underlying explanations for the SSC.³⁶

(6) INCENTIVES FOR BRAZIL TO PARTICIPATE IN TRIANGULAR COOPERATION

Based upon the field experiences of triangular cooperation Brazil was engaged in, one interesting implication is extracted. Some Brazilian experts strongly suggested that triangular cooperation should not be formulated in a way that simply extending / replicating the existing bilateral cooperation experiences to other developing countries. Rather, triangular cooperation should start by the three countries from the beginning and utilize respective experiences as much as possible in order to generate more impacts and for each stakeholder to fully recognizes the value and incentives of participating in the triangular cooperation, and responsibility of participating in the cooperation.

It is common for emerging provider countries like Brazil to consider merits associated with cooperating with traditional donors such as Japan when it conducts SSC the final scheme will be triangular cooperation. Acquiring experiences will be one of such merits. Between Brazil and Japan, an agreement for implementing triangular cooperation was made called Japan Brazil Partnership Program (JBPP). Under the agreement, ProSavana JBM project started as a triangular cooperation among Japan, Brazil and Mozambique. During the process of the project implementation, ABC is expected to learn about project cycle management and EMBRAPA, which is an executing agency responsible for providing technical cooperation to Mozambique, would have opportunities to try their experiences and know-how obtained from cerrado project conducted more than 30 years between Japan and Brazil in Mozambique. Mozambique is expected to increase productivities of target crops and would contribute to provide indigenous knowledge accumulated by Mozambique farmers over many years, which will be respected by experts from EMBRAPA. Japan is expected to implement ProSavana project more effectively by collaborating with Brazilian human resources who speak same language as Mozambique" people do and have rich research and experimental experiences in similar agro-ecological zones of the project site. As basic ideas of Brazilian technical cooperation is exchanging know-how, EMBRAPA has an intention to use what are available in project sites, try not to replace existing adopted technology completely and work step-by step, avoid exposing African farmers to a drastic change.³⁷

³⁶[Bruno AyllónPino, 2010].

³⁷[Cecilia Pires, September/October 2011], p. 57.

For Brazil, trilateral cooperation has become an important funding source for its international development cooperation under the condition that the amount of aid Brazil receives has decreased. Due to the limited financial resources, Brazil has undertaken the most SSC with financial support from traditional donor countries. In this way, triangular cooperation has complemented Brazilian international development cooperation financially as well.

It is also necessary to take into account of diplomatic perspectives of participating countries. While Brazil lost its traditional export markets such as US, EU and Argentina, it is now trying to expand/explore new markets. Asian region is considered to be promising candidate places in this regard.³⁸ With the coming to power of President Lula in 2003, the Brazilian government heavily restructured its foreign aid to give priority to South-South Cooperation (SSC). Brazil will also use international development cooperation to strengthen its relations with developing countries, thereby increasing its prestige and influence and contributing to the construction of a South-South coalition. It is also worth mentioning that cooperation with Africa seeks to settle the historical debt with the continent deriving from slavery.

(7) REASONS WHY BRAZIL HAS OBTAINED GOOD REPUTATION AMONG DEVELOPING COUNTRIES

Demands of SSC by recipient and donor countries to ABC are rapidly increasing. According to ABC, the increase of demands is attributed to "Brazil's good reputation".³⁹ The good reputation derives from: 1 demand driven principle never pushed by the Brazil side, 2 no commercial connection, and 3 respects for sovereignty of recipient countries. According to an ABC official, linking commercial interest to technical cooperation may yield return in the short term, however it will not yield a good return in the long term, or it will affect negatively.

Brazil utilizes its experiences as a "recipient" country effectively when it works with South countries now. According to Marco Farani, director of the Brazilian Agency for Cooperation (ABC in the Foreign Ministry, "as a multicultural and multi-ethnic country, it is easier for Brazil to engage in dialogue with everyone," while it also has the advantage of not having a "colonialist or imperialist past," which means other countries "do not feel oppressed" by the Brazilian presence.⁴⁰ From the practical points of views, there exist several factors in Brazil that are considered to have attracted South countries.⁴¹ First, Brazilian international development cooperation brings no strings attached and therefore, requires less workload associated with receiving the cooperation for South countries compared with those required by traditional donors. There is an observation that Brazilian cooperation may become a model for other emerging provider countries, to the extent that it is less bound by undeclared material interests and promotes the appropriation and alignment

³⁸[Wilson Cano, August 2010], p.19.

³⁹Based on an interview with ABC by Mr. Nakazawa of JICA Indonesia office.

⁴⁰[Mario Osava, 2011](<http://ipsnews.net/news.asp?idnews=54297>).

⁴¹Referred to comments made by Michelle Morais de Sa e Silva, Coordinator-General for international cooperation of Presidency of the Federal Republic of Brazil, Secretariat of Human Rights.

with the national priorities of developing countries.⁴² Second, Brazilian technical cooperation is not directly linked to economic interests, as in the case of other emerging provider countries such as China. An analysis states that “qualitatively, Brazilian cooperation is much more participatory and inclusive than China’s or India’s, both in terms of the number of domestic and international institutions involved and of the type of aid involved, which exceeds the strictly bilateral to innovate in triangular, multilateral, regional and interregional forms of cooperation.⁴³ Third, Brazil might be considered as an alternative model to develop under the uncertainties of the world economy. In particular, its “social technologies”, which has managed not to be swamped by the world economic crisis while implementing various social policies to reduce poverty and promote inclusion, have been the object of various South-South cooperation projects. One of such “social technologies” development cooperation is elaborated in Mothers’ Milk Banks projects that are created to collect the excess milk of screened donor mothers and to distribute it to hospitals treating new-born babies that are underweight or suffering from health problems. The Mothers’ Milk Banks are helping reduce infant mortality in Guatemala and are starting to be set up in Africa as well form part of the numerous social technologies developed by Brazil. Brazil, which has the broadest breast milk bank network in the world, has expanded this low-cost technology throughout Latin America.⁴⁴

(8) OPERATION AND MANAGEMENT OF ABC AND THE COORDINATION

ABC’s reliance on UNDP in terms of implementation would make ABC vulnerable in the future. Unlike JICA, which encompasses both administrative and technical function within a same organization, ABC is specialized in diplomatic and administrative function and utilizes human resources of other organizations to second to developing countries. This implies that ABC could not be sustainable if organizations providing such technology and expertise become reluctant to send their experts abroad.

In addition, ABC’s activities are strongly influenced by politics. During the field study, many people are concerned about future direction of ABC after the present active director retired and new director comes. It is therefore necessary for ABC to have a legal framework which prevents ABC from being vulnerable regardless of director’s appointment.

Furthermore, the inadequate coordination mechanism among related organizations including line ministries, executing agencies and universities would prevent Brazil from implementing international development cooperation effectively. Technical cooperation is coordinated by ABC with the policy guidance by MOFA. Other types of cooperation such as economic cooperation, education cooperation or Science & Technology Cooperation are coordinated loosely among related ministries and organizations. The lack of coordination tends to loose opportunities for Brazil to attend the donor conferences that coordinate international cooperation in countries that are highly dependent upon aid.

⁴²[Bruno AyllónPino. 2010].

⁴³[Bruno AyllónPino, 2010]

⁴⁴[Mario Osava, 2011].

II. A Case of Japan

1. A BRIEF HISTORY OF JAPAN'S ODA⁴⁵

After the defeat of the World War II WW II, Japan was a recipient of foreign assistance, which guided the recovery of the devastated Japanese economy. Japan was provided various aid from foreign countries. Humanitarian aid was provided from private sectors such as LARA⁴⁶ and CARE for granting food and medical goods, and USA's GARIOA⁴⁷ for food and EROA⁴⁸ for raw material to private firms. The Japanese government started to borrow from World Bank after joining in the bank in 1952 for reconstructing the country. The borrowed fund was used for iron & steel, ship building & engineering, metal industries and motor companies in the 1950s and for construction of highways and railways in the 1960s.⁴⁹ Both public and quasi-public organizations, and private firms engaged in key industries were borrowers.

During the period when Japan paid reparations and received various aid from foreign countries, political leaders and related ministries struggled for formulating visions for recovering Japan and proposed such views as Japan's external economic cooperation providing aid in combination with "receiving aid from international society". Such views were widely shared by politicians and related ministries regardless of their political stance, different interests of the ministries and background and experiences of individual political leaders and policy formulators.⁵⁰

Japan started government-based technical cooperation in 1954, when it joined the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific, and government-based financial cooperation in 1954 when it signed the Japan-Burma Peace Treaty and Agreement on Reparations and Economic Cooperation⁵¹

Japan's ODA after 1954

Financial cooperation loan aid started as providing reparations and economic cooperation. In addition, grant aid etc. known as "quasi-reparations" has been provided to Cambodia, Laos, Thailand, Malaysia, Singapore, Korea, and Micronesia, which was not regarded as reparations in the strict sense.

Following reparation, the government started to utilize ODA for development of Japan and export

⁴⁵ For more detailed information, please refer to Appendix, "A History of Japan's ODA".

⁴⁶ Licensed Agencies for Relief in Asia.

⁴⁷ Government Appropriation for Relief in Occupied Area.

⁴⁸ Economic Rehabilitation in Occupied Areas.

⁴⁹ Regarding World Bank loan projects please see World Bank web

site:<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/JAPANEXTN/0,,contentMDK:20647268~menuPK:1685430~pagePK:1497618~piPK:217854~theSitePK:273812~isCURL:Y,00.html>.

⁵⁰ [Yasutami Shimomura, 2010].

⁵¹ "50 Years" of Japan's ODA (MOFA (<http://www.mofa.go.jp/policy/odacooperation/anniv50/pamphlet/progress1.html>))

promotion of Japanese products and securing imports of important raw materials in the 1950s and 1960s. This stance was also reflected in the tied aid rate, which was almost 100% until the end of the 1960s⁵² Loan aid has consisted major part of Japan's ODA for a long time. Until 1980, more than 50% of Japan's ODA was provided through loan aid. The rate of tied aid has decreased in response to the strong criticism against loan aid tied to Japanese firms from both domestic as well as international societies, and reached to 100% of untied loan aid in 1996.⁵³ Japan has traditionally provided ODA mainly to East and Southeast Asian countries for the purpose of developing economic infrastructure, which resulted in the high share of loan aid in Japan's ODA.

As a recipient country, Japan accumulated knowledge and experiences of jointly implementing projects with foreign experts by exchanging professional views based on deep discussion and consultation in various fields. The experience of joint implementation of projects respecting for respective knowledge, experiences and expertise became an important lesson for Japan to provide ODA to other developing countries afterwards. Such lesson was reflected in Japan's technical cooperation started in forms of receiving trainees and seconding experts. Engineering, architected and scientific experts have long provided technology and expertise and most Japan's ODA projects were mutually managed by recipients and Japanese experts.

Japan increased types of grant aid and technical cooperation as recipient countries diversified in order to respond to their needs of Low Income Countries which could not afford to repay debts. Japan's ODA gradually increased cooperation in the areas of social and human development. For instance, as the relationships between Japan and ASEAN countries matured five initiatives were proposed in 2002 for the purpose of achieving further prosperity, peace, understanding and trust among countries. These initiatives stressed the importance of "institutional development and capacity development", "intellectual exchange", "strengthening economic partnerships", and "development initiatives".⁵⁴

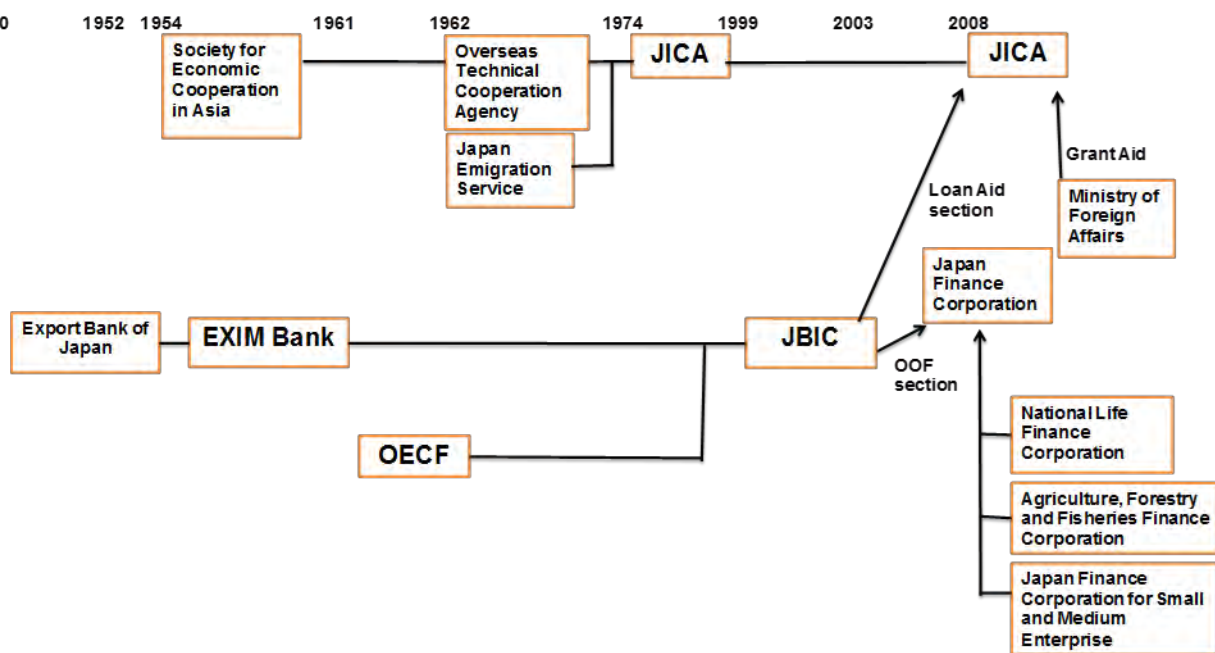
Figure JP-1 shows institutional changes of main implementing agencies engaged in technical and financial cooperation: namely, EXIM Bank, JICA and OECF. EXIM Bank was established in 1950 as a governmental banking institution that gave commercial loans called as "Other Official Flows (OOF whose grant element (GE) was less than 25% to Japanese firms and foreign governments. Overseas Economic Cooperation Fund (OECF) was formed after the Asian Development Fund in EXIM in 1961. OECF shared responsibilities and was in partnership with EXIM Bank in the early stages of the organization's development. Since 1975, OECF had been distributing almost all Japanese bilateral concessional loan aid to developing countries whose grant element exceeded 25%. Japan International Cooperation Agency (JICA) was established as technical cooperation agency in 1974 by merging existing technical

⁵²50 Years" of Japan's ODA (MOFA (<http://www.mofa.go.jp/policy/odacooperation/anniv50/pamphlet/progress1.html>)

⁵³[Toshiro Watanabe T & A. Miura, 2003]

⁵⁴[Toshiro Watanabe T & A. Miura, 2003], pp.137 to 138.

cooperation providing agencies established by some line ministries. EXIM Bank and OCEF were remerged as Japan Bank for International cooperation (JBIC in 1999. In 2008 former EXIM bank function of JBIC was merged with three public organizations and formed Japan Finance Corporation under the jurisdiction of MOF in October 2008. The former OECF function of JBIC responsible for concessional loan aid was merged with JICA in October 2008. Grant aid governed by MOFA was transferred to JICA as well.



Source: Author made based on MOFA, “50 years of Japan’s ODA
<http://www.mofa.go.jp/policy/odacooperation/anniv50/pamphlet/progress1.html>

Figure JP- 1Institutional Change of Implementing Agencies

2. OBJECTIVES AND PRINCIPLES OF JAPAN’S ODA

Japan has provided ODA to 189 countries and regions in order to contribute to social and economic development. The followings are philosophies, objectives, policies and principles of Japan’s ODA stated in the ODA Charter formulated in 1992 and revised in 2003.

Philosophies

Philosophies behind the ODA Charter first formulated in 1992 are: i ODA is conducted based on international responsibility and humanitarian standpoints; ii ODA is Japan's single most important tool for contributing to further development of peace and stability in the international community and iii for benefit of the country's continued economic development, it is critically important for Japan, a small country that lacks natural resources, to maintain friendly ties with developing countries that have interdependent relationships with Japan.⁵⁵

⁵⁵<http://www.mofa.go.jp/policy/oda/cooperation/anniv50/pamphlet/progress1.html>.

Objectives

There has been shift in objectives of ODA in Japan. During the initial period after the World War II, objective of Japan's ODA was to pay reparations. Later, the objective gradually put more emphasis on expanding export markets for Japan and securing imports of important raw materials as well in the 1950s and 1960s. As Japan's ODA started to be provided to various recipient countries, required cooperation and areas diversified. Present objectives of Japan's ODA are to contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and prosperity.

The ODA Charter clearly states that Japan, as one of the world's leading nations, is determined to make best use of ODA to take the initiative in addressing issues like the gap between the rich and the poor; ethnic and religious conflicts, armed conflicts, terrorism, suppression of freedom, human rights, and democracy; environmental problems, infectious diseases and gender issues. Such efforts will in turn benefit Japan itself in a number of ways, including by promoting friendly relations and people-to-people exchanges with other countries, and by strengthening Japan's standing in the international arena.

Policies and Principles

In order to achieve the objectives, ODA will be carried out even more strategically in accordance with the following basic policies.

- Supporting Self-help Efforts (*jijodoryoku*.of Developing Countries
- Perspective of "Human Security"
- Assurance of Fairness
- Utilization of Japan's Experience and Expertise

In particular, the Japanese government has stressed an importance of "support for self-help" (*jijodoryoku* which is considered to be encouraged by providing loan aid rather than grant aid based on its experiences as a "recipient country". This famous notion of „support for self-help“ is not a philosophical premise already established in the beginning of ODA, but an empirical lesson on the basis of the past „successful“ experience of Japan which reconstructed the country after the WW II utilizing loans from World Bank.⁵⁶ Loan aid is considered to avoid moral hazard because recipient countries should repay the debt by making the most or best use of the borrowed money whose lending conditions were far relaxed compared with those of commercial loans, while grant aid will not give such opportunities as it is given for free.

Principle of ODA Implementation ODA Charter

Japan's ODA has been provided in accordance with the principles of the United Nations especially sovereign equality and non-intervention in domestic matters and following points.

⁵⁶[Takahashi Motoki and Owa Masumi, 2010].

- Environmental conservation and development should be pursued in tandem.
- Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
- Full attention should be paid to trends in recipient countries' military expenditures, their development and production of weapons of mass destruction and missiles, their export and import of arms, etc.,
- Full attention should be paid to efforts for promoting democratization and the introduction of a market-oriented economy, and the situation regarding the protection of basic human rights and freedoms in the recipient country.

3. STRATEGIC ENVIRONMENT

Japan's ODA has started as reparations to Asian countries in 1954. In addition, Japan needed to recover from the defeat of the WW II and to develop own country from the ruined land. Under such a condition, Japan's ODA has strategically put emphasis on Asian countries and the ODA was mainly provided in the form of financial assistance in terms of volumes.

After the 1980s when Japan completed reparation repayment and increased ODA volumes to be ranked as a top donor while most donors had been affected by "aid fatigue", it was expected to contribute to world development issues including environment and world peace. In line with the diversified objectives of ODA provision, Japan will prioritize its assistance for other regions on the basis of the objectives, basic policies, and priority issues set out in the Charter, such as Africa which has a large number of least developed countries, and is affected by conflicts and serious development issues, the Middle East which is an important region for energy supply and for the peace and stability of the international community, Latin America which is relatively well developed, but also island nations with fragile economies and Oceania where there are numerous vulnerable island nations.

4. LEGAL FRAMEWORK⁵⁷

Having been implemented by administration bureaucrat initiative since the inception, Japan's ODA has not been discussed adequately at the National Diet for a long time. It was the latter half of the 1980s when Diet members started discussing ODA at the National Diet taking into account of the transparency and effectiveness. Drafts of ODA act have been submitted to the Diet several times and declined⁵⁸ based on the idea that such act would weaken diplomatic function hence prevent the government from implementing ODA smoothly. It could be said that a system was designed to separate politics embodied in Diet from ODA to a certain extent.⁵⁹ As a result, there has been no specific law on ODA in Japan till

⁵⁷Quoted from White Paper 2010.

⁵⁸ House members submitted a basic law on official development assistance which were declined respectively since 1975 for six times. The countries which have the law on official development assistance in main donor countries are quite limited, such as the United States, Italy and Austria.

⁵⁹[Kojima Masahiko, 2007].

today. Instead, “Japan’s Official Development Assistance (ODA Charter” was approved by the Cabinet in 1992 and revised by the Cabinet in 2003 and has been the foundation of Japan’s aid policy. Laws for ODA implementing organizations exist respectively such as the Law for the Japan International Cooperation Agency Law.

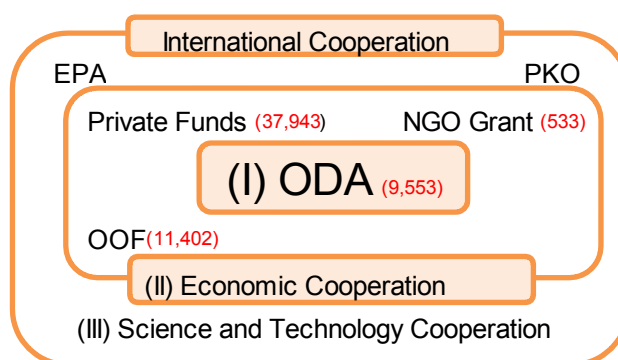
5. MEDIUM TO LONG TERM POLICY AND STRATEGY

The ODA Charter states long term policy of ODA as described above. The ODA charter is elaborated into medium term policy called the Medium-Term Policy on ODA with a five-year term frame, which sets government’s basic approaches and identifies priority issues, sectors and regions. The Medium-Term Policy on ODA shows more strategic implementation methods for issues written in the ODA Charter which are considered to be necessary to show Japan’s thoughts, approaches and concrete attempts to domestic as well as foreign people. For example, positioning "human security", one of the basic policies of the ODA Charter, as an issue to be reflected in the whole ODA Charter, the Medium-Term Policy showed assistance approaches to achieve the objective and raised important tasks to be tackled with such as poverty reduction, sustainable development, global environment and peace building. Furthermore, in order to achieve effective implementation of ODA, it stressed the strengthening of field function.⁶⁰ Under these comprehensive policies, Country Assistance Programs and Sector-Specific Initiatives are prepared to serve as guidelines for the formulation of specific projects.

6. TYPES AND MODALITIES OF JAPAN’S ODA

(1) CONCEPT OF JAPAN’S ODA

Figure JP-2 shows Japan’s development cooperation concept. Figures in parenthesis are available data obtained from the White Paper 2010 (MOFA. In Japan, ODA is included in economic cooperation in line with Other Official Flows (OOF whose grant element (GE is less than 25 %, and non-public sectors. The amount of private sectors’ financial flows and those of Other Official Flows OOF far exceeded those of ODA. In addition to economic cooperation, science and technology cooperation has played significant roles in Japan’s ODA as well.



⁶⁰House of Councilors (Sangiin, “About Japan’s ODA” (Japanese: http://www.sangiin.go.jp/japanese/kokusai_kankei/oda_chousa/h17/pdf/1-1.pdf)

Note: EPA: Economic Partnership Agreement, PKO: Peace Keeping Operations.

Figures in parenthesis million yen are those of 2009 obtained from Chart IV-11 Flows from Japan to Developing Countries on p.149 of White Paper 2010. They are net disbursement basis, units: US\$ million 2009

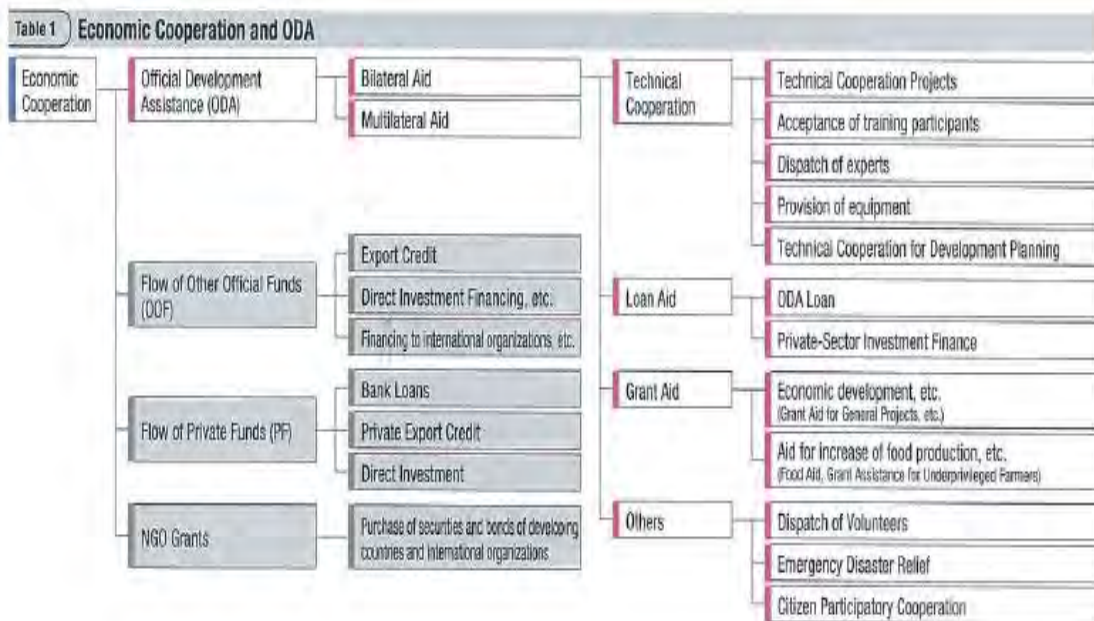
Source: Author modified Chart II-1 of [Ministry of Foreign Affairs, 2010] p.20

Figure JP- 2Development Cooperation Concepts

(2) MODALITIES OF ODA

Regarding “ODA”, there are three modalities: grant aid; technical cooperation and loan aid.

Figure JP-3 shows breakdown of ODA and other economic cooperation.

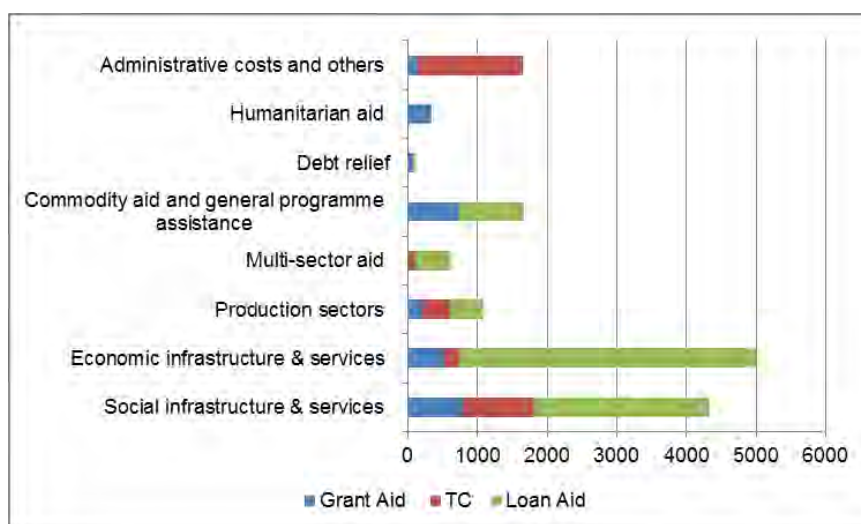


Source: JICA

Figure JP- 3 ODA and Economic Cooperation

Figure JP-4 shows bilateral ODA by sector distribution. Loan aid is mainly utilized in projects providing “economic infrastructure and services” such as Transport and storage, Communications, Energy, Banking and financial services and Business and other services, “social infrastructure and services”, and “commodity aid and general programme assistance”. Technical cooperation is provided in social infrastructure and services such as education, health, Population policies and reproductive health, Water and sewage and Government and civil society and “administrative costs”. Grant aid is provided in social infrastructure and services, “commodity aid and general programme assistance”, “economic infrastructure and services” and “humanitarian aid”.

Unit: US\$ million



Note: Figures includes Eastern Europe and graduated countries, commitment basis,
Source: [Ministry of Foreign Affairs, 2010], p.161 Chart IV-18 Bilateral ODA by Sector Distribution

Figure JP- 4 Bilateral ODA by Sector Distribution

Table JP-1 shows top ten recipient countries of Japan’s bilateral aid according to types of cooperation. Grant aid is provided to lower income countries whereas loans are mainly provided to middle income countries as they require repayment.

	Grant Aid	TC	Loans	Bilateral Total	US\$ million
1	Afghanistan	China	Viet Nam	Viet Nam	1,191.36
2	Sudan	Indonesia	India	India	517.01
3	Pakistan	Viet Nam	Turkey	Turkey	210.75
4	Ethiopia	Republic of Korea (ROK *)	Armenia	Afghanistan	170.54
5	[Palestinian Authority]	Philippines	Morocco	China	141.96
6	Kenya	Thailand	Malaysia	Pakistan	131.43
7	Cambodia	Cambodia	Ukraine	Cambodia	127.49
8	Democratic Republic of the Congo	Bangladesh	Costa Rica	Tanzania	120.46
9	Burundi	Laos	Tanzania	Sudan	111.03
10	Mozambique	Afghanistan	Romania *	Armenia	98.70

Note: Figures includes the amount of debt cancellation and reduction. Net disbursement basis.

“Developing countries total” includes assistance to Eastern Europe and graduated countries.

*2 Due to rounding, the total figure may not match the sum of each number.

*3 the amount of “Loan aid” on the above list is the gross loan disbursement during the 2009 calendar year minus the total amount of recoveries, debt cancellation and debt reduction.

*4 the amount of debt cancellation and debt reduction is added to “Grant aid.”

Source: [Ministry of Foreign Affairs, 2010].

Table JP- 1 Top 30 Recipients of Japan’s Bilateral ODA by Type in 2009

Grant aid

Grant Aid is financial cooperation implemented by the Japanese government with no obligation for repayment by the developing country concerned. Table JP-2 explains about types of grant aid,.

Scheme Name	Summary
Grant Aid for General Projects	Support for projects implemented for basic human needs, education, etc. including the construction of hospitals, schools and roads, or the procurement of materials and equipment for public transport vehicles, etc.
Grant Aid for Community Empowerment	Support for comprehensive skills development in communities faced with threats to human life or safe living
Non-Project Grant Aid Grant Aid for Conflict Prevention and Peace building	Support and others for spreading the necessary economic and social infrastructures in post-conflict countries
Grant Aid for Disaster Prevention and Reconstruction	Disaster prevention assistance and post-disaster reconstruction assistance
Programme Grant Aid for Environment and Climate Change	Support for adoption of policies and planning related to global warming countermeasures, etc., and for related projects
Grant Aid for Poverty Reduction Strategies	Public financing support for developing countries implementing poverty reduction strategies
Grant Aid for Human Resource Development Scholarship	Support for training young administrative officials in developing countries
Grant Aid for Fisheries	Support for projects promoting the fisheries industry in developing countries
Cultural Grant Assistance	Support for equipment procurement and facilities development needed for promotion of culture, etc.
Grant Aid for Underprivileged Farmers	Support for purchase of agricultural equipment and fertilizers, etc., to support self-help efforts toward food self-sufficiency
Grant Aid for Cooperation on Counter-Terrorism and Security Enhancement	Support for strengthening piracy countermeasures and other public security policies

Source: JICA hope page. <http://www.jica.go.jp/english/operations/schemes/index.html>

Table JP- 2Types of Grant Aid Portion implemented by JICA

Technical cooperation⁶¹

Technical cooperation aims at developing capacities of developing countries. There are various schemes such as acceptance of technical training participants, dispatch of experts, acceptance of training participants, provision of equipment and technical cooperation for development planning. Technical cooperation projects, which optimally combine the "Dispatch of Experts," "Acceptance of Training Participants" and/or "Provision of Equipment" are the core operations of JICA's technical cooperation. Even more reliable project outcomes can be obtained through systematic and comprehensive project operation and implementation from planning to implementation and evaluation. To raise a sense of ownership of developing countries, many technical cooperation projects adopt "participatory" methods, whereby local people in each project's target area participate in planning, operation management and evaluation activities. JICA also collaborates with private enterprises, universities, NGOs and other

⁶¹Quoted from the following JICA web site. <http://www.jica.go.jp/english/operations/schemes/tech/projects/index.html>

organizations to utilize their cumulative experience, knowledge and know-how in projects in order to address more-complex and high-level issues. While supporting developing countries' policymaking and public works plans, JICA transfers technologies, including survey/analysis methods and planning methods to counterparts in the partner country. The following four features are the main contents of cooperation: Master plans (M/P and policy support studies; emergency support studies; feasibility studies (F/S for projects which will be realized by the developing country governments or other donor and other studies topographic mapping, groundwater surveys, etc..

Loans and Other Aid⁶²

Loan aid has consisted major part of Japan's ODA for a long time. Until 1980, more than 50% of Japan's ODA was provided in the form of loan aid, though the share has been gradually decreased over the last 30 years. It was not avoidable for Japan, where private firms lost their international competitiveness after the WW II, to have utilized loan aid for export promotion in the latter half of the 1950 and National interest of assuring Japanese private firms' interests existed at that time.⁶³ Later, the rate of tied aid has decreased rapidly in response to the strong criticism against loan aid tied to Japanese firms from both domestic as well as international societies, and achieved 100 % of untied loan aid in 1996.⁶⁴

Ministry of Finance provided yen loans and overseas investment. Loans are provided at a low interest rate along with relaxed terms and conditions, such as a very long repayment period. MOF has preferred loan aid than grant aid as i MOF does not have control over grant aid that is under MOFA, ii loan aid is less costly schemes for Japan's national budget in the long run as it will be repaid in the future and iii loan aid is under MOF's jurisdiction and iv loan aid would encourage self-help efforts of recipient countries by avoiding moral hazard of non -repayment.

Ministry of Agriculture, Forestry and Fisheries provided loans of 10,801 million yen in 2010. In order to achieve the smooth promotion of overseas fishery cooperation and contribute to the stable development of Japan's fisheries by securing fishing grounds, loans are offered through the Overseas Fishery Cooperation Foundation of Japan (OFCF to Japanese companies that implement overseas fishery cooperation. OFCF also offers investment and loans to local corporations in the partner country conducting overseas fishery cooperation jointly with the Japanese government or companies. Ministry of Foreign Affairs provided Development investment and loan of 30 million yen in 2010. Loans or investments on relaxed terms and conditions through JICA designed to support Japanese private companies conducting operations to develop the agriculture, forestry, mining and manufacturing industries and the local communities of developing countries have been offered.

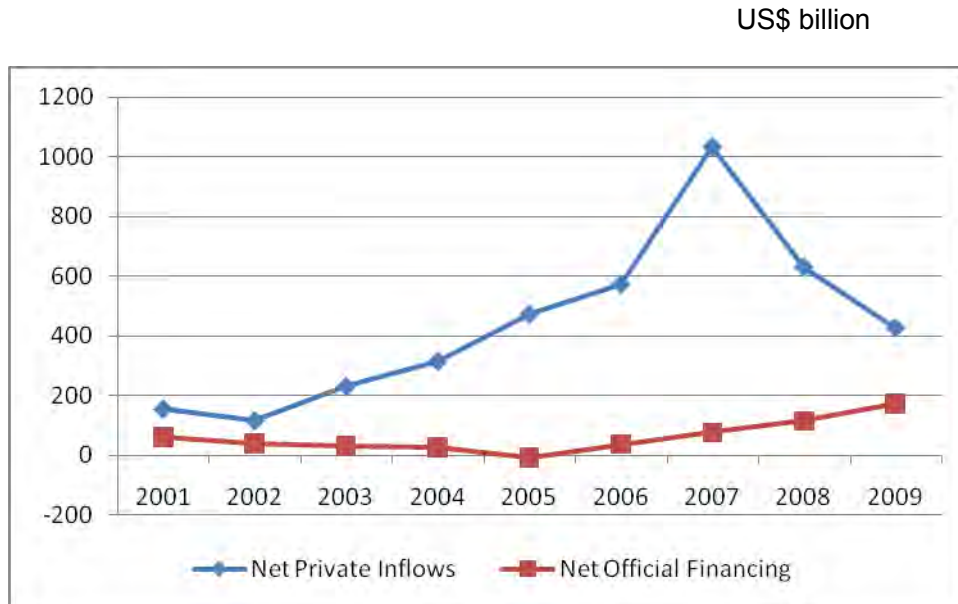
⁶²Quoted from MOFA's White Paper 2010, p.148.

⁶³[Toshio Watanabe, 2003].

⁶⁴[Toshio Watanabe, 2003].

Official Development Finance ODF

Other Official Flows (OOF, whose grant elements are less than 25% are significantly higher than ODA as Figure JP-5 showed. Globally, net private inflows far exceeded that of official financing as Figure 5 shows.



Note: Official financing includes official grants estimated by World Bank staff and official creditors' net debt flows.
Sources: World Bank Debtor Reporting System and OECD.

Figure JP- 5Net Capital Inflows to Developing Countries

Science / Technology and Education

Though MOFA does not include "S&T" in "ODA" account, several projects are conducted by ODA implementing agency, JICA.

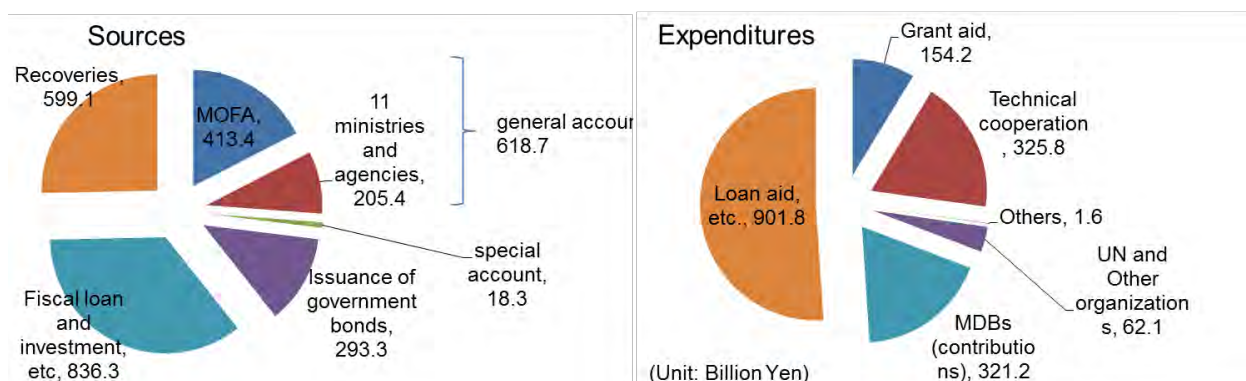
- **Science and Technology Research Partnership for Sustainable Development (SATREPS)**
Japan Science and Technology Agency (JST and JICA: to promote international joint research targeting global issues. Focus research areas: environment/energy including low-carbon energy, bio resources, natural disaster prevention, and infectious disease control.
- **Dispatch of Science and Technology Researchers:** MOFA, Ministry of Education, Culture, Sports, Science & Technology, JICA and Japan Society for the Promotion of Science (JSPS: seconding Japanese researchers to developing countries as JICA experts to initiate joint research that addresses global issues.
- Line ministries such as Min. of Agriculture, Forestry and Fisheries, have conducted S & T cooperation.
- There are several private organizations such as Toyoda Foundation, Nippon Foundation and Japan Foundation in the private sector that have conducted S & T cooperation.

Scholarships ⁶⁵

Majority of budget 31,148 million yen was utilized for “Promotion of acceptance of international students” scholarships by the Ministry of Education, Culture, Sports, Science and Technology. According to the “Plan to Accept 100,000 Foreign Students” formulated in 1983, the number of international students studying in Japan increased annually, from 10,000 in 1983 to approximately 110,000 in 2003. In May 2009, the number rose to approximately 133,000. Now, Japan is further promoting the acceptance of international students by establishing the “Plan for 300,000 International Students,” an initiative to accept 300,000 international students per year by 2020. Total 1,956 million yen was provided to cooperating with developing countries through projects to accept researchers and others in various fields, such as Japanese language education for foreigners, education, culture, and sports, from developing countries, and second experts directly from Japan as well as through international organizations to developing countries

(3) SOURCES AND EXPENDITURES OF ODA BUDGET

In Japan, there are two major funding sources for ODA budget: “general account” budget and “borrowing from the Fiscal Investment and Loan Program (FILP)” as Figure JP-6 shows.



Source: [Ministry of Foreign Affairs, 2010], Chart IV-7, p.139

Figure JP- 6FY2010 project budgetary sources

General account budget is derived from collected taxes and is not required any repayment. Borrowing from the Fiscal Investment and Loan Program (FILP consisting of postal savings, employee and national pension reserves, public funds deposited with the backing of the credit and institutions of the government, and requires repayment. Technical cooperation and grant aid have utilized the general account budget whereas loan aid has been financed through i general account budget and self-financing and ii borrowing from the FILP. Regarding the ODA expenditure for 2010, loan aid etc. accounts for 51.0% followed by technical cooperation 18.4%, contributions to multilateral development banks 18.2% and grant aid 8.7%.

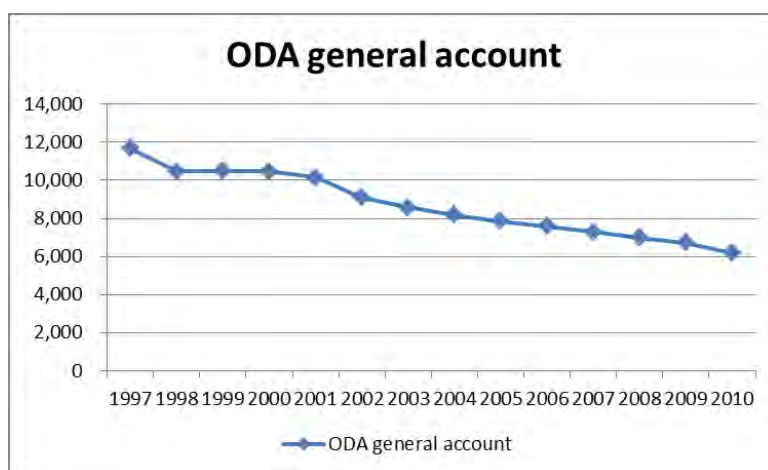
Japan kept being a top donor from 1989 to 2000 except for 1990, but dropped to second following USA

⁶⁵ Quoted from [Ministry of Foreign Affairs, 2010], p.143.

from 2001 to 2005, and gradually has decreased the amount of ODA afterwards. Figure JP-7 shows the decreasing trends in Japan's ODA general account budget. In 2010, the total ODA budget was 618.7 billion Yen which was 0.007% of total national budget of 92,299.2 billion Yen. Out of 618.7 billion Yen, grants account for 83% 514.3 billion Yen and the rest went to loans 104.4 billion Yen. Regarding the grants, bilateral grants accounted for 68.9 % 425.4 billion Yen and the rest 88.9 billion Yen was contributed to multilateral institutions such as UN and multilateral development banks.⁶⁶

While the general account budget allocated for ODA shows declining trends, the financing to ODA activities utilizing supplementary budget earmarked contributions for specific projects or multilateral funds including Special account, Issuance of government bonds, Fiscal loan and investment, etc. increased by 8.5 % from 1.0764 trillion yen in 2009 to 1.1676 trillion yen in 2010.⁶⁷

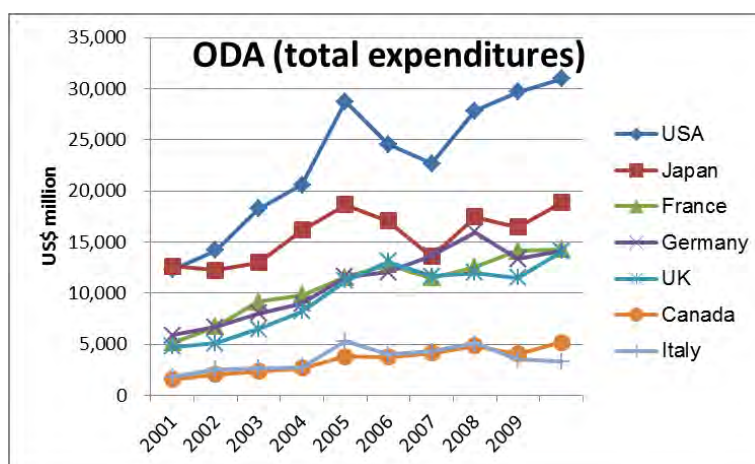
Unit: Y 100million



Source: [Ministry of Foreign Affairs, 2010].

Figure JP- 7 Trends in Japan's ODA Budget

Figure JP- 8 shows total expenditures of Japan's ODA.



⁶⁶ Figures were obtained from White Paper 2010 by MOFA.

⁶⁷White Paper 2010, p.139.

Source: OECD DAC

Figure JP- 8 Total expenditure of ODA

7. IMPLEMENTATION MECHANISM

With the establishment of the new JICA in October 2008 in the framework of the public corporations reform, ODA implementation system is streamlined and JICA became an aid implementing organization which ensures the integrated implementation of the three types of aid schemes grant aid, technical cooperation and loan aid comprehensively. By that time, Japan's ODA has been implemented complexly by various ministries and agencies according to types of cooperation schemes.

(1) REFORM OF ADMINISTRATIVE STRUCTURE OF ODA IMPLEMENTATION

Three related ministries have played important roles in implementing ODA: Ministry of Foreign Affairs MOFA; Ministry of Finance MOF and Ministry of Economic and Trade Industry METI formally known as Ministry of Trade and Industry. MOFA has always played a central role in Japan's ODA policy in terms of taking responsibility of grant aid and participating in decision making on loan aid. MOFA has been also in charge of coordinating ODA activities between the ministries that have their own budgets for economic assistance. MOF has controlled the budget and maintained a considerable influence over Japan's ODA policy by controlling the final steps of the creation of the foreign aid budget. METI had a dominating influence over aid administration in the 1960s and in the early 1970s, when Japan's ODA was purposely designed to promote Japan's external trade and investment, but the influence gradually declined over the years as the focus of Japan's aid broadened from economic concerns to include political and strategic factors.

Japan's ODA used to be implemented by various ministries and agencies according to types of cooperation schemes and ODA budget was closely linked with such schemes. Until 2001, there existed at most 19 ministries and agencies which were in charge of technical cooperation and had respective budgets. JICA, which was under the jurisdiction of MOFA and an implementing agency of technical cooperation, had an organizational structure based on different cooperation schemes whose budgets were directly provided by related ministries. Respective ministries seconded civil servants to JICA and Economic Cooperation division of Embassies abroad. Coordination between different ministries and JICA was not adequately done and duplications of projects were sometimes observed. Other types of cooperation such as grant aid and loan aid were provided by MOFA, former JBIC and Ministry of Finance.

While various ministries and agencies were in charge of technical cooperation, it was weak to coordinate and unite different policies and requests submitted by these organizations.⁶⁸ Under such a situation, it was quite difficult for the Japanese government to formulate comprehensive international development cooperation policies and allocate budgets based upon the policies. Furthermore, such fragmented

⁶⁸ For instance, even White Paper which is written by MOFA now used to be written by Ministry of International Trade and Industry until 1990.

implementing mechanism could not help the government easily respond to changes in international environment observed in the late 1990s such as World Bank and United Nations closely approached together and strengthening grant elements in IDA loans of World Bank.⁶⁹

With the establishment of the new JICA in October 2008, JICA became an aid implementing organization which ensures the integrated implementation of the three types of aid schemes grant aid, technical cooperation and loan aid. Table JP-3 shows the present implementing organizations. JICA is now given more authority to implement both grant aid grant and technical cooperation and loan aid. Grant Aid for General Projects, which was provided by MOFA , is now implemented by JICA. The number of related ministries and agencies implementing technical cooperation is now 12.⁷⁰ Contribution to multilateral institutions is still done by MOFA and MOF.

Types of ODA (cooperation schemes)		Responsible organization	
Bilateral aid	Grant aid	Ministry of Foreign Affairs	JICA
	Technical cooperation	JICA and 19 ministries and agencies	JICA and 12 ministries and agencies
Loan aid		(Former) JBIC	JICA
Contributions to multilateral institutions	UN and UN agencies	Ministry of Foreign Affairs	Ministry of Foreign Affairs
	Multilateral development financial organizations	Ministry of Finance	Ministry of Finance

Source: Author made.

Table JP- 3 Reform of administrative structure

JICA was formed into an independence administrative organization as part of reform of public corporations reform in 2008. Following changes are observed after the transformation into Independence Administrative Institution.

- Government's contribution to JICA's shares decreased.
- Put more emphasis on results rather than execution of budgets.
- Improve transparency and accountability of JICA's operation and management so that JICA could obtain support from the public.
- Promotion of civil societies' involvement in ODA.
- Strengthening assistance for peace building diversification of operation.
- Flexibility in budget implementation eg. implementation of projects beyond a fiscal year became

⁶⁹[Izumi Ohno, 2005]

⁷⁰The Cabinet Office; National Police Agency; Financial Service Agency; Ministry of Internal Affairs and Communications; Ministry of Justice; Ministry of Foreign Affairs; Ministry of Finance; Ministry of Education, Culture, Sports, Science and Technology; Ministry of Health, Labour and Welfare; Ministry of Agriculture, Forestry and Fisheries; Ministry of Economy, Trade and Industry; Ministry of Land, Infrastructure, Transport and Tourism; and the Ministry of the Environment.

possible and personnel affairs eg. Senior-Vice Presidents could be selected through public announcement.

Table JP-4 shows allocation of general account budget and project budget⁷¹ for ODA. JICA's budget is provided through MOFA.

Unit: Million Yen

Name of a ministry and an agency	General account budget	Preproject budget
National Police Agency	27	27
Financial Services Agency	119	119
Ministry of Internal Affairs and Communications	773	773
Ministry of Justice	236	236
Ministry of Foreign Affairs	413,378	416,596
Ministry of Finance	132,934	1,248,551
Ministry of Education, Culture, Sports, Science and Technology	33,132	33,132
Ministry of Health, Labor and Welfare	8,599	9,242
Ministry of Agriculture, Forestry and Fisheries	3,956	14,757
Ministry of Economy, Trade and Industry	23,126	39,287
Ministry of Land, Infrastructure, Transport and Tourism	471	471
Ministry of the Environment	1,994	3,505

Source: [Ministry of Foreign Affairs, 2010], p.140.

Table JP- 4ODA Budget for 12 Ministries and Agencies in 2010

(2) ATTEMPTS TO INTEGRATE STRATEGY, POLICY AND IMPLEMENTATION OF ODA

The ODA Charter specifies three sets of reform measures so that ODA can be provided more efficiently and effectively. That is, the system for formulating and implementing aid policy, increasing public participation, and matters essential for effective implementation.

(i) ESTABLISHMENT OF A COUNCIL CHAIRED BY THE PRIME MINISTER

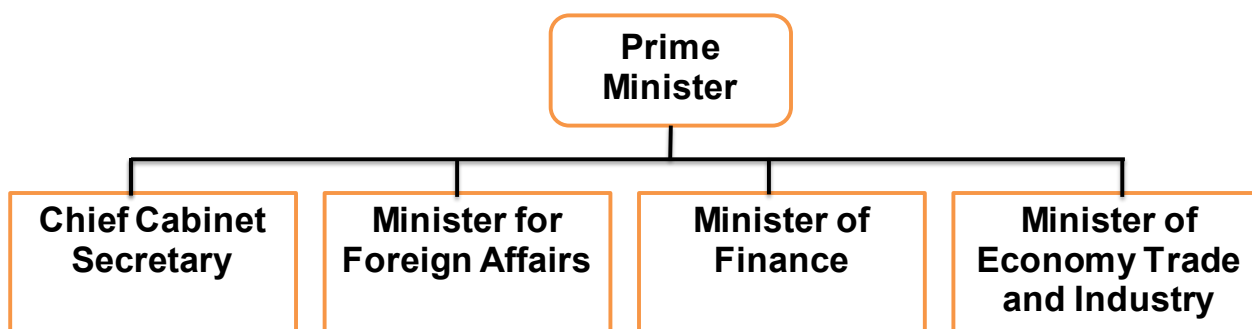
Within the context of the ODA charter, several attempts have been made in order to formulate and implement aid policy, increase public participation and implement ODA effectively. In order to integrate strategy, policy and implementation of ODA and formulate coherent aid policy, **the Overseas Economic Cooperation Council** was established in the Cabinet in April 2006 which was chaired by the Prime Minister and attended by the Chief Cabinet Secretary, the Minister for Foreign Affairs, the Minister of Finance, and the Minister of Economy, Trade and Industry Figure JP-9. The Council has discussed its roles, quantity and quality of ODA, country-specific issues and cross-sectoral principles on overseas economic cooperation so far.⁷²

⁷¹Project budget includes the budgets for projects implemented by independent administrative institutions and agencies in addition to general account budget.

⁷²To date, discussions have been held on such issues as how the Council should function, quantity and quality of ODA, country-specific (Asia, Africa, Afghanistan and Pakistan, Central Asia and Caucasus, and Oceania, etc. and cross-sectoral (assistance for improvement of legal systems, food security, etc. principles on overseas economic cooperation.

In order to ensure that the government as a whole formulates and implements policies in a unified and coherent manner, under the auspices of the Council of Overseas Economic Cooperation-Related Ministers, the Ministry of Foreign Affairs will play the central coordinating role in strengthening broad collaboration between the ODA-related government ministries and agencies, including by means of personnel exchanges and by utilizing the expertise of those related ministries and agencies.

the Overseas Economic Cooperation Council



Source: MOFA home page <http://www.mofa.go.jp/mofaj/gaiko/oda/about/keitai/taisei.html>

Figure JP- 9The Overseas Economic Cooperation Council

(ii) STRENGTHENING POLICY FORMULATION CAPACITY OF MOFA

MOFA’s International Cooperation Bureau was set up in August 2006 in order to plan and draft policies relating to assistance comprehensively, while also playing a central role in coordination with the other related ministries. In July 2009, the Aid Policy Planning Division, which oversaw ODA policy planning and drafting, and the Grant Aid and Technical Cooperation Division and Loan Aid Division, which oversaw aid schemes, were abolished and consolidated and country-based planning divisions were strengthened. In regards to bilateral and multilateral aid, collaborations are now made on a higher level than before, while efforts are underway to strengthen the strategic quality of international cooperation and implement effective aid.

(iii) TRANSFORMATION OF JICA: FROM SCHEME-BASED TO PROGRAM BASED ORGANIZATION

In line with the ODA Charter, JICA has transformed itself from a scheme based implementing agency to a program-based implementing agency. In April 2004, JICA reorganized the structure and budget systems so that projects could be formulated in response to demand of recipient countries and to identify issues based on policy consultations with developing countries: namely, abolished eight departments for specific cooperation schemes project type cooperation and development studies and created five cross-cutting issues departments social development, human development, global environment, rural development and economic department, in line with regional departments. Under this organizational structure, it is facilitated that JICA could formulate projects by incorporating various schemes embodied in various inputs flexibly in order to tackle with development issues within the matrix consisting of cross-cutting and

regional issues.⁷³ Regional departments⁷⁴ are responsible for formulating and screening of projects taking into account of three available schemes grant aid, technical cooperation and loan aid and sectoral departments⁷⁵ implements the projects.

(iv) ENHANCING FUNCTIONS AT THE FIELD LEVEL

In order to enhance policy dialogue conducted with the governments of developing countries, country-based ODA Task Forces ODA-TFs made up of overseas diplomatic missions, local JICA offices and occasionally other donors, NGOs and consultants have been established in many developing countries. ODA TFs drafted Country Assistance Programs and rolling plans taking into account of requests from recipient countries, which is to be finalized by JICA in collaboration with academic circles. It is expected that the programs will look at various projects requested by a recipient government comprehensively and formulate them into a program so that synergy effects between projects are expected when implementing them.

(v) COLLABORATION BETWEEN GOVERNMENT AND IMPLEMENTING AGENCIES

Since several ministries established JICA, each related ministry seconded their officers to JICA, in order to help JICA implement specific technical cooperation such as industrial development MITI and agriculture development MAFF. In addition, while the President of JICA was normally appointed from senior officers of MOFA as the MOFA's jurisdiction over JICA, each divisional head was used to be seconded from the various ministries, often from MITI or MOF.

JICA has received not a small number of civil servants from related line ministries and positioned them in important posts. It is worth utilizing well developed technology each ministry owns for international development cooperation. On the other hand, the receiving personnel from other related ministries sometimes tended to select projects specifically formulated in favor of the related ministries' interests which resulted in the increase of the ministry's budgets. Great influence was observed in the management members of JICA who were all seconded from these ministries in the past. Nowadays the situation has changed and JICA staff members became managers as well. The influence of such seconded personnel has decreased in terms of formulation and selection of projects in recent years.

⁷³Quoted from [Koichi Miyoshi], Chapter 4, [Goto, Watanabe and Ohno ed.,2005]. JICA has formulated Country Assistance Programs and rolling plans taking into account of requests from recipient countries. The new JICA has adopted a matrix approach that helps formulate projects from the points of view of both cross cutting issues and regions, NOT from a point of view of available schemes projects could utilize.

⁷⁴Southeast Asia and Pacific Department, East and Central Asia and the Caucasus Department, Latin America and the Caribbean Department, Africa Department and Middle East and Europe Department. Please refer to http://www.jica.go.jp/english/about/organization/pdf/e_organization.pdf.

⁷⁵Office for Private Sector Partnership, Economic Infrastructure Department, Human Development Department, Global Environment Department, Rural Development Department, Industrial Development and Public Policy Department and Training Affairs and Citizen Participation Department.

(vi) FROM REQUEST TO CONSULTATION

In principle, Japan has respected for recipient countries" requests based on an idea that Japan should not force any countries to accept what they do not want.⁷⁶ This principle has long been adopted in Japan's ODA implementing systems. However, when it came to an implementation, there were cases that previous consultation between Japan and recipient countries existed before the recipient countries submitted official requests to the Japanese government reflecting that recipient governments did not have adequate information about feasible projects to be adopted by the Japanese government. For instance, Japanese private sectors such as ODA consultants, trading companies, producers, constructing companies and APEX organizations widely helped recipient countries find, formulation and submit requests to the Japanese government.⁷⁷

Nowadays, in line with the context of the program approach for effective implementation of ODA, Japan officially intends to shift from its purely "respecting for recipients countries" requests principle" to "consulting with recipient countries about cooperation prior to the submission" when deciding implementing projects. By doing so, Japan expects to decide targets and detailed contents of projects.

(vii) RELATIONSHIPS BETWEEN NATIONAL DIET AND ODA

In Japan, National Diet could influence external policy formulation process including ODA by executing either of following rights: i recognizing conclusion of a treaty, ii budget voting rights, iii the right of legislation by House members and iv right to investigate governmental affairs.⁷⁸ As described in the above "4. Legal framework of international development cooperation ODA", the Diet's intervention to ODA has not been active up to the middle of 1980s.

8. FINDINGS FROM THE FIELD STUDY

(1) PUBLIC PRIVATE PARTNERSHIPS

In Japan, both public and private sectors were engaged in international development cooperation since its inception. Some of the private sectors had already experiences in working in Asian countries for construction projects such as reservoirs and electric power development even before the World War II. It is not deniable that Japan utilized such technical expertise and experiences accumulated before the war.

Public and private sectors worked together in ODA projects from the inception. Related ministries selected and seconded appropriate civil servants to developing countries upon requests from developing countries. JICA has its own human resources to second to developing countries, by training returned

⁷⁶ There were some cases that both Japan and recipient governments formulated projects together such as environmental projects conducted in China (Toshio Watanabe, "Aid Policy", Chapter 1, [K.Goto, I.Ohno and T. Watanabe ed. , 2003].

⁷⁷ [Tsuayoshi Hashimoto, 2008.], (Japanese, p.28.

⁷⁸ [Kojima Masahiko, 2007](Japanese.

Japanese Overseas Cooperation Volunteer JOCV members at research institutions and training centers to deepen / improve their knowledge and technology utilized in developing countries so that they could meet with various demand of recipient countries.⁷⁹ Some of the experts of private sectors working in Asian countries before the WW II established private consulting companies it was called “a construction consulting company” at that time after the war and worked widely in developing countries.⁸⁰ Individual experts seconded by related ministries and the private companies have played important roles to find, formulate and promote ODA projects based on their knowledge and experiences obtained through their work.⁸¹

In the initial stage of technical cooperation, JICA staff members were likely to implement projects by themselves, sometimes in collaboration with private companies. It was possible for JICA staff members to directly implement each project by themselves when the number of projects was limited, However, as the number of requests from recipient countries increased and diversified, it became difficult for JICA staff members to implement the projects by themselves. Therefore, JICA gradually commissioned the projects such as development studies and later on, project type cooperation to private sectors. Instead, JICA staff members started to be responsible for coordination and administration necessary for implementing various types of projects, rather than direct implementation of the projects⁸²

Expected roles public sectors should play has changed in the 1990s, which led to create new opportunities for private sectors to jointly work with public sectors.⁸³ Introduction of the “PRSP” further accelerated “localization” and it became crucial for donors to have regular policy dialogues and negotiation with various stakeholders of recipient countries and consistency of a policy and enforcement became more important. Due to the limited staff members even compared with other donors like WB, Germany and UK, JICA started to entrust private companies to work in areas which public sectors were previously engaged in. Private companies have complemented public sectors’ work as they could stay at project sites and ensure the continuity of projects on behalf of public sectors staff members who need to move to other sections every two to three years.⁸⁴ Various stakeholders started to be engaged in international development cooperation especially after 1990s and technical cooperation at private sectors basis, grassroots cooperation by NGO and NPO emerged.

It is therefore important for emerging providers like Indonesia to consider about human resources working in ODA projects: how to respond to future increase in requests from recipient countries, and to changes in

⁷⁹The training system of returned JOCV decreased in the 2000s, hence the returned JOCV have faced difficulties in finding career pass after coming back to Japan now.

⁸⁰[Tsuyoshi Hashimoto, 2008]

⁸¹[Tsuyoshi Hashimoto, 2005].

⁸²[Tsuyoshi Hashimoto, 2008], p.23.

⁸³ This paragraph was based on [IzumiOhno, 2005], p.170.

⁸⁴ Ibid.

international environment.

(2) INVOLVEMENT OF CIVIL SOCIETY IN INTERNATIONAL COOPERATION

Since the Japanese economy has been under recession for almost two decades and social security budgets exceeded significantly the ODA budgets, it becomes more severe for the government to obtain supports to ODA which is to be provided to people in other countries. It is often heard that Diet members received critical views on ODA when returning to their constituencies. The ODA Charter recognizes the importance and explains about collaboration with NGOs, private sectors, local governments and other donors.

Several attempts have been made to promote understandings about ODA and to make private sectors actively involved in ODA implementation such as i JICA Partnership Program aiming at implementing the grass-roots level projects in collaboration with NGOs, universities, local governments and public corporations, ii grant aid at grass root levels provided through Japanese embassies abroad, and iii loan aid utilized for project finding and formulation based on proposals submitted by private sectors. “The Public-Private Cooperation for Accelerated Growth” is a measure to promote public-private cooperation, based upon which the government receives consultations and proposals from private sector enterprises related to their activities which are conducive to economic growth and poverty reduction in developing countries, as well as public-private cooperation projects together with ODA. There are new initiatives such as utilizing the Grant Assistance for Grassroots Human Security Projects in cases where CSR and BOP business are carried out by enterprises in cooperation with local NGOs.

(3) OPERATION, MANAGEMENT AND COORDINATION OF ODA RELATED ORGANIZATIONS

While the Japanese government has reformed the ODA implementing systems in the 2000s, various arguments are recognized to be considered. First, coordination between related ministries and agencies needs to be further strengthened. The Overseas Economic Cooperation Council has faced with difficulties associated with dealing with different interests about ODA related ministries and agencies have. In Japan, concrete purposes of utilizing ODA are not clearly defined reflecting that different ministries have different intention of using ODA: MOFA considers ODA as a diplomatic tool; MOF’s main concern is repayment capabilities of recipient countries and METI wants to utilize ODA as a tool to national economic interests. Not only the conflicts of interests make the Council difficult to make decisions, but also the Council is not given any authority to judge strategies flexibly.⁸⁵

Second, there still exists duplication of technical cooperation conducted by JICA and other ministries.⁸⁶ As Tables 2 and 3 show, while the number of ministries and agencies engaged in technical cooperation has decreased from 19 to 12, about 1/4 of total project budget to MOFA goes to other 10 ministries except

⁸⁵[Atsushi Kusano, 2007]

⁸⁶ibid. p.134.

for MOF that is in charge of loans.

Third, accountability and information dissemination of technical cooperation and loans provided by related ministries and agencies need to be further examined. For instance, disclosure of OOF provided by JBIC of Japan Finance Corporation is not preceded as OOF is provided to specific private Japanese companies and detailed information is not open to public.

Japan has reformed existing ODA implementing systems to provide ODA in an effective manner. Coordination among related ministries and agencies is not easy task for emerging providers like Indonesia either. ODA is in nature strongly influenced by politics and it is not easy to coordinate conflicts of interests of stakeholders. If emerging providers establish a focal point of ODA implementation, it is crucial to have a system that enhances effective coordination among different stakeholders.

(4) ISSUES ASSOCIATED WITH TRAINING COURSES

There are several issues to improve conducting training courses. First, to evaluate the technology transfer to participants of training courses is a challenging task, where quantitative records such as number of participants are kept, but qualitative analysis has not been adequately conducted. As ABC of Brazil did, seconding experts to recipient countries tends to look only for financial flows, and pays lesser attention to how the technology is transferred to trainees and further disseminated in others.

Second, following up of trainees is not systematized at present. As the case of Embrapa implies, having a following up network enhances knowledge and technology of trainees even after they go back to their own countries. It is desirable to facilitate systematic systems to following up trainees even after they went back through ICT such as e-mail, mailing lists and Facebook.

It is worth considering for Indonesia to facilitate such follow up systems in order to enhance the effectiveness of trainings provided to other countries.

III. A Case of Thailand

1. A BRIEF HISTORY OF THAILAND'S ODA

According to the ODA report 2007-2008⁸⁷, Thailand became a provider of ODA in 1992. However, it even started its international development cooperation in 1954 when it joined the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific and was still a large recipient of ODA. Thailand received trainees from developing countries within the technical cooperation projects of existing donors and international organizations and has provided technical assistance, training, and scholarships to other developing countries with support from Japan and other Organization for Economic Cooperation and Development OECD countries for many years. Thailand has kept cooperated with relatively less developed neighboring countries such as Cambodia, Laos, Myanmar and Viet Nam CLMV since 1973. The prioritized areas were health care, education, and agriculture.

Bilateral cooperation increased after the economic boom in 1988. The government established ODA implementing organizations such as Neighboring Countries Economic Development Cooperation Fund NECF under the jurisdiction of Ministry of Finance in 1996, Thailand International Development Cooperation Agency under Ministry of Foreign Affairs in 2004 and The Neighboring Countries Economic Development Cooperation Agency NEDA, a Public Organization under Ministry of Finance as a successor of NECF in 2005. What Prime Minister Thaksin declared as “no more assistance” in 2003 made the country shift from a recipient country to an “Emerging Middle-Income Aid Provider”. Thailand received its emerging provider status through its participation in emerging provider meeting in Tunisia, 2004.⁸⁸

Thai ODA since 1996 has remained quite stable. Tsuneishi 2007 describes as “the focus has been overwhelmingly on the development of neighboring countries and on promoting cross-border public goods that benefit both Thailand and the neighboring countries and also support sub-regional integration. ODA to least developed countries has consistently exceeded 90 percent – a far larger percentage than provided by any OECD donors”⁸⁹

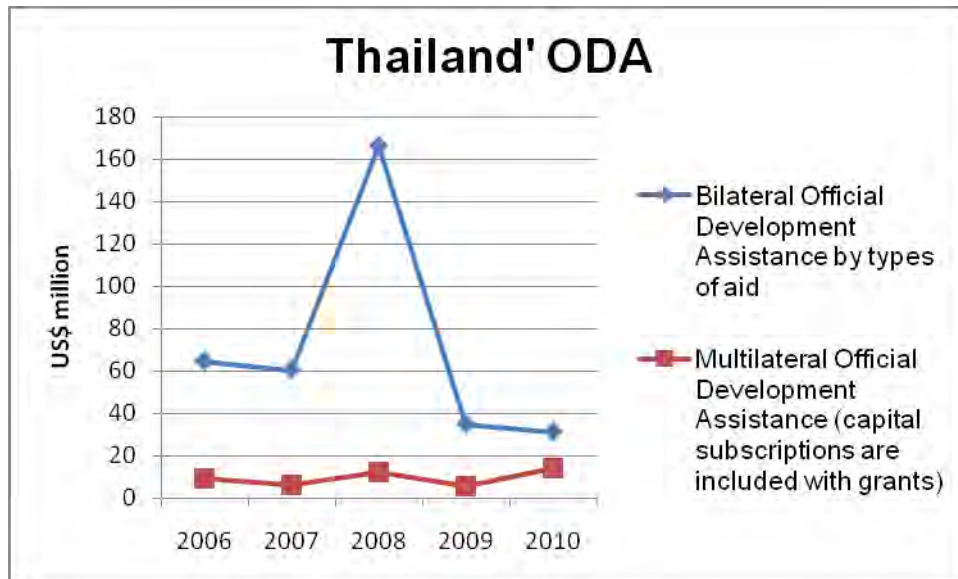
Figure TH-1 shows a trend of ODA based on data obtained from OECD STAT. Although data before 2006 was not available from OECD STAT, according to UNICEF, the volume of Thailand Official Development Assistance ODA tripled between 2001 and 2007.⁹⁰ In 2007–2008, the ODA volume totaled US\$ 172 million. The drop in 2009 is likely to be caused by the 2008– 2009 financial crisis.

⁸⁷[Thailand International Development Cooperation Agency (MOFA, 2009].

⁸⁸[Center for East Asian Cooperation Studies, AUGUST 2010.]

⁸⁹[Takao Tsuneishi, August 2007]

⁹⁰[UNICEF, November 5th – 6th 2010]



Source: OECD.STAT

Figure TH- 1Thailand Official Development Assistance

2. OBJECTIVES AND PRINCIPLES OF THAILAND'S ODA

In the international development cooperation activities, Thailand gradually shifted from a development partner with former donor-countries, to a provider country itself, assisting in the development of poorer countries, both within and outside the immediate region through its "Forward Engagement" foreign policy.⁹¹ According to UN, this outward-looking policy relies on the principle of partnership and strength from diversity, improving regional stability and competitiveness through regional and sub-regional cooperation frameworks.

TICA developed an overall five-year Strategic Framework for Thai ODA in consultation with related line ministries, NGOs representing the Private Sector, including the Thai Chamber of Commerce and the Federation of Thai Industries in 2007. The Strategic Framework also reflects the Paris Declaration on Aid Effectiveness of which Thailand is a participating member. The Strategic Framework defines mission, objectives, targets and strategies of Thailand's ODA as follows.

Mission

- Promote good practices in technical cooperation.
- Promote human resource and capacity development of individuals and institutions.
- Further knowledge management in more efficient ways.
- Promote development cooperation as an important tool to accelerate economic, social and environmental development in the region and sub-region.
- Jointly work under the partnership framework with major funding agencies to support developing countries.

⁹¹ UN Thailand HP (<http://www.un.or.th/thailand/development.html>).

Objectives

- Support developing countries in reducing poverty by increasing their capabilities for sustainable development.
- Strengthen cooperation at regional and sub-regional levels to boost social and economic development.
- Extend partnerships for development to enable Thailand to play a key role in the Asian region, and in Africa and Latin America.
- Promote Thailand as a center for development cooperation, with Thailand seen as providing best practices internationally in education and training.

Principles⁹²

Thailand's development strategy builds upon the inner strengths of its culture and society guided by the principles of self-help, cooperation, and "strength from diversity".

Targets

- Good relationships and strengthened ties with other countries.
- Use of development cooperation to support trade and investment goals of Thailand and its development partners.
- Promote economic, social and technical cooperation among Thailand and partners in the region and sub region.
- Promote greater exchange not just between governments, but people to people.

Strategies

In 2007, TICA developed the Strategic Framework for provision of Thai ODA. The Framework incorporates and builds upon the key characteristics of Thai ODA over the years. These characteristics include: North-South-South and South-South patterns of cooperation; support for Regional and Sub-Region integration, activities that draw on Thai development experience; support for establishing Thailand as a center of expertise; provision of scholarships and training programs; promotion of public-private sector cooperation and people to people patterns of ODA; promotion of international trade with partner countries including tourism; and promotion of mutually beneficial Thai Foreign Direct Investment FDI in the partner countries.

- Promote Thailand as a center for international human resource development.
- Promote high capacity of Thai experts, volunteers and institutes and internationalize them.
- Promote the "Sufficiency Economy" philosophy.
- Promote proactive cooperation.

⁹²[Ministry of Foreign Affairs of Thailand & United Nations Country Team in Thailand, 2005]

Name	
GMS	<ul style="list-style-type: none"> • Greater Mekong Sub-region • Started in 1992 to promote economic and social development in the six Mekong countries. • Cambodia, the People's Republic of China, Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam.
MGC	<ul style="list-style-type: none"> • Mekong-Ganga Cooperation • Established in 2000 to promote development among Cambodia, India, Lao PDR, Myanmar, Thailand and Vietnam.
ACMECS	<ul style="list-style-type: none"> • Ayeyawadi - Chao Phraya - Mekong Economic Cooperation • Established in 2003 to promote development and cooperation • Cambodia, Lao PDR, Myanmar, Thailand and Vietnam.
BIMSTEC	<ul style="list-style-type: none"> • The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, • Established in 1997 to promote development and cooperation • Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand.
IAI	<ul style="list-style-type: none"> • Initiative for ASEAN Integration • Launched in 2002 to narrow the development divide and enhance ASEAN's competitiveness as a region to provide a framework for regional cooperation. • A mechanism for ASEAN-6 to help the CLMV countries.

Source: Ministry of Foreign Affairs, home pages of each regional group.

Table TH- 1 Frameworks for regional cooperation

Because of the huge economic gaps between Thailand and the neighboring countries and the geographical position, several problems exist that cross borders such as epidemic dissemination, refugees, migrants, air pollution, water pollution, bird flu, trafficking of people and drugs, influx of illegal workers and smuggling. In order to tackle with these problems, Thailand has actively provided technical and economic cooperation to the neighboring countries and belongs to various regional groups.

Thailand has pursued for a strategy to set up border economic zones and regional development cores along the economic corridors which aim at developing these relatively Low Income Countries through mutual collaboration. Thailand has worked closely together with other development institutions that have expertise of and focus on the East-Asian region and formulated various regional cooperation frameworks. Under such a situation, Thailand has implemented triangular cooperation within the existing regional cooperation frameworks in order to coordinate loans and technical cooperation provided by other donors as well. Table TH-1 shows such regional cooperation frameworks.

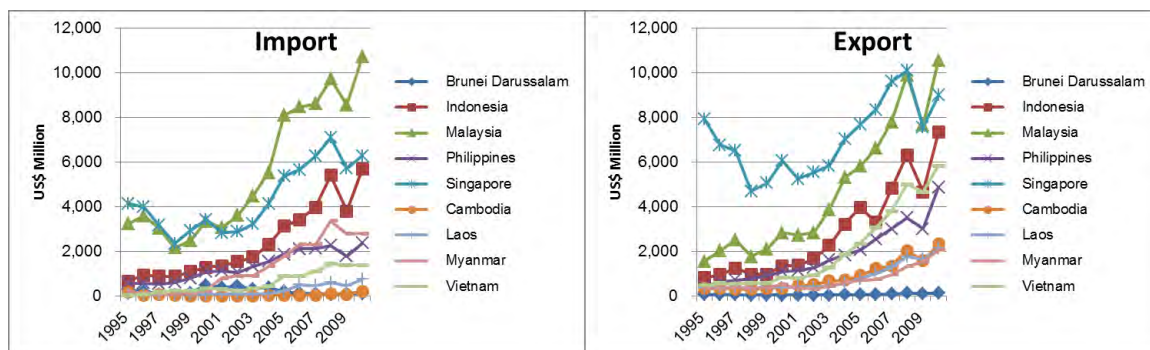
Thailand is said to have an intention to establish a development model as a leader of the region and improve the status in the international societies.⁹⁴ A senior advisor to the Office of the National Economic and Social Development Board NESDB explained the rationale of providing ODA in 2008, "Thailand's GDP per capita is now four to five times that of its neighboring in the Greater Mekong Sub-region: Cambodia, Myanmar, Lao PDR, Viet Nam, and China's Yunnan province. Thailand's aid to neighboring countries aims to narrow this gap and helps provide better income and living conditions in

⁹⁴[Jin Sato, 2007]

neighboring countries as well as lower negative flows across Thailand's borders such as illegal migration, smuggling and drugs."⁹⁵

The strategic environment has promoted the facilitation of cross-border public goods and sub-regional integration. According to the ODA report, "ODA that helps deal successfully with cross-border problems and improves cross-border benefits creates "regional public goods," public goods that cross borders. These public goods also help promote sub-regional integration. For example, ODA supported road building in Cambodia, Lao PDR, and Myanmar will increase trade among the GMS countries. Building of hydroelectric dams in Laos and integration of the power grids will facilitate greatly increased Lao exports of electricity and will provide Thailand and other GMS countries with a source of energy not dependent on fossil fuels and thus free of fossil fuels' uncertainties".

Thus, Thailand has provided ODA in the fields of i transport for improving regional infrastructure linkages, ii telecommunications for developing a regional backbone network, iii energy for promoting alternative energy and ensuring energy security, iv agriculture for promoting co-production through contract farming, v tourism for promoting the regional ecosystem and cultural tourism linkages, vi trade and investment for improving laws/regulations and customs procedures and vii environment for conserving biodiversity and ensuring less environmental degradation from development".



Source: Customs Department Compiled by the Bank of Thailand

Figure TH- 3 Thai's trading partners with ASEAN and CLMV countries

Figure TH-3 shows Thailand's trade with ASEAN and CLMV countries. While the shares of ASEAN Indonesia, Malaysia and Singapore still dominate the total imports and exports, those of CLMV, neighboring countries of Thailand have increased in recent years.

4. LEGAL FRAMEWORK

As far as the literature survey is concerned, no written materials defining the legal framework of South-South Cooperation and Triangular cooperation are found.

⁹⁵[Thailand International Development Cooperation Agency, 2009]

5. MEDIUM TO LONG TERM POLICY AND STRATEGY

Policy and strategy for SSC and TC are discussed within the framework of collaboration with neighboring countries in Thailand. As mentioned above, helping the successful development of the neighboring countries in order to reduce income disparities and to improve living standards in the neighboring countries has been among the highest priorities of Thai foreign policy. A rationale behind this policy is to stimulate trade and investment with neighboring countries by relocating industries.⁹⁶ Promotion of border economic zones has been one of the important policies for Thailand and SSC and TC that have been utilized for achieving such purpose.

According to the ODA report 2007-8, North-South-South Cooperation dates back to the beginning of Thai ODA. Thailand has pursued such triangular cooperation based on the partnerships on a cost-sharing basis, between Thailand and its development partners to assist other less developed countries. Thailand now has partnership agreements with international organization donors including ADB, UNDP, UNFPA, UNICEF, WHO and World Bank. It has partnership agreements with OECD donors including: Australia, Canada, Denmark, France, Germany, Hungary, Japan, Singapore, Sweden and the USA. Many of the activities under these agreements are focused on the GMS countries particularly Cambodia, Lao PDR and Myanmar. The Thai government considers that working with other donors will also lead to greater harmonization between their programs and Thai ODA, which is an objective of the Paris Declaration.

In the case of triangular cooperation between Japan, Thailand and other developing countries called "Japan-Thailand Partnership, Phase II," it works through and BIMSTEC and GMS. The program supports training conducted in Thailand by inviting students from the countries in these agreements and provision of Thai experts to the same countries. Support for these activities comes both from Japan and the Thai government.⁹⁷

6. TYPES AND MODALITIES OF THAI'S ODA

Thailand's ODA consists of grants and concessionary loans. In terms of values, more than 80% of Thai ODA is in the form of project lending and the remaining 20% or so is utilized for technical cooperation and grant.⁹⁸

Characteristics of Thai's international development cooperation are described as follows.

- Focusing on neighboring Cambodia, Laos, Myanmar and Viet Nam countries.
- Economic cooperation with neighboring countries is tied inseparably to regional development

⁹⁶[Takao Tsuneishi, May 2008].

⁹⁷[Ministry of Foreign Affairs and UNDP Thailand, 2005].

⁹⁸[Thailand International Development Cooperation Agency, European Union, World Bank, UNDP, 2006], p.3.

within Thailand.

- Partnership cooperation rather than traditional terms of “donors and recipients”.

Grant

Grant ODA is provided by various ministries, but most of them are distributed by TICA and Department of International Organization DIO. They are provided for cross-sectoral themes such as in handling HIV/AIDS, education, agriculture, and etc.. Grant ODA is provided to international organizations that actively help developing countries development process like the UN, UNESCO, FAO, UNDP, ADB, etc. Ministry of Finance provides grants through NEDA for conducting necessary studies to implement infrastructure projects such as FS and DD.

Technical Cooperation

Thailand has focused mainly on human resources development in three main areas: education, health and agriculture. Technical cooperation consists of training, seconding of Thai experts, and provision of materials and equipment, including tailor-made training programs, which require the identification and design of special courses in response to the need of Thailand's cooperation partners and seconding volunteers called “Friends from Thailand”, fellowships and training.

Technical cooperation has been implemented in two ways: “project cooperation” and “training”.⁹⁹ The project cooperation includes sending Thai experts abroad, providing technical equipment and short-term course training, and even sending Thai youngsters abroad under the program of “Friends from Thailand”. “Training” accounts for about 10% of technical cooperation, has been conducted in the areas of agriculture, banking, economy, education, financial, public health, transportation, and science and technology.

TICA set four principles to provide technical cooperation: namely; i demand-driven, ii recipients’ participation in project formulation and implementation, iii capacity development and vi monitoring and evaluation. According to the vice minister of TICA, TICA is now in the process of establishing monitoring and evaluation.

There are four main training programs.¹⁰⁰

- The Annual International Training Courses AITC Program offers specialized training courses on a bilateral basis.
- The Trilateral Cooperation Program offers Human Resource Development programs, together with other countries or international organizations.
- The Third Country Training Program TCTP offers opportunities for citizens of developing countries to

⁹⁹[Center for East Asian Cooperation Studies, 2010]

¹⁰⁰[Ministry of Foreign Affairs and UN Thailand,, 2005].

attend training courses in Thailand. The program is fully funded by international organizations like WHO, ESCAP, UNFPA, SIDA, but administered by TICA.

- Technical Cooperation among Developing Countries TCDC promotes South-South cooperation via study tours, seminars, training and joint research projects. This is now happening outside East Asia, e.g. in South Asia Bhutan, the Middle-East Jordan, and Africa Egypt.

Economic cooperation

Loans have been utilized for helping develop infrastructure and border economic zones along the North South Economic Corridor NSEC, the East West Economic Corridor EWEC and the Southern Economic Corridor SEC.

Both Thailand's Export-Import Bank EXIM Thailand and NEDA have provided loans to developing countries. Short-term as well as long-term credits, either in domestic or overseas markets in baht or in any foreign currency denominations are provided through EXIM Thailand which is a financial institution fully owned by the Thai Government under Ministry of Finance supervision. EXIM Thailand has extended soft loans for development projects in neighboring countries as well. Conditions of providing the soft loans are: i projects are commercially-viable; and ii certain aspects of the projects are beneficial to Thailand, for instance, those using machinery or raw materials from Thailand, and those engaging Thai contractors or producing raw materials or energy for sale to Thailand. NEDA provides concessional loans denominated in Baht and concessional loans with grant. Half of the NEDA loans are obliged to be provided to purchasing goods and services of Thai firms. There are no direct sources measuring how much of Thai aid is actually tied. However, some publications implicitly assume that currently most project expenses have to be made via Thai companies/public entities. Most of the soft loans EXIM Thailand extend to CMLV countries have provisions that the goods and services under the loan contract need to be bought in Thailand.¹⁰¹

7. IMPLEMENTATION MECHANISM

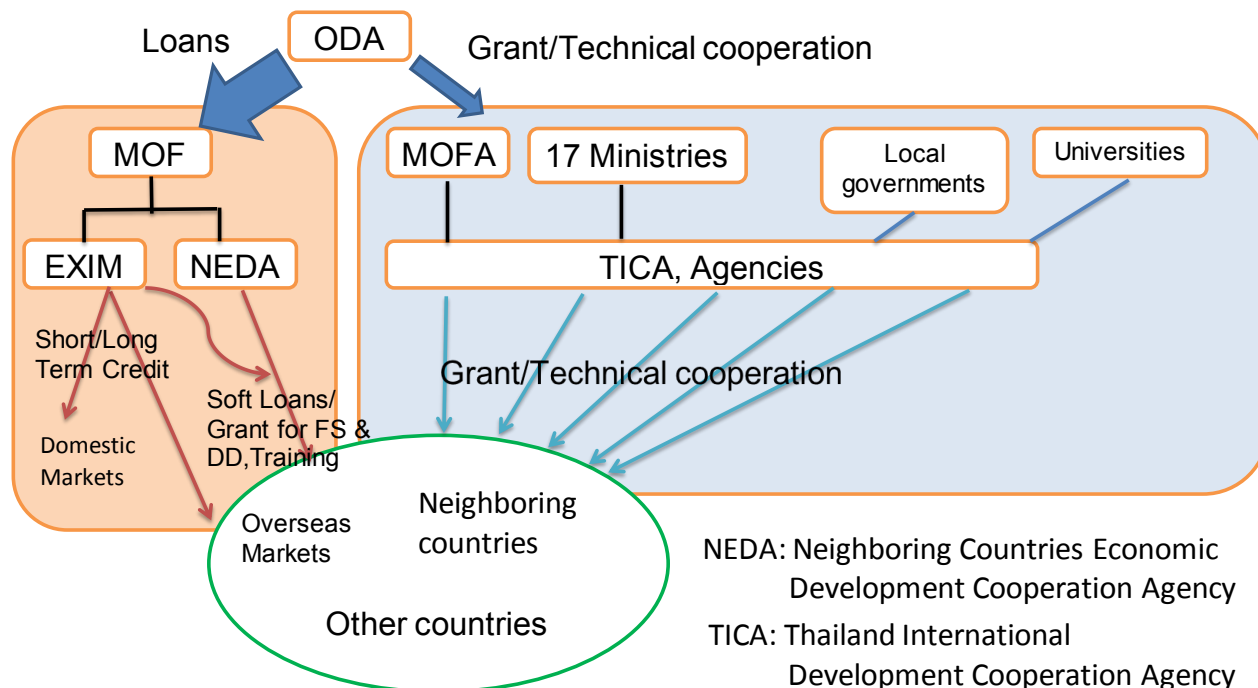
Figure TH-4 shows main implementing organizations of ODA. Thailand International Development Cooperation Agency TICA under the jurisdiction of Ministry of Foreign Affairs manages technical cooperation and is responsible for coordinating the technical cooperation Thailand extends to other developing countries.

EXIM Thailand NEDA under the jurisdiction of Ministry of Finance is responsible for providing financial cooperation. EXIM Thailand offers short-term as well as long-term credits, either in domestic or overseas markets, in baht or any foreign currency denominations. NEDA is responsible for economic development cooperation with developing countries in the East Asian region. A lot of these soft loans

¹⁰¹[UN Thailand, 2008]

are negotiated and implemented by EXIM Thailand together with NEDA. The bulk of Thai ODA comes through EXIM Thailand concessional loans.

Regarding grant and technical cooperation, not only TICA, but also NEDA and 17 line Ministries are responsible for the implementation. NEDA also provides soft loans together with grant for Feasibility Study FS and Detailed Design DD for implementing loan projects.



Source: Author made based on [Thailand International Development Cooperation Agency MOFA. 2009]

Figure TH- 4 Key players of technical and economic cooperation

Coordination

A high-level committee, comprised of Permanent Secretaries of Ministries concerned and chaired by a Deputy Prime-Minister for economic affairs, served to supervise development assistance projects and programs with neighboring countries under 5 regional groupings including ACMECS and GMS, to ensure holistic approach on developing development assistance. During the political transition period, this committee was dissolved, but it is expected that a committee of similar purpose will be revived soon.

Different ODA implementing organizations have their own strategies which are now always coordinated with each other quite well. NEDA formulated own ODA implementation strategy for execution of loans. According to a vice Minister of TICA, the strategy is consistent with the Strategic Framework for Thailand's ODA 2007-2011. However, there was no joint cooperation between loan schemes and technical cooperation/grant schemes when the Thai government formulated and implemented projects so far. There were two meetings between tops of NEDA and TICA from 2010 to 2011 and a consensus on

mutual collaboration from possible areas seemed to be built.¹⁰²

NEDA pointed some reasons left behind the no linkages between technical cooperation and loans.¹⁰³ First, TICA's assignments are limited in receiving trainees and the extent to which TICA could function is very limited. Second, while NEDA is an independent organization, TICA is a part of Ministry of Foreign Affairs and the trimming of budgets submission is different from that of NEDA. Furthermore, TICA does not have flexibility in disbursing the budgets among different budget items. As a result, it is practically difficult for NEDA and TICA to collaborate with each other in a project basis.

Some Thai agencies, including the Office of the National Economic and Social Development Board NESDB, the Ministry of Agriculture and Cooperatives and the International Institute for Trade and Development ITD, have their own strategies on development assistance on trade-related issues.

8. FINDINGS FROM THE LITERATURE SURVEYS

(1) COORDINATION AMONG RELATED ORGANIZATIONS

Various organizations are in charge of ODA implementation in Thailand and the Thai government has tried to stream line the activities. All the grant/technical cooperation budgets are disbursed to respective ministries through TICA. TICA procures equipment and materials.

Committee on Technical and Economic Cooperation chaired by Minister of MOFA comprised of representatives of concerned ministries, NEDA and private sectors, was expected to play a key role to coordinate ministries, and approves ODA strategies. TICA is the secretariat of the committee. But the committee has not been held since 2007.

In order to avoid duplicated requests from CLMV, the Thai government requests the CLMV governments to submit the requests through a predetermined focal point, instead of receiving requests from various ministries: for example, Viet Nam State Planning and Investment Ministry in the case of Viet Nam and Ministry of Foreign Affairs in the case of Laos. TICA scrutinizes the received request by checking consistency between Thai development cooperation policies and development policies of the recipient countries and duplications. To what extent this scrutinizing process is institutionalized is not confirmed yet.¹⁰⁴

(2) HUMAN RESOURCE DEVELOPMENT

According to the answers to OECD Questionnaire¹⁰⁵, every agency has strengthened its in-house

¹⁰² According to a JICA expert to NEDA, quoted from.[International Development Center of Japan, March 2011]

¹⁰³ Ibid.

¹⁰⁴ [International Development Center of Japan, 2011].

¹⁰⁵ www.oecd.org/dataoecd/12/54/43097771.doc.

expertise through activities such as „Training of the Trainers“ programs, and capacity building in technical and research fields. The participation of the business sector and civil society in the government’s policy making process is also encouraged.

(3) SSC BASED ON DOMESTIC DEVELOPMENT¹⁰⁶

Thai ODA from the beginning has been based on some of the lessons obtained from domestic development. The Thai government recognized the importance of experiences that Thailand has taken, with some real success, the similar steps that its neighboring countries and other developing countries are still confronting. These steps include successful agricultural development including exports, and provision of basic and middle education and public health, including prevention of HIV/AIDS. The experiences led to present priority areas of cooperation such as agriculture, education and public health.

There are other important areas Thailand has made progress: labor-intensive manufactured exports, promotion of tourism and other services sectors, transition to higher technology manufacturing and exports and cross-border supply chains, contract farming and food processing, widespread availability of higher education, IT development, banking, protection and restoration of the environment and renewable energy. TICA and the line ministries are providing technical cooperation in many of these sectors and fields.

(4) RECORD KEEPING¹⁰⁷

According to the ODA report 2009, there was no centralized collection of information on overall Thai ODA. Some individual agencies and ministries had complete information. Some did not. Some of the ODA provided by line Ministries was and still is provided from their regular budgets not from allocations for ODA. Thus, it was difficult to get full information and to analyze what the line ministries were doing.

The Thai Government, with support from the United Nations Development Programme, has taken a number of steps to improve information on Thai ODA such as encouraging clear understandings about definition of ODA among related ministries and agencies, and establishing a Sub-Committee on ODA Data Collection chaired by TICA’s Director-General. The members include representatives of the main providers of ODA in the Thai Government.

¹⁰⁶[Thailand International Development Cooperation Agency, 2009].

¹⁰⁷ ibid.

IV. A Case of Indonesia

1. A BRIEF HISTORY OF INDONESIAN SOUTH-SOUTH COOPERATION SSC

Indonesia has a long history of cooperating with other developing countries since its independence and various visions about the cooperation are observed in different administration periods. During the post-colonial period, Indonesia supported other developing countries based on the ideological motivation under President Sukarno, who fought against the Netherlands to become independent and organized the Bandung Conference in 1955 as a meeting of Asian and African states, most of which were newly independent with the aim of promoting Afro-Asian economic and cultural cooperation and opposing colonialism.

After the fall of President Sukarno from the power, President Suharto put more emphasis on economic oriented cooperation among developing countries rather than politically oriented one and focused more on domestic issue rather than foreign policy. In other words, Indonesia kept a distance from political issue and put more focus on ASEAN than global issues. The government established *Kerjasama Teknik Antara Negara Berkembang / KTNB* or Indonesian Technical Cooperation Program ITCP in 1981, which enhanced the commitment to SSC. The program aimed at sharing Indonesia's experience in an effort to develop knowledge, expertise, and vision in order to address common and urgent development issues, and to strengthen solidarity among developing countries through training programs and exchange of expert personnel. Since the early 1990s, there was a shift in South-South Cooperation focus after the end of the Cold War. Most SSC tended to focus more on economic and social development followed by paying more attention to poverty alleviation and economic growth in developing countries. Indonesia was elected as chairman of Non Allied Movement NAM from 1992 to 1995, which further increased Indonesia's role in South-South Cooperation.

After President Suharto's resignation in 1998, Indonesia has promoted the democratization and decentralization. Indonesian foreign policy started to put more focus on ASEAN and to pay more attention to regional efforts. In line with ASEAN countries, Indonesia prioritized Islamic countries such as Middle East countries including Palestine as well. Visions and meanings of SSC provision for Indonesia are not clearly defined yet. The government has formulated the draft of Grand Design and Blue Print for SSC and is modifying them by inviting various comments not only from public but also from private sectors. It is expected that the government could lead the discussion about SSC and show a clear definition and direction of SSC for Indonesia.

2. OBJECTIVES AND PRINCIPLES OF INDONESIAN SSC

Principles

Basic principles of Indonesia's SSC lie in the mandate of the Preamble of the 1945 Constitution and to ensure the achievement of national objectives. Long-term Development Plan *Rencana Pembangunan*

Jangka Panjang/ RPJP 2005-2025 stresses the following principles to implement SSC.

- Better Partnership for Prosperity.
- Improve Indonesia's role in SSC to achieve the national interests.
- Improve solidarity and self-reliance of the Southern Countries.
- Improve innovative development cooperation and prosperity.
- Develop economic cooperation among the Southern Countries.
- Develop technical cooperation, socio-cultural cooperation and science and technology cooperation among the Southern Countries.
- Improve the bilateral, regional, multilateral relationship and cooperation to achieve national interests.
- Play a central role as the emerging economics.

Objectives

It seems that it is in the process of building a consensus on SSC provision among Indonesian people at present. Based upon the preamble of the Constitution, SSC is requested to be provided for ensuring the achievement of national objectives such as: i poverty reduction; ii the reduction of unemployment; iii improvement in education; iv health improvement; v improvement in infrastructure development; vi public services improvement; and vii reformation of the bureaucracy and corruption eradication. However, how SSC could contribute to achieving these objectives is not yet elaborated.

Reflecting such a situation, various views on SSC provision are heard during the field study. MOFA considers SSC as a part of solidarity recognized at the Bandung Conference in 1955 and as a diplomatic tool to pursue solidarity, partnership, ownership, equal opportunity and mutual benefits. MOFA states that SSC does not replace North South cooperation.

BAPPENAS considers more about future responsibilities that Indonesia should take through SSC provision. Taking into account of the declaration of "free from aligned and an active members of the Non-Aligned Movement NAM", Indonesia has not belonged to any blocks. Being selected as a member of G20 only one from Southeast Asia, Indonesia has committed to assist LDC, based on an idea that it is their turn to help other countries as Indonesia has been helped by other countries so far. BAPPENAS considers the purposes of SSC as a win-win solution and actual benefits and prosperity could be realized through partnerships with other countries. This is similar to a view heard at MOF which considers the expected role of SSC as an engine of economic growth especially during the period when developing countries are growing fast while developed countries are in economic recession.

3. STRATEGIC ENVIRONMENT

Indonesia is the largest archipelagic state consisting of 17,504 islands including 6,000 uninhabited islands spread over 1,475,000 square kilometers and a multi-ethnic nation having 1,128 ethnic groups and 745

languages. It is located on the route which connects China and India, therefore, has encountered with both Western and Eastern cultures since the ancient period. The geopolitical location and national characteristics associated with multi-islands state enhanced by the multi-ethnicity have deepened the diversity and tolerance of Indonesia.¹⁰⁸ “Diversity” would be an appropriate word to describe Indonesia’s character quite well. It might reflect the internal “diversity” that Indonesia takes a policy of “not belonging to any blocks” or “zero enemies and millions of friends”.

Indonesia belongs to several regional groups, out of which ASEAN is the first strategic circle in Indonesia’s South-South Cooperation. In addition, Indonesia has made partnerships with several countries such as South Korea, China, South Africa and Brazil in order to strengthen Indonesia’s strategic bilateral relations. Furthermore, Indonesia signed 52 Bilateral Trade Treaties and 50 Bilateral Investment Treaties BITs to promote and protect the investment with several countries including developing countries. It is also considered that multilateral treaties such as the *Global System of Trade Preferences among Developing Countries* GSTP are potentials for Indonesia’s SSC development and improvement.¹⁰⁹

On the other hand, Indonesian people’s mentality based on the “Island” nation might hamper the active outflows of human resources. Professor Syamsul Hadi¹¹⁰ of University of Indonesia points out that Indonesia is too big a country for people to dare to go abroad while they can obtain enough profits operating only in the country. Under such a condition, SSC would end in the ceremony unless Indonesia has a clear vision about what kinds of benefits Indonesia could receive from SSC.

4. LEGAL FRAMEWORK¹¹¹

Indonesia’s South-South Cooperation is neither explicitly stated in Law No.37/1999 on Foreign Relations, nor the term related to South-South Cooperation has been mentioned in any government provisions or regulations. South-South Cooperation is defined as the implementation of a program and strategy rather than as a policy to promote the strengthening of foreign relations and politics and national capacity building. With the absence of national regulations about the implementation of South-South Cooperation, ministries and the government organizations use various provisions of law law, presidential regulation, government regulation to be interpreted as references in the implementation of South-South Cooperation. Therefore, it can be seen that the absence of a legal umbrella in the implementation of South-South Cooperation has led to different interpretations in various government organizations regarding the implementation of South-South Cooperation.

¹⁰⁸[Yuri Sato, 2011]

¹⁰⁹[Japan International Cooperation Agency and PT. Indokoei International, March 2011]

¹¹⁰Based on the interview with Professor SyamsulHadi on 2 March, 2012.

¹¹¹ This section is based on[Center for East Asian Cooperation Studies (CEACoS, August 2010)]

Law No. 25 in 2004 concerning National Development Planning System and Presidential Decree No. 5 in 2010 about RPJMN 2010- 2014, which directs it to be part of Indonesia's tools of diplomacy, would be able to form the basis on which strong policies of Indonesia's South-South Cooperation that will be written in the future.

5. MEDIUM TO LONG TERM POLICY AND STRATEGY

SSC is positioned as one of the important development pillars in the Medium-Term Development Plan RPJMN 2010-2014 in Indonesia. RPJMN positions SSC as part of Indonesia's tools of diplomacy, as the President Susilo Bambang Yudhoyono expressed the slogan of "million friends, zero enemies", and "multiple directions foreign policy". RPJMN stated the importance of broadening market for Indonesia's products and services, strengthening coordination and institutional entity of Indonesia's SSC. SSC is expected to mobilize supports to Indonesia from developing countries in various international forums. Moreover, through SSC, Indonesia could demonstrate Indonesia's success in food self-sufficiency and family planning program to the world as well.

Indonesia considers economic aspect of SSC as well. Through SSC, the government aims at improving Indonesia's bilateral trade relations with other developing nations. However, in practice, SSC does not function well to help the intention due mainly to financial systems such as L/C.

Draft of Grand Design and Blue Print for SSC were formulated in 2011 and have been discussed more than 20 times among stakeholders. It is now in the final stage to wait for presidential endorsement.

6. TYPES AND MODALITIES OF INDONESIAN SSC

The Indonesian government has provided technical cooperation TC and grant within the framework of SSC and not provided economic cooperation so far. TC takes forms of training, internship, comparative study programs, expert sending, equipment grants, scholarships, workshops, and seminars.

While TC has been implemented by various ministries and organizations, there has been no data and information collection so far. Therefore, it is difficult to show the SSC amount of Indonesia. There is one figure, ie. "US\$ 42 million dollars were spent for SSC for the past ten years", which is based on MOFA collected data of SSC provided by various ministries.

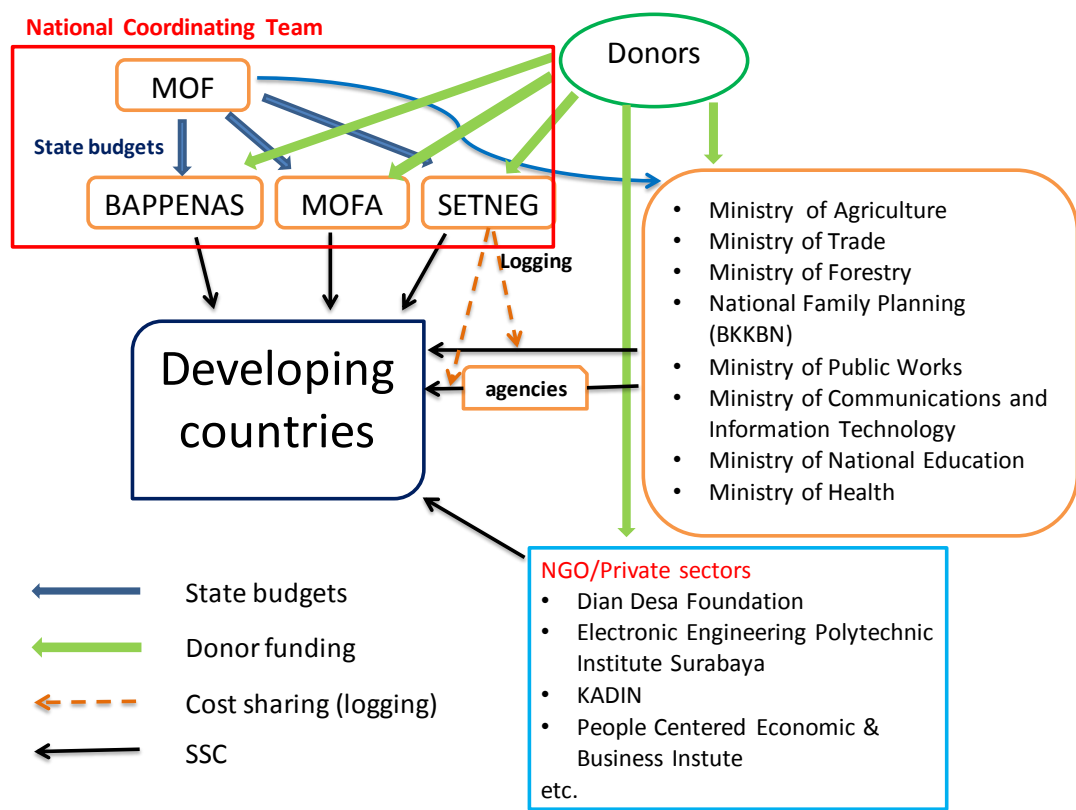
7. IMPLEMENTATION MECHANISM

Figure ID-1 shows a map of implementing organizations of SSC technical cooperation. Technical cooperation is provided by 11 ministries: State Secretariat SEKNEG, Ministry of Foreign Affairs MOFA¹¹², Ministry of Agriculture, BAPPENAS, Ministry of Trade, Ministry of Forestry, National Family Planning

¹¹² The technical cooperation department of MOFA was established in 2006 with about 30 staff members.

BKKBN, Ministry of Public Works, Ministry of Communications and Information Technology, Ministry of National Education, and Ministry of Health. There are some non-government organizations NGOs and private institutions working in SSC. Donors directly negotiate with and provide funds to an individual ministry, NGO and private institutions.

Some ministries implement SSC through agencies under the jurisdiction of them, such as Center for Artificial Dissemination BBIB Singosari of Ministry of Agriculture and Multimedia Training Center of Ministry of Communication and Information Technology.



Source: Author made based on the field survey and [Japan International Cooperation Agency, PT. Indokoei International, March 2011].

Figure ID- 1 Implementing organizations of SSC TC

Sources of budgets for SSC

SSC is financed by: i the state budget; ii funds from donors and international agencies iii joint financing with other developing nations and iv financing through triangular schemes involving Indonesia, other developing countries, and donor countries or international institutions.

State budget resources have mainly been utilized as counterpart funds for cooperation with donors, and there is no state budget that fully supports SSC so far. However, as a government policy, Indonesia has decreased dependency on foreign assistance and intends to utilize foreign assistance as “supplementary” budget for Indonesian development, therefore, it is necessary to consider about raising funds for SSC

internally.

Budget allocation for SSC

The government tries to streamline the sporadically implemented SSC by central management at least of the state budgets for SSC. On the other hand, there are various projects financed by donors, which are directly provided to various implementing ministries, NGO and private institutions without adequate consultation with BAPPENAS, SETNEG, MOFA, and MOF. Such separate funding mechanism makes the government face with difficulties to formulate the priorities for South- South Cooperation program that is in line with the national interests and national development. Likewise, the government is also hampered by the separate SSC implementation in order to avoid duplication of South-South Cooperation activities. Notwithstanding the problems, the government cannot afford to seek alternative financing through triangular schemes, due to the limited government funding for SSC.

Coordination

Sporadic implementation of SSC has been recognized as weakness of Indonesian SSC and the improvement has been required both by the Indonesian government and donors. A coordinating function of SSC was established as the National Coordinating Team consisting of MOFA, MOF, BAPPENAS and SEKNEG in 2009 after four years of incubation. The coordinating team is expected to work as a focal point of SSC. Presently, the coordinating team focuses on TCDC, but would like to include ECDC in SSC in the future.

There is an opinion that the National Coordinating Team's outreach to line ministries seems to be rather weak, while line ministries have already exchanged knowledge with concerned ministries in counterpart countries and could implement SSC individually. The role of the Coordinating Team will be more elaborated as the Team actively contact with line ministries.

Staff exchange among ministries

Human resource exchange system among related ministries is considered to be a way of solving uncoordinated ministries in Japan.¹¹³ Through the staff exchange, each ministry could learn about other ministries' activities, values and interests. It also enables exchanged staff members to have a human resources network with other ministries and to represent his or its own ministry's interests while they work in other ministries.

In Indonesia, staff exchange program has taken place as well. For instance, BAPPENAS seconded about ten staff members to other sectoral ministries whereas BAPPENAS receives one from each ministry. BAPPENAS has an internship program targeting at local governments for the period of two to three

¹¹³ For more detail information, please refer to "a Case of Japan".

months to one year. When the seconded staff members returned to BAPPENAS, they started to work in another section as the precious positions were already occupied by others. Total staff members of BAPPENAS are less than 1,000, whereas other related ministries have more than 10,000 staff members. MOFA has not received civil servants from BAPPENAS yet. Regarding human resource exchange between BAPPENAS and private sectors, private sectors would be reluctant to exchange of human resources due to the salary gap.

Relationship with legislative branch parliament

After the first and second amendments to the Constitution, the parliament was provided a new function of “investigation of executive branch” of the government with tools such as right to raise questions, right to investigate governmental affairs and the right of opinion manifestation. With the legislative change, power balance between the legislative and the executive branches changes and the legislative branch started to have more power over the executive branch in terms of policy and budget formulation. For example, parliament checks all the SSC budget items and MOFA sometimes explains to the parliament on behalf of the National Coordinating Team. On the other hand, parliament does not require reporting of SSC implementation. SSC report is submitted to Supreme Audit Agency. Such change in the power balance is observed not only in the central government, but also in the local government.

Under such a situation, SSC budgets are formulated by the executive branch and approved by the parliament. Since there is no integrated SSC budget in Indonesia at present, line ministries engaged in SSC formulate own budgets “including” SSC activities without specifically ear-marking. After the parliament approves the submitted budget, each ministry could allocate the budget at its own discretion. MOFA has started to collect data on SSC from related ministries and the obtained the figure of “US\$ 42 million dollars” as an accumulated amount utilized for SSC by related ministries for the last ten years.

8. FINDINGS FROM THE FIELD STUDY

(1) WHY PROVIDING SSC?

Indonesia as a whole seems to face with less imminent problems at present, in which it cannot help providing SSC. Rather, Indonesia considers pursuing for solidarity, partnership, ownership, and equal opportunity and mutual benefits based on the country’s Preamble of the 1945 Constitution. In addition, as the country grew and became a member of G20, Indonesia started to think about playing a central role as a representative of South countries at G20 and is proud of providing SSC as a middle income country.

These reasons reflect Indonesian history quite well and could show Indonesia’s uniqueness in the South countries to the world. However, it is also worth considering whether these principles *alone* could be held as strong motivations for SSC provision in the long run,.

(2) DOMESTIC DEVELOPMENT AND SSC

SSC in general is rooted in the domestic development. In Indonesia, while the government tries to coordinate those who are interested in SSC, it seems to pay less attention to the linkage between SSC and domestic development. The Indonesian government is now in the process of finding out Indonesia's comparative advantages accumulated through domestic development with support from development partners. Such knowledge and experiences need to be shared and discussed by inviting not only public sectors but also private sectors so that Indonesia could apply them to other developing countries in an appropriate manner. It is hoped that Indonesia's SSC is embedded in the domestic development in the long run.

(3) TCDC AND ECDC IN TANDEM

Indonesia has implemented TCDC since the 1980s. Based on the interviews, ECDC has not yet been fully implemented based on the following reasons.

- Being an island country with huge population and domestic market, private sectors feel no necessity to dare to operate beyond the borders.
- Having been a recipient country, Indonesia does not want to impose the burdensome conditions attached to loans on developing countries.

The Indonesian government established EXIM Bank in 2009 as a successor to PT Bank Ekspor Indonesia in order to support overseas transactions of Indonesian firms such as: guaranteeing L/C which is the most important task of EXIM at present, refinancing working capital, direct financing to both residence and non-residence private commercial banks are prohibited from lending to non-residents and insurance including reinsurance. EXIM bank has both commercial wing and ODA wing and has an intention to expand ODA business by supporting government programs in the long run. However, as a commercially operating entity, EXIM bank cannot take risks associated with providing concessional loans to developing countries with high country risks. Therefore, in order for EXIM Bank to provide EC, government's clear policy and adequate funding are crucially needed.

It is also worth considering for the Indonesian government about roles of TC related to future EC. TC could provide a chance to know what business opportunities exist for Indonesian private firms in the emerging South countries while developed countries are under serious recession.

(4) RECORD KEEPING

Documentation of Indonesia's South-South Cooperation has not been well executed. Some ministries admit that they do not have adequate system to record how much assistance they have given. Facing with data collection problems caused by the sporadic implementation of TC by various line ministries, Indonesian MOFA has started to collect relevant information and data about SSC from line ministries and summed up as "Indonesia's SSC" which are shared by related stakeholders including donors. With the appropriate records, it would be possible for the Indonesian government to make an analysis of SSC

based upon which appropriate development policy and strategy would be formulated. It is also worth mentioning that making public people understand and have positive views on international development cooperation could be realized by utilizing such record, while a discrepancy between the rich and the poor still exists in Indonesia.

(5) HUMAN RESOURCES

In Indonesia, line ministries are endowed with human resources and facilities such as training centers and research institutions. For instance, Ministry of Agriculture MOA has seven to eight training centers in a country which MOFA once sent an inquiry to transform the facility into international training centers, and two training centers in abroad Tanzania and Gambia. Two agency of MOA are engaged in SSC in the field of livestock, estate crops, food crops, horticulture, economic study, cereal, etc. It is therefore important for emerging providers like Indonesia to consider about human resources who could work in SSC projects: how to respond to future increase in requests from recipient countries, and to changes in international environment.

(6) PRIVATE SECTORS' INVOLVEMENT

There are limited numbers of collaboration with private sector at present. Ministry of Public Works seconded staff members to Timor-Leste for road construction in collaboration with private companies. Ministry of Industry facilitated imports of cotton from Mozambique and exports of garments private sectors embroider. From the points of view of obtaining support for SSC from the public and utilizing private sectors' knowledge and experiences, it is worth considering about private sectors' involvement in Indonesian SSC.

(7) ATTRACTIVE POINTS OF INDONESIA AS A PROVIDER OF SSC

Following issues are proposed by interviewees of the field study as themes Indonesia has comparative advantages over the other countries.

- Artificial insemination.
- More than 15 years of SSC experiences.
- Achieving food self-sufficiency
- Family planning program in 1980s
- Relatively accessible technologies Indonesia could provide to developing countries compared with those of developed countries.
- Disaster management and rescuer.
- Coordinating capacities of different interests at international forums by accepting diversities of other countries based on "Bhinneka Tunggal Ika"¹¹⁴

¹¹⁴Yuri Sato, 2011], p.25.

- Democratization and governance.
- SME development.
- Infrastructure development such as road construction and irrigation.
- Human development through scholarship provision.

Appendix

A History of Japan's ODA

Japan started government-based technical cooperation in 1954, when it joined the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific, and government-based financial cooperation in 1954 when it signed the Japan-Burma Peace Treaty and Agreement on Reparations and Economic Cooperation¹¹⁵

While Japan's ODA is said to be started in 1954, there are several important and related factors which are considered to exert an influence on Japan's ODA after 1954. In this section, events happened before 1954 are explained first as prerequisites for the later on ODA, followed by a brief history and characteristics of Japan's ODA.

1. DAWN OF JAPAN'S ODA

Following the World War II WW II, Japan was a recipient of foreign assistance, which guided the recovery of the devastated Japanese economy. Immediately after the defeat of WW II, grant type aid for food were provided. Humanitarian aid came from private sectors such as LARA Licensed Agencies for Relief in Asia and CARE, which granted food and medical goods. The US government supported Japan in the forms of providing food to people through GARIOA Government Appropriation for Relief in Occupied Area and raw material to private firms through EROA Economic Rehabilitation in Occupied Areas. The money the Japanese government obtained from selling those goods was utilized for developing key industries. GARIOA and EROA were provided for 6 years from 1947 to 1952 and the total amount was about US 1.8 billion dollars, out of which US 1.3 billion dollars was grant assistance. The present value of the US 18 billion dollars is as much as about 1.2 trillion yen, which is a significant amount provided to one country compared with the fact that present Japan's ODA amount of 1.5 trillion yen assisted about 160 countries in the world.¹¹⁶

After the termination of GARIOA and EROA in 1952, World-bank loans began for construction of thermal power stations in 1953 after Japan joined WB in 1952. World Bank financing contributed significantly to stimulating Japan's high rate of economic growth. The Japanese government utilized loans from WB for iron & steel, ship building & engineering, metal industries and motor companies in the 1950s and for construction of highways and railways in the 1960s.¹¹⁷ Borrowers of loans were not only public and quasi-public organizations such as electric power, highway and railways, but also private firms engaged mainly in key industries such as iron & steel, shipbuilding & engineering, metal industries and motor companies.

¹¹⁵ 50 Years of Japan's ODA (MOFA (<http://www.mofa.go.jp/policy/odacooperation/anniv50/pamphlet/progress1.html>))

¹¹⁶ MOFA home page (http://www.mofa.go.jp/mofaj/gaiko/oda/hanashi/story/1_2.html).

¹¹⁷ Regarding World Bank loan projects please see World Bank web

site:<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/JAPANEXTN/0,,contentMDK:20647268~menuPK:1685430~pagePK:1497618~piPK:217854~theSitePK:273812~isCURL:Y,00.html>.

BOX 1: A Case of Aichi Irrigation Project (1957-61)

This was the first and then largest multipurpose land development project in Japan after WW II. It contains construction of a dam, reservoirs, 112 km of primary canals and 1,000 km of secondary and tertiary canals within 5 years. Total project cost was 42.2 billion Yen, out of which WB lent 1.75 billion Yen loan.

The project was initiated by farmers' strong demand for developing water supply systems, which came up in 1947 and supported by related ministries and local governments.

Upon request from the Japanese government, joint preparation study was conducted by a WB consulting team and Japan for 2 years before the project implementation.

The loans helped Japan to (i) smooth financial constraints, (ii) introduce new technology and equipment from foreign countries backed by their rich experiences in other countries, (iii) publicize the project to the world.

During the implementation period, decisions were made mutually based on deep discussion and consultation between recipient (Japan) and donors (WB and USA) in various fields such as the dam site, construction method of the dam, canal sites taking into account of land titles and project implementing system.

Source: [Aichi Irrigation Public Corporation, 1968], [Aichi Irrigation Public Corporation, 1961]

The case of Aichi Irrigation Project written in BOX 1 shows, as a recipient country, Japan accumulated rich experiences of implementing projects in collaboration with foreign experts by exchanging professional views based on deep discussion and consultation in various fields. Such experiences of mutual project implementation respecting for respective knowledge, expertise and experiences became an important lesson for Japan to provide ODA to other developing countries afterwards. Such lesson was reflected in Japan's technical cooperation and Japan's ODA projects have been mutually operated and managed by recipients and Japanese experts.

Apart from these foreign assistance, Japan gained income deriving from the foreign expenditures of the U.S. Army and military personnel seconded to the Korean War, namely the special procurements *tokuju* after the worldwide recession of 1949. The gigantic sums of the special procurements, as high as US\$ 590 million, 800 million and 800 million in 1951, 1952 and 1953 respectively, were equivalent to 60 to 70 percent of the then exports. The temporary obtained dollar incomes contributed to increase imports of key industries utilizing raw materials from abroad, hence these industries could double their scale of production.¹¹⁸

¹¹⁸[Takafusa Nakamura, 1981], pp.41 to 48.

During 1951 to 1952, “capital accumulation” promotion policies for industrial reconstruction were hammered out in quick succession. During this period, the Japan Export-Import Bank was established for the purpose of promoting exports by providing financing to export firms. Foreign technology started to be imported on a large scale during this period via increasing technical cooperation with foreign firms as well. Private firms converted their technology developed during the war into technology for general private industry abroad during this period. The signing of the Peace Treaty of San Francisco in September 1951 and the Japanese- American Security Pact of May 1952 gave Japan an opportunity to economize on Japanese defense spending while the US kept Japan unarmed at the Korean War. Then Prime Minister Yoshida set economic reconstruction and development as the nation’s immediate goals while saving on military expenses by leaving defense to the U.S.Army.¹¹⁹

With the assistance from foreign countries and multilateral organizations, Japan gradually recovered from the devastated economy and started signing Agreements on Reparations in 1954. Since then Japan gradually transformed itself from a recipient county of foreign assistance to a donor country. Table AP-1 summarizes the transformation process. Sentences written on the grey highlights indicate activities of Japan as a donor country.

1946	Started LARA Licensed Agencies for Relief in Asia
1947-1951	GARIOA Government Appropriation for Relief in Occupied Area: 1947-52 by the then sole bilateral donor, USA.
1948	CARE started providing materials-1955
1949	Food supply to Japan under the Economic Rehabilitation in Occupied Area EROA: 1949-52 plan began. Meals were provided to 300 nursery schools in 6 big cities. UNICEF started providing milk. UNICEF granted raw cotton which was processed as cloths provided to children in difficult living conditions. GARIOA started assistance for studying abroad to 1952
1950	Japan began to contribute to UNICEF
1952	Japan joined World Bank and IMF. Export Bank of Japan is founded. Renamed Export-Import Bank of Japan in Apr. 1952 The Fulbright program starts and the first 31 persons visited America. Mrs. Sanger came to Japan in order to train and disseminate family planning movement spread.
1953	World Bank provided the first loan to the Japanese government for construction of three thermal power stations. WHO supported doctors and nurses to study abroad UNICEF emergency assistance to the disaster victim of the typhoon flood damage of central Japan and western part of Japan.

Source: Foreign aid Japan received¹²⁰, MOFA <http://www.mofa.go.jp/policy/oda/summary/1999/ref8.html>, [Watanabe T & Miura A, 2003].

Table AP- 1 Major foreign assistance after WW II

Formulation of Japan’s external economic cooperation visions

¹¹⁹[Takafusa Nakamura, 1981].

¹²⁰<http://www.juwa.co.jp/alice/006/ap006.html>,

During the period when Japan joined the Colombo Plan, paid reparations and received various assistances from foreign countries including World Bank, political leaders and related ministries struggled for formulating visions for recovering Japan and proposed such views.¹²¹ Many of the visions included “Japan’s external economic cooperation providing aid” in combination with “receiving aid from international society”. Such views were widely shared by politicians and related ministries regardless of their political stance, different interests of the ministries and background and experiences of individual political leaders and policy formulators. The most related ministries of ODA were Ministry of Foreign Affairs MOFA, Ministry of Finance MOF and Ministry of International Trade and Industry MITI at that time.

MOFA shared a view on “development of Southeast Asia by collaboration between Japan and the United States of America”.¹²² MOF, which was the central player of policy formulation of the Japanese government after the WW II, insisted that Japan should assist Asian countries from wholeheartedly. MITI thought about implementing external cooperation for the purpose of exporting machinery and equipment and providing production technology for the Iron ore development, in order for Japan to secure steel materials in return in collaboration with the USA. Thus, Japan had clear intention to provide external economic cooperation even during the recipient period.

2. JAPAN’S ODA AFTER 1954

Table 2 summarizes the history of Japan’s ODA since the inception. MOFA classifies the history of Japan’s ODA into 4 periods: i System Development Period from 1954 to 1976; ii Systematic Expansion Period from 1977 to 1991; iii Policy and Philosophy Enhancement Period Original ODA Charter Period from 1992 to 2002 and iv Meeting the Challenges of a New Era from 2003 afterwards.¹²³

3. SYSTEM DEVELOPMENT PERIOD FROM 1954 TO 1976

Japan started and developed the system of providing ODA during the period from 1954 to 1976, which was consistent with “the rapid economic growth period from 1951-52 to about 1970¹²⁴”. Initially, Japan paid reparations while it received assistance from foreign countries and multilateral organizations. This period could be summarized as a transformation period from a recipient country to a donor country by recovering from the defeat of WW II and returned to international society.

Japan’s ODA dated back to the contribution of USD 50,000 to the Colombo plan in 1954 together with the war reparation agreements with Burma in 1954, the Philippines in 1956 and Indonesia in 1958. The war reparations were given to build up what had been damaged during WW II, and were tied to procurement from Japanese companies, and in that way it also served the purpose of promoting exports from Japan.¹²⁵

¹²¹[Yasutami Shimomura,2010]

¹²² Explanation about the three ministries is based on [Yasutami Shimomura, 2010]

¹²³ <http://www.mofa.go.jp/policy/oda/cooperation/anniv50/pamphlet/progress1.html>.

¹²⁴[Takafusa Nakamura, 1981].

¹²⁵[Marie Söderberg, October 2002.]

Due to the nature, Japan provided loans mainly to Asia to fulfill the needs. After 1973 when the oil crisis happened, a stable supply of natural resources became another ingredient of Japanese aid policy. In addition, Japan provided loans to develop infrastructure in Asia which would facilitate trade to obtain resources by Japanese companies.

Several aid implementing agencies were gradually established in order to provide technical cooperation, reparations and extension of yen loans for expanding export markets for Japan and securing imports of important raw materials. Various technical cooperation schemes such as food aid, grant aid and JOCV Japan Overseas Cooperation Volunteers were introduced during this period.

Initial technical cooperation took forms of trainees and seconding experts. Financial cooperation started as providing reparations and economic cooperation following the Burma, reparations treaties was signed-with the Philippines, Indonesia, and the Republic of Vietnam South Vietnam. In addition, grant aid etc. known as "quasi-reparations" has been provided to Cambodia, Laos, Thailand, Malaysia, Singapore, Korea, and Micronesia, which was not regarded as reparations in the strict sense. Extending the first yen loan to India in 1958 was Japan's first financial cooperation with concessional conditions, independently of the issue of atoning for the war through reparations.

Important goals of Japan's ODA during the initial period inclined to develop and reconstruct the Japanese economy, by strengthening the economic relationships mainly with East and Southeast Asian countries. Under such a situation, Japan's initial ODA was mainly utilized for development of Japan and export promotion of Japanese products as MOFA describes as "Japan's reparations and extension of yen loans in the 1950s and 1960s had the objectives of expanding export markets for Japan and securing imports of important raw materials, and there were high expectations of a beneficial effect from these actions for the Japanese economy. This stance was also reflected in the tied aid rate, which was almost 100% until the end of the 1960s".¹²⁶

Loan aid has consisted major part of Japan's ODA for a long time. Until 1980, more than 50% of Japan's ODA was provided through loan aid, though the share has been gradually decreasing over the last 30 years. It was not avoidable for Japan, where private firms lost their international competitiveness after the WW II, to have utilized loan aid for export promotion in the latter half of the 1950 and National interest of assuring Japanese private firms' interests existed at that time.¹²⁷ The fact that Japan has traditionally provided ODA mainly to East Asian countries for the purpose of developing economic infrastructure was closely related to the high share of loan aid in Japan's ODA as well.¹²⁸

¹²⁶ 50 Years of Japan's ODA (MOFA (<http://www.mofa.go.jp/policy/odacooperation/anniv50/pamphlet/progress1.html>

¹²⁷[Toshio Watanabe, 2003].

¹²⁸[Toshio Watanabe, 2003].

The Japanese government completed the payment of reparations in 1976.

4. SYSTEMATIC EXPANSION PERIOD FROM 1977 TO 1991

During this period, while ODA resources were dwindling worldwide and most donors had been affected by “aid fatigue”, Japan accumulated trade surplus constantly. Japan’s ODA dramatically grew in magnitude from the late 1970s throughout the 1980s.

In 1977, the first of a number of aid doubling plans Medium-term Target to bolster ODA was announced in order to assume greater “international responsibility’ and ‘recycling of trade surplus”. The first Target was followed by the second in 1981, the third in 1986, and the fourth in 1988. In 1989, Japan topped the US in terms of aid volume as the biggest donor of foreign aid among all aid donor countries.

The wish to be respected in the international community was a strong motive for those plans that eventually turned Japan into a leading donor. It was also a way of improving Japan’s image in Asia where Japanese businessmen had left far from favorable impressions of their country.¹²⁹ Furthermore, the steep appreciation of “Yen” after the Plaza agreement in 1985 made Japanese exports very expensive, hence, Japanese companies were forced to relocate their production sites to growing economic areas, Asia. Under such a situation, Japan’s ODA was provided for building the necessary infrastructure such as roads, ports, electric power and grid and telecommunications to facilitate the companies’ penetration to the Asian market.

As Japan’s ODA increased significantly, criticisms arose in opposition to the low ratio of Japan’s ODA to GNP and the high tied rates of concessional loans. From domestic point of view, after the termination of reparation in 1976, it was more needed to explain the reason of providing ODA to public people. During this period, draft laws on international development cooperation were submitted to the National Diet both House of Councilors *Sangiin* and House of Representatives *Shugiin* for three times by different political parties and were declined.

Loans were being untied and debt relief started in the late 1970s. The government achieved 100% of general untied loans in 1996. Since then, however, the share of untied loans has been decreasing up to 60% in 2001, reflecting the Japanese companies’ demand for more contracts during the severe Japan’s recession. The share of aid directed to basic human needs more than doubled. ODA came under closer scrutiny and evaluation in the 1980s.

5. POLICY AND PHILOSOPHY ENHANCEMENT PERIOD FROM 1992 TO 2002

During the 1990's, when 'aid fatigue' set in after the Cold War, Japan kept being a top donor. The

¹²⁹[Marie Söderberg, October 2002]

government formulated the first ODA Charter stating visions, guiding principles and priority issues in 1992. The Charter contained cross-sectoral issues such as environment and gender, and implementing agencies developed guidelines to deal with them. In the 1990s, Japanese ODA became more environmentally conscious. The ODA Charter called for the consideration of the principles in aid implementation that were well in line with the policy of other major donors at the time such as environmental conservation, avoiding use of ODA for military purposes, paying attention to trends in recipient countries' military expenditure and promoting democratization and the introduction of a market oriented economy.

The Japanese government started to decide ODA projects based on "policy dialogue" rather than traditional "recipients" request basis". In other words, the government began to set agenda on its own and actively engage in policy consultations with recipient countries. The government took the lead and initiatives in world development affairs as well. Japan organized coordination meetings on development of Cambodia, Mongolia and Africa. Regarding Africa, Japan organized the first international conference on African development in 1993 called TICAD Tokyo International Conference on African Development that was held 4 times up to 2008 with emphasis on "ownership of Africa". Japan also announced initiatives on HIV/AIDS, WID, and democratization. At COP3 of 1997, Japan announced "The Kyoto Initiative" to support developing countries' measures against global warming mainly through ODA. Three pillars of the Kyoto Initiative were: cooperation in capacity development. ODA loans at the most concessional terms and effective use and transfer of Japanese technology and know-how.¹³⁰

Involvement of NGOs started to be promoted during this period. The government started providing subsidies to NGO projects in 1989 and the subsidies and contracting out have kept expanding since then. The government agreed to engage in policy dialogues with NGOs in the mid-1990s and to include NGO representatives in its official delegation to international conferences. A view points out that the government "needed NGOs to put a "human face" on its aid and it was an act of counterbalancing the blames cast upon Japan's ODA".¹³¹

Since late 1990s, the dragged recession has brought about a gradually declining trend of the ODA budget and net ODA disbursement. Thus, Japan was replaced by the US with regard to its status as the largest donor in 2001 though it remains to rank the second. The budget constraint encouraged the ODA reform within which related ministries engaged in ODA could justify to stop the declining trend of ODA budget.¹³² Within the ODA reform, the ODA charter was revised in August, 2003, which stressed the "strategic uses of ODA". In the new Charter, the objectives of ODA are stated as "to contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and

¹³⁰ http://www.mofa.go.jp/mofaj/gaiko/oda/shiryo/pamphlet/pdfs/jk_cop12_e.pdf.

¹³¹ [Nagase Riei, 2005]

¹³² Ibid.

prosperity”.

The rate of tied aid has decreased rapidly in response to the strong criticism against loan aid tied to Japanese firms from both domestic as well as international societies, and achieved 100 % of untied loan aid in 1996.¹³³

6. MEETING THE CHALLENGES OF A NEW ERA FROM 2003 AFTERWARDS

The ODA Charter, approved by the Cabinet in 1992, has been the foundation of Japan's aid policy for more than 10 years. In 2003 the government revised the Charter with the aim of enhancing the strategic value, flexibility, transparency, and efficiency of ODA. The revision also has the aim of encouraging wide public participation and of deepening the understanding of Japan's ODA policies both within Japan and abroad. The revised Charter has encouraged participation of commercial companies in implementation. The new Charter adopted in 2003 encouraged to promote “Japan’s own security and prosperity” through provision of ODA.

7. HISTORY OF ODA IMPLEMENTING ORGANIZATIONS

Several attempts were made to systematize the ODA implementation. Main ODA related ministries have been Ministry of Foreign Affairs MOFA, Ministry of Finance MOF and Ministry of Economic and Trade and Industry METI formerly known as Ministry of International Trade and Industry.

MOFA has always played a central role in Japan’s ODA policy in terms of taking responsibility of grant aid and participating in decision making on loan aid. It also has aid implementing arm JICA, which is under MOFA’s jurisdiction. MOFA has been also in charge of coordinating ODA activities between the ministries that have their own budgets for economic assistance. On the other hand, although MOFA is a window of Japan and the most sensitive ministry of all ministries to foreign pressure on its aid policy, it has almost no means of influencing Japan’s domestic politics. It is considered that MOFA’s position in domestic politics is vulnerable because it lacks a constituency..¹³⁴

MOF has controlled the ODA budget and maintained a considerable influence over Japan’s ODA policy by controlling the final steps of the creation of the foreign aid budget. MOF has examined ODA from the point of view of the impact on Japan’s national budget. MOF has preferred loan aid than grant aid based on the following reasons: i MOF does not have control over grant aid that is under MOFA; ii loan aid is less costly schemes for Japan’s national budget in the long run as it will be repaid in the future; iii loan aid is under MOF’s jurisdiction and iv loan aid has been considered by the Japanese government to encourage self-help of recipient countries.¹³⁵

¹³³[Toshio Watanabe, 2003].

¹³⁴[Nikitina, Larisa and Furuoka, Fumitaka, February 2008] (Online at <http://mpr.ub.uni-muenchen.de/7046/>)

¹³⁵ Ibid.

METI had a dominating influence over aid administration in the 1960s and in the early 1970s, when Japan's ODA was purposely designed to promote Japan's external trade and investment. However, its influence gradually declined over the years as the focus of Japan's aid broadened from economic concerns to include political and strategic factors. METI's main concern was Japan's economic development and aspired to use foreign aid as a tool for Japan's economic growth. Representing Japanese firms' interests, METI was very concerned about Japanese firms that could not win bids for Japan's ODA programs as the rate of untied aid increased, and advocated the revitalization of the tied aid policy to allow only Japanese firms to participate in projects financed through Japan's foreign aid.¹³⁶

Under the related ministries, three agencies played pivotal roles in ODA implementation: Export-Import Bank of Japan EXIM, Japan International Cooperation Agency JICA and Overseas Economic Cooperation Fund OECF. Table AP-2 below summarizes the Japan's ODA history.

EXIM was established in 1950 in order to promote international trade. In the beginning, the Bank only gave loans to trade-related private firms in Japan. Its commitments have gradually expanded and the Bank started to finance foreign projects. EXIM Bank was the main agent for bilateral loans from 1958 to 1975, when the OECF undertook the provision of almost all Japanese bilateral loan aid.¹³⁷ EXIM gave commercial loans called as "Other Official Flows OOF whose grant element GE was less than 25% to Japanese firms and foreign governments, while the OECF gave Yen loan aid to development projects, whose GE was more than 25%.. Main task of EXIM was shifted from loans to mega-projects in developing countries to develop natural resources such as petroleum or coal in the 1960s, to loans for development of alternative natural resources, such as natural gas and uranium after the "oil crisis" in the 1970s. EXIM extended support to the Japanese multinationals' activities in the 1980s, and shifted its focus to helping developing countries later on. EXIM intended to provide loans in collaboration with international financial organizations such as World Bank and IMF. EXIM's new task was the distribution of untied loans such as US\$65 billion to help stabilize Latin American countries' financial systems during the financial crisis in the 1980s.¹³⁸

OECF was established in 1961. Since 1975, it had been distributing almost all Japanese bilateral loans. OECF was formed after the Asian Development Fund in EXIM, hence shared responsibilities and was in partnership with EXIM in the early stages. The related three ministries, MOFA, MOF and MITI present METI made the arrangement for the administrative control of the OECF posed difficulties and caused frictions. The responsibility of managing OECF was given to Economic Planning Agency EPA. However, since EPA was a domestically weak agency, officials from other ministries entered OECF in

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ *Kokusai Kaihatsu Janaru*, February 1995, quoted from [Nikitina, Larisa and Furuoka, Fumitaka, February 2008]

strategic policy positions.¹³⁹

The first organization in charge of technical cooperation, Society for Economic Cooperation in Asia was founded by MITI in 1953. The society received technical trainees from Indonesia and Thailand and seconded industrial specialists to Taiwan. In 1962, this task was undertaken by the newly established Overseas Technical Cooperation Agency OTCA. In 1974, the OTCA and Japan Emigration Service merged into a single agency: namely, Japan International Cooperation Agency JICA that was in charge of technical cooperation.

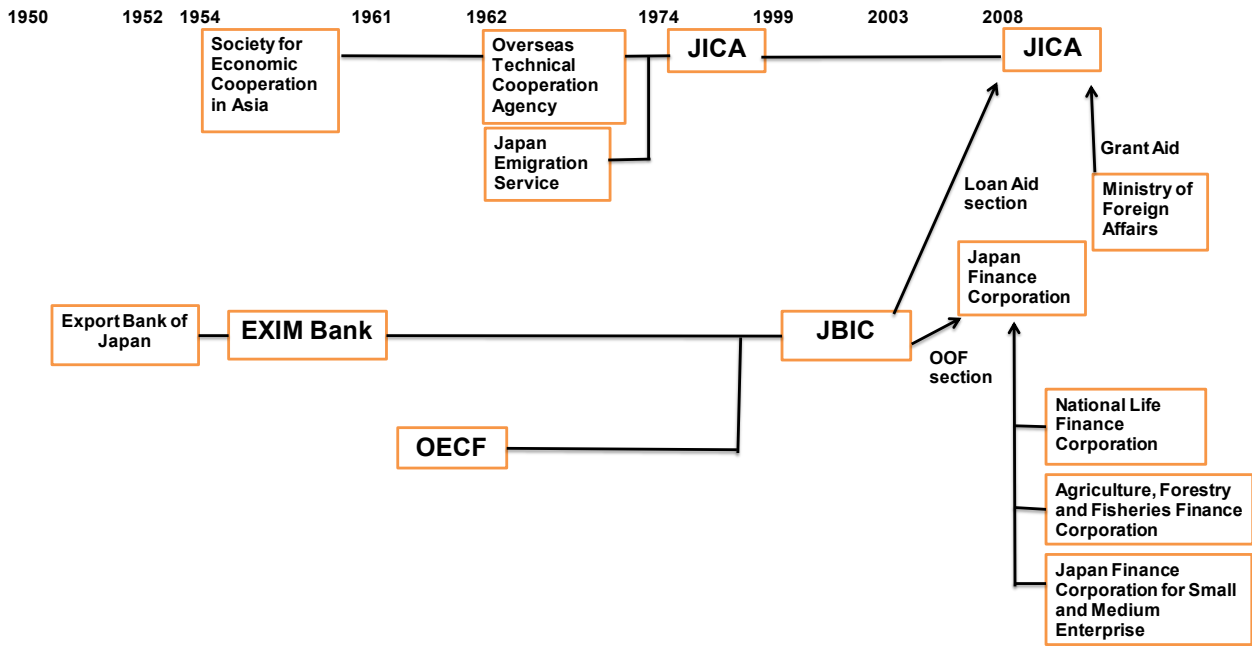
A serious inter-ministry conflict arose during the setting up of JICA. Each ministry demanded that a new aid-implementing agency was put under its jurisdiction. JICA was established as a compromise between the ministries.¹⁴⁰ Due to the establishment of JICA, several ineffective operational systems existed in JICA before the ODA reform in the 2000s. For instance, there was an argument about JICA's "vertical cleavage" organization reflecting its history.¹⁴¹ Under JICA's scheme, both MITI and the MAF independently carried out their own technical cooperation. Each ministry seconded their officers to JICA, thus securing control over technical cooperation. In addition, while the President of JICA was normally appointed from among former top ranking officers of MOFA as the MOFA's jurisdiction over JICA, each divisional head was seconded from the various ministries, often from MITI or the MOF.

ODA reform took place in the 2000s as part of the public corporations reform and the above mentioned ODA implementing organizations were reorganized as the Figure AP-1 shows. EXIM Bank and OCEF were remerged as Japan Bank for International cooperation JBIC in 1999. In 2008 former EXIM bank function of JBIC was merged with three public organizations and formed Japan Finance Corporation under the jurisdiction of MOF in October 2008. The former OECF function of JBIC responsible for concessional loan aid was merged with JICA in October 2008. Grant aid governed by MOFA was transferred to JICA as well. JICA was formed into an independence administrative organization in October 2008.

¹³⁹Rix, Alan (1980. *Japan's Economic Aid: Policy Making and Politics*. London: Croo Helm, quoted from [Nikitina, Larisa and Furuoka, Fumitaka, 2008]

¹⁴⁰*Kokusai Kaihatsu Janaru*, May 1992, quoted from [Nikitina, Larisa and Furuoka, Fumitaka, 2008]

¹⁴¹Mitsuya Araki, the editor of the *Kokusai Kaihatsu Janaru*.



Source: Author made based on MOFA, "50 years of Japan's ODA
<http://www.mofa.go.jp/policy/odacooperation/anniv50/pamphlet/progress1.html>

Figure AP- 1Institutional Change of Implementing Agencies

Period	Events
1954-1976	<p>System Development Period</p> <ul style="list-style-type: none"> ● 1954: Japan participated in the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific. Asian Cooperation Foundation is founded. Japan-Burma Peace Treaty and Agreement on Reparations and Economic Cooperation is signed. Started technical cooperation and financial cooperation. ● 1954: the Society for Economic Cooperation in AsiaTC ● 1955: MOFA established Reparations Department in its Asian Affairs Bureau. Agreement between Japan and Thailand concerning settlement of "Special Yen Problems." ● 1956: Japan-Philippines Agreement on Reparations was signed. ● 1957: Pre-investment basic survey started prototype of development survey. ● 1958: Japan-Indonesia Peace Treaty and Agreement on Repatriations and Economic Cooperation was signed. ODA loans began Japan-India Exchange of Notes is signed. Japan-Laos Agreement on Economic and Technological Cooperation was signed. ● 1959: Japan-Cambodia Agreement on Economic and Technological Cooperation was signed. MOFA established Economic Cooperation Department in the Economic Affairs Bureau. Activities of Overseas Technological Training Center began prototype of project-type technical cooperation. Japan-South Viet Nam Agreement on Reparations is signed. UNICEF provided 4000 blankets to victims of the Isewan flood as an emergency aid. ● 1960: Japan joined Development Assistance Group DAG UNICEF assisted victims of the Chilean earthquake.

	<ul style="list-style-type: none"> ● 1961: the Overseas Economic Cooperation Fund OECF Loan World Bank provided a loan of US 8 million dollars for construction of Tokaidoshinkansen. ● 1962: Agreement between Japan and Thailand concerning settlement of "Special Yen Problems" is signed. MOFA establishes Economic Cooperation Bureau. DAC conducts the first review of annual assistance to Japan. Overseas Technical Cooperation Agency OTCA is founded. U.S.-Japan Agreement on Government Appropriation for Relief in Occupied Area GARIOA and the Economic Rehabilitation in Occupied Area EROA Debts is signed. Overseas Technical cooperation Agency OTCATC ● 1963: Japan-Burma Agreement on Economic and Technological Cooperation is signed. ● 1964: Joined Organization for Economic Cooperation and Development OECD. Provision program of equipment and materials begins. Reparations development of Asian Affairs Bureau is integrated into the Economic Cooperation Bureau ● 1965: Japan Overseas Cooperation Volunteers JOVC inaugurated. ● 1966: World Bank provided a loan of US 100 million dollars for construction of the super highway between Shizuoka and Tokyo. Two-step loans start. ● 1968: Food aid program started. Acceptance of trainees by JIC reached 10,000. General grant aid started A two-step loan and a loan-in-kind started. ● 1972: ODA target of 0.7% of GNP is declared at General Assembly of United Nations Conference on Trade and Development UNCTAD. Introduction of untied loans is approved by cabinet meeting. ● 1973: Fishery grant starts. ● 1974: OTCA became Japan International cooperation Agency JICA ● 1976: The payment of reparations was completed.
1977-1991	<p>Systematic Expansion Period</p> <ul style="list-style-type: none"> ● 1973: Disaster Relief in 1973 ● 1975: Grant Aid for Cultural Activities ● 1977: Aid for Increasing Food Production ● From 1978 and 1980: MOFA clarified ODA philosophies International responsibility and humanitarian standpoints, Contributing to further development of peace and stability, Benefit of the country's continued economic development and Maintain friendly ties with developing countries. ● Providing loans in coordination with World Bank's structural adjustment facility. ● 1983: The third largest donor country among the DAC ● 1989: OECF introduced environmental impact assessment guidelines. ● The geographical distribution of Japan's ODA became diversified. ● Support for BHN: Japan's share of ODA for BHN less 10% until 1977 → 1978 23% → 20 and 30% since then. ● 1989: Became top donor ● 1989: A Small-scale Grant Assistance Scheme for NPO NGOs, local governments, schools and hospitals ● 1989: A NGO Subsidy System started. ● Five consecutive medium-term targets of ODA covering the years from 1977 to 1991. ● Increased its ODA and diversified it for geographical distribution. ● Japan contributed US\$13 billion to the multinational forces in the Gulf War in 1990 and 1991

1992-2002	<p>Policy and Philosophy Enhancement PeriodOriginal ODA Charter Period</p> <ul style="list-style-type: none"> ● 1992: the ODA Charter formulating Japan's ODA policies comprehensively from medium- and long-term perspectives. The ODA Charter clarifies the principles of Japan's ODA and promote aid activities in line with its diplomatic policies. <ul style="list-style-type: none"> ✓ a humanitarian standpoint ✓ interdependent relationship between Japan and the partner country ✓ an emphasis on environmental conservation in socioeconomic development ✓ Self-help efforts of developing countries towards economic take-off. ✓ Asia will continue to be priority region for Japan's ODA. Global problems, such as environmental issues, should be more in focus ● 1993,1998,2003,2008: The Tokyo International Conference on African Development TICAD ● ODA policies are developed on regional and country bases. ● 1995: Renamed The grant assistance scheme as Grant Assistance for Grassroots Projects ● 1997: the third conference of the Parties to the United Nations Framework Convention on Climate Change COP3 held in Kyoto. ● Japan played a pivotal role in establishing "Shaping the 21st Century: The Contribution of Development Cooperation" announced at the OECD-DAC high-level meeting. The strategy succeeded to the Millennium Development Goals MDGs. ● 1997: the direction of ODA policy that focused on quality rather than quantity was approved by the cabinet. ● 1999: Formulated Medium-Term Policy on ODA focusing on the "quality" of aid activities, the active promotion of "human-centered development" and more visibly realized aid activities. ● 2002: the final report of the Second Council on ODA Reforms: public participation, transparency, and efficiency.
2003-present	<p>Meeting the challenges of a new eraRevised ODA Charter</p> <ul style="list-style-type: none"> ● 2003: The ODA Charter was revised to contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and prosperity. ● Introduced and implemented its new country-based aid and announced greater support for countries in Africa and Asia at the third Tokyo International Conference on African Development TICAD III and the Japan-ASEAN Commemorative Summit. ● Peace-building activities in Iraq and Afghanistan based on the new ODA Charter.

Source: Author made based on Ministry of Foreign Affairs, 50 Years of Japan's ODA, MOFA <http://www.mofa.go.jp/policy/oda/summary/1999/ref8.html>.

Table AP- 2 The history of Japan's ODA

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Schedules of Site Surveys

Brazil: From November 1, 2011 to November 6, 2011

Day		Activities	Appointment	Stay
11/1	0900-1230	Meeting in ABC (Health and Social Development)	Secretary Otavio Briones, Assistant of Sub-Director of ABC with ABC Officials	Brasilia
		Meeting in ABC (Regional cooperation structure ex/MERCOSUR)		
		Meeting in ABC (Administration)		
	1400-1800	Institution in charge of education cooperation such as scholarship (e.g. Ministry of Education and Culture)	Sec. Rafael (Itamaraty)	
		Institution in charge of science & technology such as research (e.g. Ministry of Science and Technology)	Sec. Rafael (Itamaraty)	
23:09	Dr. DEWO Broto Joko Dr. LUKITA Dinarsyah Ms. Siliwanti	Arrival at Brasilia Trasfer AirPort to Hotel		
11/2		(National Holiday of Brazil) City Observation of Brasilia		Brasilia
		City observation, Internal meeting Casual Lunch with JICA TCTP participants 1200- (Kobayashi will pick up)	Mr. Kobayashi	
11/3	1000	Institution in charge of economic cooperation such as trade	Director of the Department of Economic Affairs of the Ministry of External Relations, Minister Paulo Estivallet	
	1130	Ministry of Planning, Special Ministry of Food Security and Hunger Combat-MESA,		
	1400	Ministry of Social Development and Fight against Hunger.		
	1500-1630	USAID	The Acting Mission Director, Mr. Christopher Cushing	
11/4	900	Meeting in ABC (Meeting with Director. Marco Farani, Bilateral Cooperation)	Sec.Pedro Velozo (ABC)	
	1200	•Courtesy call on Ministry of foreign affairs (SecretaryGeneral) •Meeting in Ministry of foreign affairs (Diplomatic policy for international cooperation)A and ABC	Sec. Rafael (Itamaraty)	
	1430-1530	Meeting in JICA Office(Triangle cooperation presented by JICA and ABC) Chief representative of JICA, Manager of ABC	Mr. Kobayashi/Alexandre	
	TBC	Meeting with Ministry of Agriculture and EMBRAPA (About Food security and explanation about Joint Project and TCTP)	Sec. Rafael (Itamaraty)	
11/5	AM	Meeting among the study team		Sao Paulo
	13:35	Departing Brasilia to Sao Paulo (Indonesian member only)		
	15:08	Mission Arrival at Sao Paulo		
11/6	AM	Visit Community Police Project		Sao Paulo
	PM	City Observation of Sao Paulo		

Ms. Toriumi: Supplementary site survey from November 4, 2011 to November 11, 2011

Japan From February 20, 2012 to February 23, 2012

Day	Time	Dr. Lukita, Mr. Wismana	Ms Siliwanti	Other members
Feb 20	7:15	arriving Narita, supported by Embassy of Indonesia		
	11:00		Courtesy Call to Embassy of Indonesia in Japan Mr. Ardi Hermawan Minister / Deputy Chief of Mission Joined by Mr. Edi Kahayanto and Mr. Mochammad Iqbal (Long-term training participants)	
	12:00-13:00	Lunch with MOFA (Mr. Umeda, DG of Southeast and Southwest Asian Affairs Department)		
	13:30-14:30	Ministry of Foreign Affairs Mr. Kazuhiko KOSHIKAWA, Director General of International Cooperation		
	15:00-15:30	Ministry of Finance Mr. Daikichi MONMA, Deputy Director General of International Bureau		
	15:45-16:15	Ministry of Economy, Trade and Industry Mr. Susumu ATSUGI, Director General of Trade and Economic Cooperation		
	18:00-20:00	Meeting with Private Sector Buffet style dinner meeting with Keidanren (Japan Business Federation)		
Feb 21	9:20-11:50	National Police Agency Metropolitan Police Department Briefing on Koban Visiting Koban		JICA Hiroo Citizen cooperation JICA Global Plaza
	14:30-18:00	Yokohama City The city's international cooperation Waste Management Practice		
	19:00-21:00	Dinner meeting with Mr. Arai, Vice President, JICA		
Feb 22	11:20	Departures from Narita	Field Trip to JICA Tsukuba and Implementing agencies - Training center's management and facility - Cooperation with local community - Training site at implementing agencies - International cooperation by implementing agencies	
	PM	Arriving Jakarta		
Feb 23		JICA HQs - Japan's Assistance Policy - JICA Overview History (Vision, Operations, Key Achievements, Budget, Organization) - Technical Cooperation - Grant Aid - ODA Loan Joined by Ms. Toriumi and Mr. Iqbal (Long-term training participant)		

Indonesia (Interviews conducted by Ms. Toriumi) From February 27, 2012 to March 8, 2012

Date	Schedule
27 Feb	09:00 JICA Indonesia Office Ms. Dinur , Mr. Nakazawa, Ms. Lingga & Ms. Gretty 12:00 BAPPENAS Mr Dewo Broto (Director for Multilateral Foreign Funding) Mrs. Agustin (Deputy Director for Multilateral IV) 14:00 Ministry of Foreign Affairs Mr. Meri Binsar(Director for Technical Cooperation) 15:00 Ministry of Foreign Affairs Mr. Purnomo Chandra (Socio-Cultural Affairs & Int'l Organization of Developing Countries)
28 Feb	09:00 : GIZ Mr. Ullrich Mohr (Country Director Mr. Ralf Sanftenberg (Deputy Country Director for Int'l Affairs) 10:30 : Ministry of Finance Mr. Herfan Brilianto (Center for Int'l Cooperation Policy) 13:30 : Ministry of Finance Ms. Ayu Sukorini (Director for Grant and Loan Mgt) 14:30 : Setneg (State Secretariat) Mr. Mukhammad Fahrurrozi (Head of South-South Technical Cooperation Division, Bureau for Technical Cooperation)
29 Feb	09:00 : Ministry of Education Ms. Enda Wulandari (Section Head for Int'l Cooperation) 10:30 : USAID Mr. David Hatch (Program Official) 14:00 : Indonesian Chamber of Commerce and Industry (KADIN) Mr. Mintarjo Halim (Chairman, Permanent Committee on Africa)
1 Mar	10:00 : UNDP Mr. Angger Wibowo (Head for Planning, Monitoring & Evaluation Unit) 13:00 : World Bank Mr. Yogana Prasta (Operation Advisor) 15:00 : Mr. Adik Bandoro
2 Mar	09:30 : Ministry of Agriculture Dr. Suryadi Abdul Manir (Head for Center of International Cooperation) 13:30 : University of Indonesia Mr. Syamsul Hadi
3 Mar	Saturday
4 Mar	Sunday
5 Mar	Coordinating Ministry of Economic Affairs Mr. Tizal Edwin Manansang (Acting Assistant Deputy Minister fro Multilateral Economic and Financial Cooperation) Yayasan Toyota Astra Mr. Mintarjo Darmati (Director)
6 Mar	Preparation for workshop
7 Mar	Preparation for workshop
8 Mar	Workshop 19:00 : Soekarno Hatta Airport 22:05 : Leave for Narita Tokyo

Workshop in Indonesia (March 7, 2012, At BAPPENAS

Agenda

Time	Agenda	Remarks
09.00 – 09.30	Registration	
09.30 – 09.45	Opening Speech	Vice Minister of National Development Planning / Vice Chairperson of National Development Planning Agency
09.45 – 10.15	Presentation of Result of Comparative Study to Brazil and Japan by Gol	Director for Multilateral Foreign Funding, Bappenas
10.15 – 10.45	Analysis of Result of Comparative Study to Brazil, Japan and Thailand by Reseacher	Ms. Toriumi Naoko
10.45 – 11.15	Recommendation for Result of Comparative Study to Brazil and Japan by JICA	Mr. Nakazawa, JICA
11.15 – 12.15	Discussion; Q & A	Moderator: Director for Multilateral Foreign Funding, Bappenas
12.15 – 12.30	Conclusion and Closing	
12.30 – 13.30	Lunch	

Participant list

No.	Name	Institution
1	Esther Sri Astuti	LM FEUI
2	Akhmad FS	LM FEUI
3	Eddy Masmi	BKKBN
4	Amri K Sumadiningrat	KTLN Setneg
5	Zulazmi	GIZ
6	Meri Binsar S	Kemlu
7	Dinur Krismasari	JICA
8	Lingga Kartika	JICA
9	Dhira A Nirmala	PKLN, Kemtan
10	M. Fahrizal A	PKLN, Kemtan
11	Theodora	BKKBN
12	Nakazawa Shigeki	JICA
13	Anissa Lucky	IFAD
14	Ivan N	KTLN, Setneg
15	Pudjiyanto	Kemendag
16	Agustin Yanna	Bappenas
17	Theresia N	Bappenas
18	Angger Wibowo	UNDP
19	Miranda T	ECBAM - Multi

20	Kurniadi	DJPU
21	Tor Tobing	DJPU
22	Evendy Siahaan	DJPU
23	Otho Hadi	Dit.Pulkam, Bappenas
24	Nancy Fisher	USAID
25	David Hatch	USAID
26	Naoko Toriumi	IDCJ
27	Heny P	Komenko Ekon
28	Silimanti	Bappenas
29	Rosianna	Bappenas
30	Ade K	Bappenas
31	Sahidin	Bappenas
32	Gretty	JICA
33	Sunarko	Kemlu, Dit. Afrika
34	Aryo Tirta S	Biro KTNL, Setneg
35	Pratiwi Larosa	Biro KTLN, Setneg
36	Irma R Sianipar	Kemendag
37	Yogana Prasta	World Bank
38	Agus Rlyanto K	Bappenas
39	Herfan B	Kemenkeu
40	Ambrosius Thomas	Kemlu
41	Andi BM	ECBAM, Multilateral
42	Egi B Suarga	ECBAM, Multilateral
43	Purnomo A Chandra	Kemlu
44	Zaenal Arifin	Multi, Bappenas
45	Djasman	
46	Priliani S	PKLN, Kementan
47	Rifki Akbari	Bappenas
48	Amat Dimiyati	Multilateral Bappenas
49	Imansyah	Bappenas
50	Dewo Broto Joko P	Bappenas
51	Lukita D Tuwo	Bappenas