

AID COORDINATION MATTERS

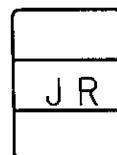
Working with others
for Africa's Development

Koichi Miyoshi
Barbara Fillip

JICA LIBRARY

J 1141694 [8]



JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
U.S.A. Office





AID COORDINATION MATTERS

Working with others
for Africa's Development

Koichi Miyoshi
Barbara Fillip



JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
U.S.A. Office

Japan International Cooperation Agency (JICA)
U.S.A. Office
1730 Pennsylvania Ave., N.W., Suite 875
Washington, D.C. 20006
(202) 393-5422

The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors and should not be attributed in any manner to the Japan International Cooperation Agency (JICA), to its affiliated organizations, or to Japan.

Koichi Miyoshi is the Resident Representative of the JICA U.S.A. Office, and Barbara Phillip is a consultant to the JICA U.S.A. Office.



MARCH 1998

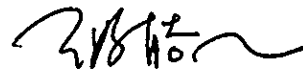
Foreword & Acknowledgments

In the past decade, Japan has become a major donor in Africa. In that context, Japan has recognized the need for greater coordination of its ODA with that of other donors. While some initiatives, such as TICAD I and TICAD II (under preparation), have been undertaken to pursue the objective of greater coordination, a lot remains to be done at various levels for aid coordination to be internalized within the Japanese aid system.

This policy paper is based on the findings of a research project undertaken by the JICA U.S.A. office. The complete findings of the research project are presented in a background paper entitled "Key Frameworks for Aid Coordination in Africa: Consensus Building, Operationalization and Implementation." This paper presents only the essence of the analysis developed in the background paper and focuses on the implications of the findings of the study for Japan's aid coordination efforts.

I hope that the paper will constitute a useful contribution in our efforts to improve the effectiveness of our ODA in Africa through greater coordination both within our aid related institutions and with other donor countries.

The JICA U.S.A. office is extremely grateful to the individuals and organizations who contributed their time and insights to make this report possible.



Koichi Miyoshi
Resident Representative
JICA U.S.A. office

March 1998

EXECUTIVE SUMMARY

To increase the effectiveness and impact of its aid to Africa, Japan must develop a clear strategy for increased participation in existing aid coordination frameworks. Aid coordination is essential to increased aid effectiveness. In the current climate of declining aid budgets and questioning of the effectiveness of aid, it is crucial for Japan to be more aware of the potential of aid coordination in increasing the impact of Japan's aid on the African continent.

To maximize the use of aid coordination to Japan's advantage, a first priority is to better understand aid coordination. Aid coordination should not be viewed simply as "joint projects or seminars" with other donors, or as participation in Consultative Group Meetings or Round Tables. Aid coordination is both multidimensional and complex. It is more useful to talk of "aid coordination frameworks". **An aid coordination framework is defined as a set of activities pursued by two or more development partners for the purpose of building consensus around development priorities, ensuring greater coherence of aid policies and practices, and increasing the complementarity of development programs and projects.**

Three distinct types of aid coordination frameworks are identified: 1) consensus building frameworks; 2) intermediate frameworks for operationalization; and 3) implementation frameworks at the country level. In order for Japan to maximize the use of such aid coordination frameworks to its own advantage, it is important to understand their individual role in the overall system of development assistance to Africa. While consensus building frameworks focus on building broad consensus around development priorities and strategies, operationalization is a subsequent step that involves using the broad consensus as a basis for more detailed collaboration among development partners on more specific issues or sectors to move towards greater harmony and complementarity of approaches. Finally, implementation at the country level focus on country specific field-level coordination of programs and projects.

Ideally, aid coordination should be the responsibility of African governments. However, given the current lack of capacity of many African governments to undertake the task, donors are still often playing a major role. There is room for Japan to both assist African governments in taking control of the aid coordination process and to have a significant catalytic impact through its more efficient participation in aid coordination frameworks.

For this to happen, a lot of effort will have to be put into developing a coordination policy and finding the necessary (financial and political) support for its successful implementation. In addition, in order to have more of an impact through its participation in aid coordination frameworks at all levels, Japan should increase its analytical capacity with regards to development assistance issues in Africa. Finally, Japan should ultimately work to strengthen the capacity of African governments to coordinate external assistance.

PART I: WHAT IS THE EXTENT OF JAPAN'S CURRENT PARTICIPATION IN AID COORDINATION FRAMEWORKS?

A. INCREASED ATTENTION TO AID COORDINATION (in statements):

Japan is increasingly paying attention to aid coordination issues to increase aid effectiveness and efficiency and has recognized that in the specific context of Africa, where it still has limited experience, aid coordination with other donor countries and organizations is essential. This is reflected in a number of studies and reports produced by the Ministry of Foreign Affairs (MOFA) and Japan International Cooperation Agency (JICA). In practice, however, significant obstacles remain and much could still be done in terms of increased coordination. This study identifies possibilities for further coordination of Japan's aid with that of other donors, in the context of recipient country efforts to clearly define their own national and sectoral priorities, strategies and programs.

The Ministry of Foreign Affairs noted in its 1996 annual report that "As Japan's ODA has grown in volume and come to cover a wider geographical area, aid policy coordination with other donor countries and organizations has become a new task on the Japanese ODA agenda."¹ Beyond coordinating aid policies (among donor countries), more could be done in terms of coordinating implementation strategies within African countries. Japan is now the world's largest donor and it has expanded its aid from Asia to other regions of the world, including Africa. To increase the efficiency and effectiveness of its aid, Japan must work with others.

In spite of these statements recognizing the need for greater coordination, Japan does not have a coordination policy or a systematic mechanism for implementing the recommendations suggested above.

B. FROM STATEMENTS TO POLICY AND PRACTICE:

Japan's increased attention to coordination in various statements has been matched by a number of specific initiatives at different levels. Japan took a leadership role in the first Tokyo International Conference on African Development (TICAD) held in 1993 and is now working with other partners to prepare the second TICAD to be held in October 1998. Japan also played a critical role in the formulation of the New Development Strategy adopted by the OECD's Development Assistance Committee (DAC) in May of 1996.

In addition, Japan is striving to increase its bilateral cooperation with various donors and to improve coordination within its own development assistance agencies and

schemes. Most recently, Japan has started to participate in Sector Development Programs (SDPs) thereby expanding the scope of its coordination with other donors.

In spite of these efforts, there is much that remains to be done to improve aid effectiveness and efficiency through aid coordination. The primary obstacles from Japan's point of view are as follows:²

- Staff constraints: Japan (JICA/OECF) has a limited field staff presence in Africa compared with other bilateral donors.³ This presence is especially small when compared with the volume of aid that Japan is providing in Africa.
- Visibility : The 1996 Annual Report for Japan's ODA notes that "through tie-ups and coordination with former colonial powers, Japan's aid risks becoming 'faceless' or 'invisible' assistance."⁴ This concern is shared by other bilateral donors and it has been raised repeatedly in interviews conducted for this study.
- Aid mechanisms: The diffusion of responsibilities among Japanese government ministries and agencies makes it difficult to coordinate with other aid agencies to develop comprehensive, integrated programs or strategies. The lack of flexibility in the implementation of JICA's aid instruments (i.e., training, dispatch of experts, supply of equipment, project-type technical cooperation, development studies, JOCV, etc.) is also a critical problem when trying to work with other donors.

Keeping these obstacles in mind, this paper will highlight areas where Japan could participate more actively in aid coordination frameworks and maximize its own leverage through such frameworks.

PART II: UNDERSTANDING AID COORDINATION

A. WHAT ARE AID COORDINATION FRAMEWORKS?

1. What is aid coordination all about?

There is no consensus definition of “aid coordination”. Aid coordination means different things to different people. From the Japanese perspective,

Aid coordination is widely regarded as implementation of development assistance in cooperation with other donor countries and organizations. This means discussions by donor countries and organizations, in many cases in the presence of the recipient country’s representatives, on the most effective and efficient methods for carrying out the aid program, covering topics ranging from general economic and social development policies in specific developing countries to specific issues, such as population problems.⁵

In a study commissioned by UNDP in 1996, “aid coordination” is defined as “planning and procurement by a recipient government of aid from its donor partners and its integration into national development goals and strategies.”⁶ This is a definition of the ideal form of coordination based on the consensus that has evolved within the development community that 1) aid coordination should be the responsibility of recipient governments ; and 2) aid must be integrated within national development programs and budgets.

Given the above definition and the fact that aid coordination is increasingly seen as the recipient government’s responsibility, it is difficult to separate aid coordination issues from aid management issues.⁷ It is often not enough for recipient governments to be able to clearly define their goals and develop programs and budgets that integrate aid and government resources. Donors are reluctant to relinquish the responsibility for aid coordination to recipient governments who are unable to give assurances that the aid provided will be managed properly (with adequate accountability, transparency and overall effectiveness). In other words, aid coordination and aid management are closely interrelated.

This study focuses on **aid coordination frameworks** for development in Africa. An aid coordination framework is defined as a set of activities pursued by two or more development partners for the purpose of building consensus around development priorities, ensuring greater coherence of aid policies and practices and increasing the complementarity of development programs and projects. As such a definition suggests, this study is advocating a broader approach to aid coordination and addresses a wide range of aid coordination activities.

2. What is the Purpose of Aid Coordination:

Increasing the effectiveness of aid and decreasing the burden placed on recipient governments are the two most stated reasons for wanting increased aid coordination.

Aid coordination is necessary to avoid **duplication** and **overlapping** of activities

- Aid coordination is necessary to promote **coherence**

⇒ Coherence of national plans and strategies: Aid coordination by government is a necessary component of a well thought out national development plan and strategy.

⇒ Coherence of donor policies and strategies: Donors must coordinate aid policies among themselves. They must agree on principles for aid effectiveness (such as untying of aid). They must also pay attention to policies that are only indirectly related to development cooperation but can have a substantial impact on development (trade and debt policies).

- Aid coordination is necessary to promote **complementarity** and **synergies**.

Complementarity and synergies require:

⇒ Taking an integrated approach to development issues (for example, addressing all relevant problems in an entire sector instead of a piecemeal approach to a problem).

⇒ Identifying the areas of **comparative advantage** of all relevant development partners.⁸

⇒ Agreeing on a division of responsibility among all relevant development partners.

- Aid coordination is necessary to reduce the number of distinct uncoordinated projects that the recipient government has to oversee.
- Aid coordination is necessary to harmonize donor procedures and thereby simplify aid coordination and management from the perspective of recipient governments.

Aid coordination is worth the effort to the extent that it enhances the delivery of aid for sustainable development in a timely, cost-effective manner that is supportive of recipient-driven development objectives. Aid coordination attempts should therefore be monitored and evaluated with this in mind (i.e., the number of coordination meetings held is not a good measure of the usefulness of aid coordination. Aid coordination should be assessed to the extent that the information shared at these meetings actually leads to more coherence or complementarity between different development partners' strategies, policies and activities).

3. Aid Coordination's Many Dimensions:

Aid coordination is a multi-dimensional concept (especially when used in the broad sense of the term as defined above). Coordination comes in varying degrees and involves

interactions at different levels among various combinations of development partners. Coordination can focus on a wide range of topics and result in different types of relationships. This section will address each of these dimensions.

Degrees of “cooperation” towards full coordination:

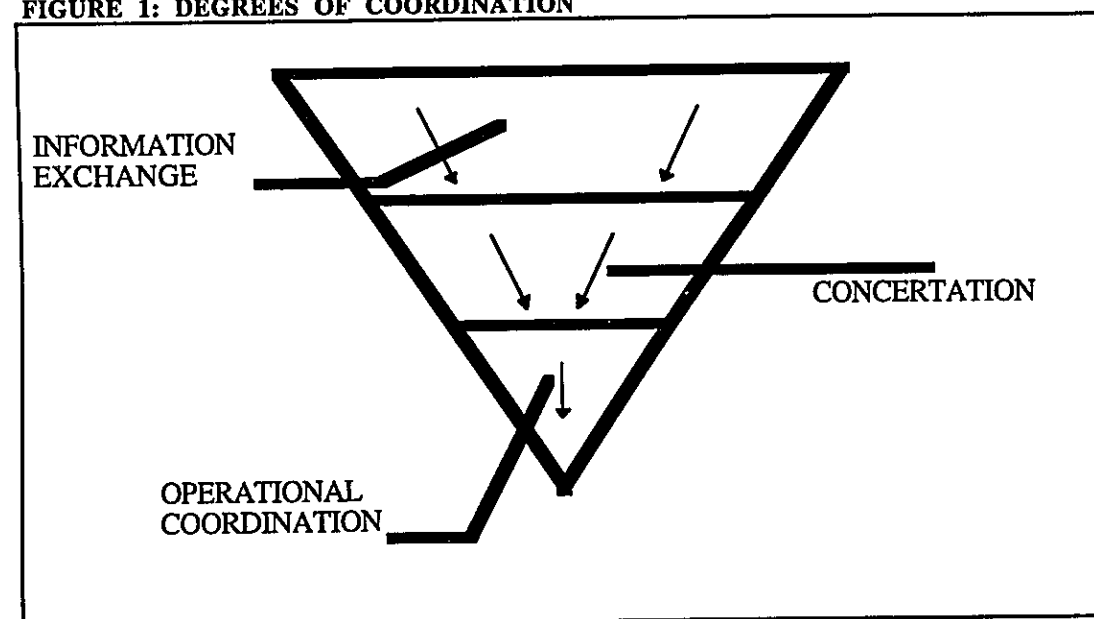
Coherece, complementarity and harmonization are all terms used in connection with “coordination”. These terms refer to distinctive elements of what coordination is to achieve. “Cooperation” is perhaps the broadest of terms used in connection with coordination. It refers to a wide range of activities, from information exchange to joint project implementation or joint-financing and common project implementation procedures.

Different degrees of cooperation can be observed along a continuum, going from those forms of cooperation that involve little more than communication to those forms of cooperation that involve operating as one entity by pooling funds for a single common program or project for example.

An early comprehensive study of coordination made the distinction between “**consultation** (in the sense of seeking the perspective of others or a broader base of information), **concertation** (considered here as an effort to reach a common understanding of policy and program objectives and priorities), and **operational coordination** (which might be defined as trying to reach agreement on a common program or project to be undertaken or supported jointly).”⁹ [emphasis added]

While information sharing does not necessarily lead to coordination, there cannot be real coordination without information sharing as well as concertation.

FIGURE 1: DEGREES OF COORDINATION



Full coordination: towards a Foundation model?

Full coordination should be seen as an ideal model with the following criteria:

- Ownership is promoted through consultations among all local stakeholders. The recipient government is responsible for coordination and for designing its own development plans for which it seeks external assistance.
- Extensive information exchange leads to concertation and implementation of common arrangements and coordination of activities and policies.

In variations of the so-called foundation model, the recipient government takes on primary responsibility for the design, implementation, and overall management of aid activities. The donor agencies withdraw from the administration and implementation of projects and concentrate on analysis, follow up, evaluation, monitoring and recycling of experience¹⁰

In trying to move towards a foundation approach, it is important to look at the balance of costs and benefits to both donors and recipient countries. In addition, it is critical to pay attention to the capacity of any specific recipient country to manage aid under a foundation model.

At this point in time, there are contradictions between the logic of the foundation model and the pressures that donors are facing at home to demonstrate concrete achievements. Moving towards the foundation model may not be realistic now but there is scope for increased coordination at different levels.

Coordination at different levels

Not only does coordination occur in different degrees, it also occurs at different levels.

- Cooperation occurs at **the global level** in such fora as the United Nations where development issues are discussed and on occasions, consensus is reached regarding development assistance goals and practices. Donor nations may agree in principle to provide a certain percentage of aid, or to focus development assistance on particular issues (such as poverty reduction) and specific sectors. Global conferences and their ensuing declarations or UN General Assembly Declarations would fall in this category. The consensus reached is usually vague and non-enforceable.
- Coordination can occur **among donors**. Coordination can occur among a group of donors in the context of specific issues. For example, OECD donors may agree on a policy regarding aid conditionality. The EU may agree to coordinate the aid of its members to have a EU aid policy. The UN agencies may agree to increase the coherence and complementarity of their programs. Coordination can also occur at the country specific level where donors divide responsibilities among themselves in the

pursuit of the same goal of assisting the government in implementing its own programs.¹¹

- Coordination occurs **between donors and recipient governments** in the context of Consultative Group Meetings, Round Tables as well as other country specific (and often sector specific) meetings regarding aid.
- Coordination occurs **between individual bilateral and multilateral donors and recipient governments**. The recipient government (hopefully) has an idea of what it needs from donors in general and from individual donors. The donor has an idea of what it can and should support, based on its own mandate, institutional constraints and comparative advantage. The two approaches have to be coordinated to ensure that both satisfy their needs. Ideally, a recipient country should be able to refuse assistance that does not fall within its own priorities and a donor country should be able to find ways to provide assistance that satisfies its own requirements.
- Coordination occurs **within donor countries** among the various ministries and departments involved with development assistance. It is essential, for example, that a donor's trade policies do not conflict with its aid policies.
- Coordination also occurs **within recipient countries**, especially among the Ministries of Finance and the various line ministries such as Education, Health, Agriculture.

4. Partnership, Ownership, and Capacity: Coordination by whom?

The question of leadership in aid coordination is relevant in a number of ways. Leadership in aid coordination is relevant within donor government as well as within recipient governments. Leadership roles are linked to bureaucratic and domestic power struggles within governments.

Among donors, the question of leadership is also relevant. The donors that coordinate most among themselves tend to share common perspectives but those that have more divergent views are more reluctant to let others take the lead.

The question of leadership becomes perhaps most important when dealing with aid coordination at the country level, where both the recipient government and donors are closely involved.

The ultimate responsibility for aid coordination rests with the recipient government. Until recently, most African countries were not involved in the coordination of aid. They were either satisfied with the state of chaos that allowed individual ministries or departments to bargain with individual donors (at the expense of any overall national or sectoral program), or unable to take charge of the process.

As a result, coordination was undertaken (if at all), by donors. The primary coordinators of aid have been the World Bank and UNDP, although individual bilateral donors have on occasions taken the lead in specific sectors where they are very much involved. Aid coordination by donors is only a second-best policy. It leads to a range of questions regarding the kind of leadership that is to be provided and the identification of the most appropriate leader. In addition, it is doubtful that any bilateral or multilateral donor can be sufficiently neutral and ignore its own political, bureaucratic or commercial interests to undertake the role of coordinator. One proposal suggests setting up independent monitoring units to perform coordination functions and in particular to conduct specific analysis relating to the effective use of aid in recipient countries.¹²

Both bilateral and multilateral donors insist (at least rhetorically) that programs and priorities must be determined by the recipient countries. Some donors also promote national execution of externally funded programs (notably UNDP and Nordic countries). One of the major problems with the expansion of national execution is the availability of executing capacity in the country, the need for related institutional development, and the adequacy of national procedures.

B. WHAT ARE THE POLITICS AND INCENTIVES OF COORDINATION?

Everyone wants coordination but no one wants to be coordinated. Coordination implies consensus building and compromise. In the past, rather than having to compromise, individual aid agencies have had a tendency to work in relative isolation of one another. As a World Resource Institute study notes,

Theoretically, better coordination of donor activities would advance sustainable development by minimizing waste of resources, by reducing project overlap and duplication, and by fostering more efficient and effective aid delivery. In fact, among many donors and aid recipients these presumed advantages to coordination are matched, or superseded by the perceived advantages of not coordinating their activities.¹³

While lack of coordination is a problem that has been noted time and again in the past, it is also a seemingly intractable problem. A recent World Resources Institute report suggests that one of the solutions to the coordination problem is to “stop fussing about [it]”, “acknowledge the factors impeding coordination, and do not try so hard to find a panacea for overcoming them.”¹⁴ Most studies do not seem to provide recommendations for change that address the root of the issue. It would be useful to clearly identify the obstacles to coordination and look at realistic opportunities for change.

The obstacles to coordination come in two varieties: technical as well as political. While technical problems can usually be dealt with given adequate political will/support, it

is much more difficult to change the politics and incentives of coordination (or lack thereof).

An example of a technical problem would be the fact that each individual bilateral agency works on different project and budget cycles, making it difficult to undertake common activities. Given the necessary political support, these cycles could be harmonized. This has been attempted among UN agencies. Progress has been slow.

For JICA, the lack of flexibility in the main categories of technical cooperation activities (i.e., technical training in Japan, dispatch of experts, provision of equipment and materials, development surveys, and dispatch of JOCV, etc.). This lack of flexibility is more pronounced for JICA than for other donors. As a result, it reduces Japan's bargaining power.

Other donors have recently introduced new aid instruments to adapt to an environment that is evolving rapidly and demands increasing flexibility. For example, the World Bank has recently added two new lending instruments (the LIL and APL) to its arsenal, through which it will be able to provide more timely and effective assistance, thereby increasing its bargaining power.¹⁵

While technical problems can, in principle, be addressed, the difficulty of addressing them should not be underestimated. The typical political problem is that bilateral agencies are under pressure to show domestic constituencies how they are spending their tax money. This is much easier to do when there is a clearly identified project with a single donor able to put its flag on top of it. In the context of coordination with multiple other donors to finance entire sectors, the specific contribution of individual donors can get lost.

The technical obstacles cannot be adequately addressed without the necessary political support. Such support, in turn, requires a major shift in thinking about the rationale for aid and its effective use. The current incentives at the individual, bureaucratic and domestic levels must be changed.

The Ministry of Foreign Affairs' annual ODA report for 1996 notes two main problems with aid coordination: 1) it is time consuming and troublesome to coordinate in every aspect of finding, formulating, implementing and evaluating projects than to do it alone, and 2) through tie-ups and coordination with former colonial powers, Japan's aid risks becoming "faceless" or "invisible" assistance.¹⁶

1. Individuals are often at the core of current successful aid coordination efforts:

Coordination still depends very much on the initiatives and efforts of individuals. This point came up repeatedly during interviews conducted for this study. Until recently,

the staff members of aid agencies had very little incentives to make any effort to coordinate with other agencies beyond the necessary exchange of information to avoid stepping on each others' toes. This is now changing, especially within the multilateral agencies. To the extent that coordination becomes a recognized staff function against which achievements can be measured, individual staff members will have incentives for coordination beyond what has in the past been mostly personal initiative.

2. Bureaucratic incentives tend to impede greater coordination

Institutions have a tendency to survive. They may become obsolete but their survival is often prolonged by entrenched interests. It is very difficult for an aid agency to eliminate a division simply because another agency (perhaps even within the same donor government) can do (or has already been doing) the same work more efficiently.

Regularly changing aid trends increase the tendency of aid agencies to expand their mandates in order to remain relevant . For example, when "governance" became in fashion in the mid-1980s, both bilateral and multilateral agencies became involved in governance issues, often from different perspectives, with little regard to what their real comparative advantage was and little attention paid to what other agencies were planning to do in the same area. Coordination, when it occurs, is often in reaction to the realization that there is duplication and overlap of activities. Development agencies are often unable to focus on their comparative advantage. They have to protect their turf. In some circumstances, that implies expanding their turf.

While bilateral agencies are subordinate to the respective national ministries and parliaments, multilateral development agencies are controlled by supervisory boards made up of representatives of the donor and recipient countries. Staffs of multilateral agencies have an incentive to coordinate with bilateral donors to ensure consistency. On the other hand, staffs of bilateral agencies have no such incentives to coordinate.¹⁷ Still, multilateral agencies have little incentives to coordinate among themselves unless specifically pressured to do so by the countries controlling their boards and financial support.

3. Domestic politics make it difficult to have a coherent national development cooperation program

Coordination with other donors may require a country to give up part of a special relationship with a recipient country that has important commercial benefits for a particular constituency in the donor country. To sever that relationship may cause a strong reaction from that constituency in the donor country.

Coordination with other donors reduces the ability of a donor country to use economic aid as a tool of foreign policy. Some donor countries have strong constituencies that insist that aid should be used to pursue foreign policy interests. In such cases, the

effectiveness of the overall coordinated aid package in terms of development in the recipient country is less relevant than the effectiveness of the donor's aid in terms of the donor's own foreign policy interests in the recipient country.

4. Changes in the rules of the game at the international level suggest that greater aid coordination is a necessary

With the end of the Cold War, it was hoped that a new era of stability would allow peace dividends to be allocated to the poorer countries of the world. This has not necessarily happened. Developed countries are facing difficult domestic situations with severe budgetary constraints and discontent among constituencies regarding aid programs.

Marginalization of Africa in the post-Cold War Era:

Since the early 1990s, France has significantly reduced its ties to a number of its former colonies on African soil. French military troops on the continent have been reduced and France has distanced itself from a number of regimes it previously supported. While in the Cold War, there was a sense of shared responsibilities between France and other Western powers, whereas there was a clear division of spheres of influence to combat communism, this is no longer the case. The United States has increased its ties to what used to be France's "backyard" in Africa and Japan has also become a new important partner.

At the same time, African countries who benefited from the Cold War by threatening to join the other side, no longer have the bargaining power to do so. As a result, relationships are much weaker than in the past. African regimes can no longer automatically expect the support of a former colonial power or of the US. Great Britain's policies with regards to Africa are increasingly pragmatic, and dictated by economic rather than political interest.¹⁸ Similarly, the United States is moving toward a strategy that will replace (or at least supplement) aid with trade and private investment.¹⁹ In the context of globalization, however, Africa is not among the most favored areas for trade and investments. Economic and political instability remain major obstacles to increased economic ties with the rest of the world.

In a general climate where donors have little strategic interest in Africa, it is difficult to maintain a constituency for aid to African countries. "Aid fatigue" is accompanied by a strong interest in aid effectiveness and the search for visible, short-term results. The extent to which these many currents provide opportunities or challenges for aid coordination is difficult to judge.

Convergence among Donors and (some) African Governments:

The 1980s saw a wide gap between the development strategies promoted by the Bretton Woods Institutions and (to some extent the major donors) and the development strategies

promoted by African regional institutions such as the ECA and OAU, as well as the more recipient country oriented multilateral institutions such as UNDP. In the 1990s, however, it became clear that adjustment should have a “human face” and the donors rallied around a broad consensus that included the following elements:

- macroeconomic framework favorable to economic growth;
- reform of the state / good governance as a necessity;
- poverty alleviation as a priority (focusing on health, education and employment).²⁰

In a context where most aid has been made conditional on reforms undertaken by recipient governments in these directions, many African governments have, with varying degrees of commitment and enthusiasm, accepted the consensus. They continued to insist, however, on a need for greater integration of aid related issues such as debt relief, regional integration and trade as well as private investment.

C. WHAT IS THE LOGIC BEHIND ALL THE EXISTING AID COORDINATION MECHANISMS?

To make sense of all the aid coordination frameworks for development in Africa, each will be located on a two-dimensional diagram. While it was clearly impossible to study all the existing frameworks in depth, a significant number of the frameworks have been studied and will be located on this two-dimensional diagram (Figure 2, p. 14). The diagram identifies categories of aid coordination frameworks along two dimensions. Vertically, three framework levels are identified: 1) consensus building; 2) operationalization; 3) implementation. Horizontally, three categories of frameworks are identified: 1) Donor-owned; 2) Jointly-owned (neutral); 3) African-owned.

1. What are the three frameworks levels:

Consensus Building:

Frameworks at this level are intended to build consensus around global priorities. These frameworks are often broad and vague in terms of their implications for individual countries.

Operationalization:

Frameworks at this level build upon the consensus reached around global priorities and forge partnership responsible for conceptualizing or operationalizing new approaches/programs to address the global priorities identified. They involve building consensus at a more specific level but at the same time, they involve more than consensus

building. They also involve moving towards implications for organizations delivering aid and governments receiving it. At this level, the consensus building deals with how to achieve the goals/priorities identified at the previous level and the identification of lead agencies and partners with whom activities will need to be coordinated.

Implementation:

Frameworks at this level build upon the two previous levels of consensus building and operationalization and focus on implementation at the country level. Consensus building at this level deals with country specific development assistance issues. Implementation takes its cues from arrangements agreed upon among all partners at the policy/headquarters level.

Most studies of coordination focus on aid coordination at the country level. At the same time, the global conferences and broad consensus building initiatives are often perceived as disconnected from what happens on the ground, in the countries themselves. In this study, we have attempted to show how the three distinct levels mentioned above are (or can be) linked. In this context, the intermediate level where various agencies come together to look at the practical implications of the declarations and goals set at the higher level is very important.

2. What does ownership mean in terms of the three types of frameworks identified?

Donor Driven Frameworks:

Donor driven or donor-owned frameworks are dominated by donors, either because their membership is limited to donors or because the donor participants have an overwhelming influence. They are meant to build consensus, operationalize approaches and coordinate program and activities in the field **among donors**. Most of these frameworks have come under fire for being “donor driven” and not having enough participation from African actors. As a result, some of them have moved towards “partnership” with joint ownership.

Jointly-owned frameworks

An increasingly large number of frameworks are designed to be jointly owned. The term “**partnership**”, perhaps overused in the current discourse on development assistance, implies joint ownership. The UN system often plays a very important role in these frameworks given its “neutral” and multilateral approach. It is often seen as a useful intermediary between bilateral donors and African governments

African-led Frameworks

African-led or African-owned frameworks are dominated by African countries, either because their membership is limited to African countries or because the African participants have an overwhelming influence. They are meant to build consensus, operationalize approaches and coordinate programs and activities among African countries and institutions. These are the frameworks that need the most strengthening if the current focus on “ownership” is to become more than rhetoric.

FIGURE 2: MAKING SENSE OF AID COORDINATION FRAMEWORKS

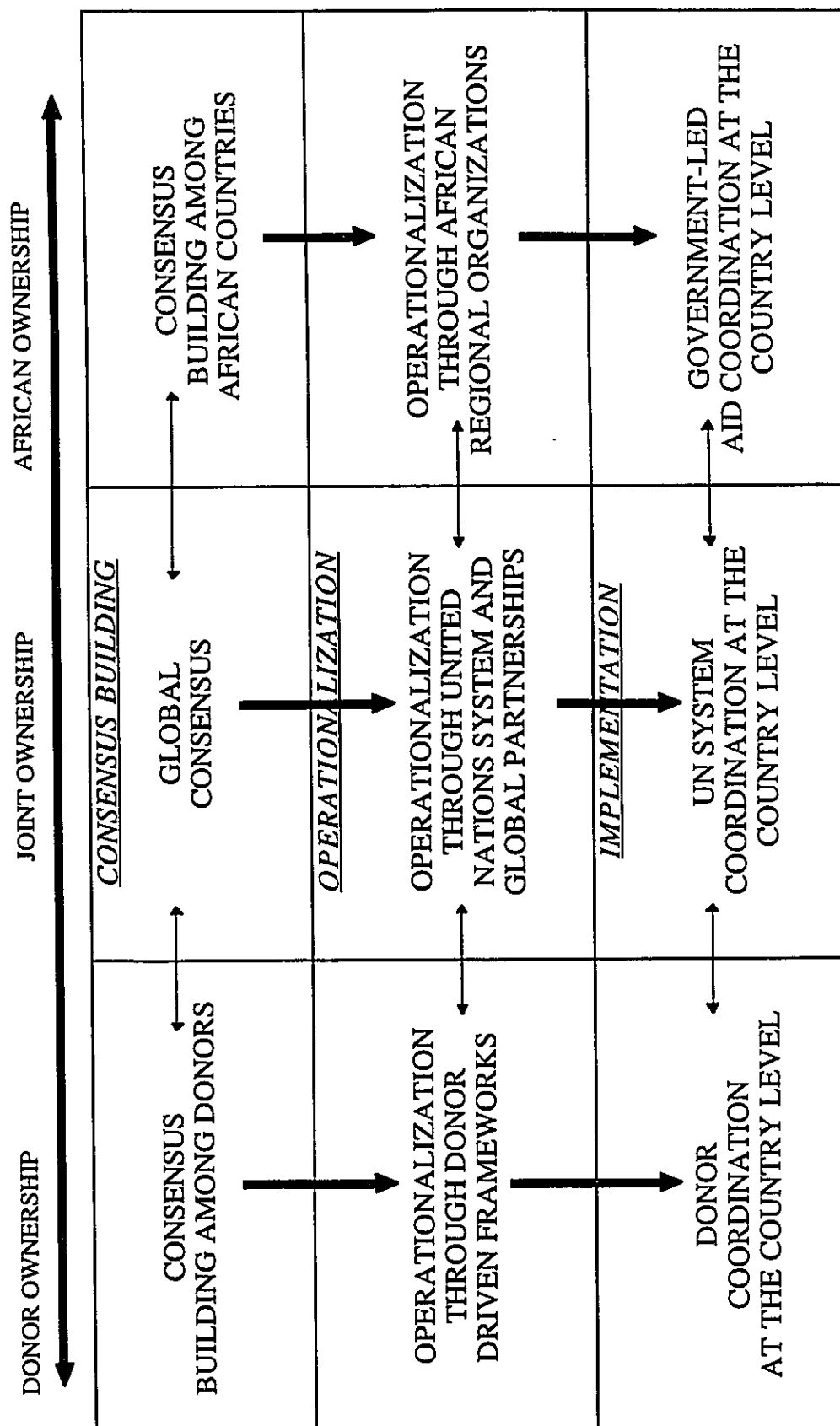


FIGURE 3: MAKING SENSE OF AID COORDINATION FRAMEWORKS: SPECIFIC EXAMPLES:

DONOR OWNERSHIP	JOINT OWNERSHIP	AFRICAN OWNERSHIP
<p><i>Consensus building among donors:</i></p> <ul style="list-style-type: none"> • SPA • DAC (New Development Strategy) • EU's European Commission 	<p><i>Global consensus:</i></p> <ul style="list-style-type: none"> • UNSIA • Global Conference (ex: Education for All) • TICAD I & II 	<p><i>Consensus among African Countries</i></p> <ul style="list-style-type: none"> • Cairo Agenda for Action • Abuja Treaty
<p><i>Operationalization through donor driven frameworks</i></p> <ul style="list-style-type: none"> • SPA's Working Group on Economic Management • EU's Horizon 2000 • World Bank's work on SIPs 	<p><i>Operationalization through UN system and global partnerships</i></p> <ul style="list-style-type: none"> • UN System coordination • ADEA 	<p><i>Operationalization through African regional organizations</i></p> <ul style="list-style-type: none"> • OAU/AfDB/ECA Joint Secretariat • SADC
<p><i>Donor coordination at the country level</i></p> <ul style="list-style-type: none"> • DG/ESDP (Ethiopia's donor group for Education)²¹ 	<p><i>UN System Coordination at the country level</i></p> <ul style="list-style-type: none"> • Resident Coordinator System • World Bank-Jed coordination for Sector Development Programs • Consultative Group meetings • Round Tables 	<p><i>Government-led coordination at the country level</i></p> <ul style="list-style-type: none"> • Botswana's example • CJSC (see Ethiopia case study)

PART III: POLICY RECOMMENDATIONS FOR JAPAN

GENERAL RECOMMENDATIONS

I. Develop a coordination policy that allows Japan to use aid coordination as a tool to maximize the impact of its ODA to Africa and its voice in the international development community.

To pursue its agenda in Africa, Japan must strategically increase its coordination with other development partners. Coordination must not mean that Japan's voice becomes lost among that of other donors. On the contrary, Japan must take advantage of the fact that it provides a large volume of aid in Africa to make its voice heard and contribute more to the development agenda in Africa. Generally, policies regarding coordination must be developed/expanded to address more specifically Japan's strategic objectives.

II. Transform the policy into practice:

Such policies must then be more systematically implemented. This requires flexible mechanisms designed to institutionalize coordination and make it an additional tool to maximize the impact of Japan's aid. Japan must give itself the means of a coordination policy

III. Strengthen Japan's analytical capabilities:

In order to play a more important role within the development community, a role commensurate with its aid volume, Japan must strengthen its analytical capabilities. It must be able to contribute to the ongoing debates and not just absorb and interpret the consensus that comes out of such debate.

IV. Strengthen the capacity of recipient governments to coordinate external assistance

There is a wide consensus that aid coordination at the country level is the responsibility of African governments and that such governments must also have a greater voice in other aid coordination frameworks. Given the current lack of capacity of African governments in terms of aid coordination, it is essential for Japan to play an active role in supporting capacity building for aid coordination and aid management.

SPECIFIC RECOMMENDATIONS

I. DEVELOP A COORDINATION POLICY

Develop a communications strategy to explain the benefits of aid coordination to the general public as well as within Japan's aid agencies and other ministries dealing with developing countries.

The prevailing logic of development assistance in the Cold War era is no longer valid. Still, people's attitudes and perceptions take a long time to change. It is important for Japan to clearly communicate the new logic of development assistance and explain the current logic of aid coordination as an essential component of Japan's long term national interest.

Finance studies to strengthen a more policy and strategically oriented approach to cooperation/coordination among Japanese institutions dealing with aid as well as with other donors.

Japan should finance in-depth studies of how its aid institutions could create greater synergies among themselves and therefore maximize the impact of its combined assistance, whether from JICA's various schemes, OECF or other Japanese institutions involved with ODA. Some studies should also look at how Japanese aid institutions could further maximize the impact of Japan's ODA through greater collaboration with other donors and how Japan could increase its influence and leverage within the development community through greater collaboration and involvement in the development community.

Such studies should also focus on the potential beneficial impact of greater decentralization in decision-making that would be necessary for increased coordination with other donors at the country level.

Both types of studies could benefit from collaboration with research institutions and independent researchers outside Japan. Indeed, such close collaboration would greatly enhance understanding between Japan's aid community and other countries' aid communities.

II. TRANSFORM THE POLICY INTO PRACTICE

Undertake the appropriate organizational restructuring within Japanese aid agencies with a view to ease coordination within Japanese aid agencies as well as with other donors and the recipient governments.

The present scheme-based activity structure of JICA hinders the development of coherent country specific strategies. Instead, a number of activities are undertaken through individual schemes with little or no coordination among them and no strategy for maximizing the overall impact of Japan's aid.

The current structure is not only an impediment to internal coherence of Japan's ODA but also an impediment to coordination with other donors whose development agencies are structured along regional and country specific programs and activities rather than along different types of activities or schemes.

Japan must develop more flexible mechanisms for the delivery of its ODA. Flexibility is necessary to meet the evolving needs of recipient countries and to match the mechanisms developed by other development partners. It is important that Japan recognize the changes that are occurring within other development agencies in terms of increased flexibility. If Japan does not match such flexibility, it will not be able to play a decisive role within the development community, in spite of the volume of its aid. There is a risk that Japan will remain marginalized as a development partner.

Translate policies into specific staff guidelines for coordination

A well designed coordination policy backed up by strong political support will still need some mechanism for implementation. Given the current lack of incentives for coordination in the Japanese aid structure, staff at all levels will have to be provided with specific guidelines regarding coordination.

Headquarters staff and field-level staff are likely to deal with different levels of aid coordination. Therefore, the guidelines will need to address the specific circumstances of each level. Ideally, increased coordination in practice should not wait for detailed guidelines to be established. A lot can be learned from practice and integrated into the guidelines at a later time.

Identify focal points to clarify communications among concerned agencies and institutions within Japan as well as outside Japan

There is a need to clearly identify focal points (a department or a specific individual) at JICA's headquarters level dealing with specific sectoral issues and leading the implementation of programs or projects that would be responsible for coordinating with counterparts in other Japanese institutions dealing with aid and with

counterparts in other donor agencies. It is also important to have focal points in the field offices who work in close communication with their counterpart in JICA headquarters and their counterparts in other donor agencies in the field. Building such networks of issue specific (and country specific) contacts is essential for systematic and continuous information exchange and coordination. When a focal point has been clearly identified and communicated to all relevant counterparts, communications becomes much easier and sustained over time.

Provide the staff and resources necessary to implement the guidelines

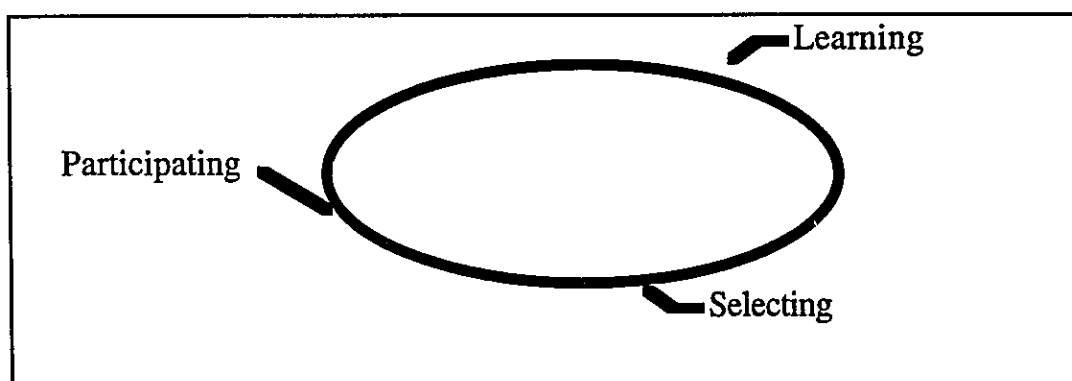
It is not enough to develop a policy and provide guidelines for implementation of that policy. Unless the staff ultimately responsible for implementation is equipped (both in terms of skills and resources) to put the guidelines into practice.

Appropriate training will need to be provided regarding the implementation of the guidelines. In addition, the organizational structure must allow coordination along regional, country and sector specific activities in addition to coordination across various aid instruments (or schemes).

Institutionalize coordination:

A flexible mechanism must be developed to institutionalize coordination. It involves a continuous process of learning from experience and integrating that learning into planned activities.

FIGURE 4: Institutionalizing Aid Coordination within the Japanese Aid System



- **Learning:**

- Learn from past experiences with coordination:

- Look at the record of Japanese aid coordination with a view to identifying best practices and stumbling blocks.

Understand individual country level aid coordination frameworks: i.e., the extent of government coordination and ownership of development programs, the relative power and influence of various donors, the position of Japan as a donor in that country (not only in terms of volume of aid, but also in terms of its perceived impact and quality).

Learn from other donors' experiences with coordination:

Consult with other donors to determine how they have managed to pursue their own objectives through aid coordination.

Consult with other donors to identify their respective strengths, comparative advantages, interests and policies/practices regarding coordination.

Disseminate the lessons learned:

Establish a framework for the systematic transfer of experience regarding coordination among Japanese aid agencies and among JICA offices in Africa.

Disseminate the lessons learned among the donor community and within recipient governments.

● **Selecting the most appropriate activities to pursue its objectives**

Selecting the appropriate aid coordination mechanism:

Different aid coordination forums have different purposes. It is important to select the appropriate forum for each specific objective to be achieved. Some objectives might require action within several aid coordination mechanisms. For example, country specific objectives would most effectively be achieved through country-level aid coordination mechanisms but perhaps also through donor headquarters level communications with the relevant donors.

Seizing opportunities for new forms of coordination and for innovation is crucial. In a changing environment, new forms of development assistance are emerging all the time. New forms of cooperation among donors and new forms of partnerships between donors and governments are taking shape. Japan should be willing to participate in initiatives undertaken to respond to these changing circumstances.

Making the most of existing aid coordination mechanisms:

While there is a temptation to create new coordination mechanisms when existing ones do not seem to work efficiently (or to work to one's advantage), it is worth the effort to try to work through existing mechanisms and shape them or reform them as necessary. Japan must decide what it expects out of specific coordination frameworks or events and take the initiative to suggest improvements as necessary.

- **Participating**

Not only must Japan participate when others are coordinating their activities to avoid being isolated, but Japan must also participate to make its voice heard and have an impact on the directions taken in coordination with others. Participation must be active, constructive and systematic.

Japan's representatives must have authority to discuss at the same level as other donor representatives and must have an equivalent or higher level of qualifications appropriate for the topic being discussed.

Japan's representatives must have a specific goal/strategy in view when attending coordination meetings, and at the same time, be able to compromise and work constructively with other donors. When appropriate, Japan should draft position papers or strategy papers prior to important coordination meetings or contribute to the preparation of such papers in concert with other development partners. In doing so, Japan would both increase its understanding of the issues on the agenda of such meetings and increase its ability to make its position heard and therefore have an impact on the outcome of such meetings.

Continuity in staff participation is important to 1) get a fully understanding of the dynamics involved; and 2) develop personal contacts and networks with other development agencies and government representatives.

Active participation in donor coordination meetings must be systematic. Coordination must become routine work. It should not be thought of as a special assignment. Whether Japan has an important aid budget in a specific country or not, participation in donor coordination meetings is of equal importance in all countries. If Japan is an important donor, it has the potential to strongly influence the government's policies and programs and to influence other donors' programs in that country. To materialize that potential, Japan must participate actively in coordination mechanisms.

If Japan is not an important donor, its impact will be maximized if its activities are coordinated with that of other donors. Either way, Japan must coordinate with other donors to maximize the impact of its aid. Irrespective of annual fluctuations in Japan's aid to specific countries, participation in aid coordination forums must be consistent over time.

III. STRENGTHEN JAPAN'S ANALYTICAL CAPABILITIES:

For Japan's voice to become more influential within existing aid coordination frameworks, it must strengthen its own analytical capabilities and/or strengthen its ability to use/interpret other donors' analytical capabilities. Strengthening Japan's analytical capabilities is a long term endeavor.

Strengthen Japan's ability to communicate its own experiences in areas of comparative advantage or strength

In the short term, efforts in that direction should focus on areas where Japan has a comparative advantage and prior experience such as the helping to learn from Asia's experience with development and the potential lessons for Africa as well as its sectoral expertise in public works and utilities, agriculture, forestry and fisheries. Whatever the development fads, these sectors are likely to remain central to developing countries receiving aid.

It is not enough for Japan to describe its experience. A special effort should be placed on explaining Japan's position, how it developed this position, how it has learned from its experience and that of others. Conceptualization of Japan's experience and explanation of its own understanding of development issues is critical to the task of developing analytical capacity and becoming a voice that is listened to in the development community.

Work closely with others in developing analytical capacity in areas that have not been part of Japan's traditional assistance in the past

In areas where Japan has not traditionally been involved (such as social infrastructure and services as well as democracy and government issues), it would be most beneficial to increase collaboration with institutions that have developed the experience and research base in these areas.

Japan should delegate staff to work within the research departments of the most influential donor institutions or research institutions dealing with such issues, including African research institutions. When appropriate, Japan should strive to conduct joint research projects with such institutions.

Increase Japan's participation in preparatory meetings for major coordination frameworks

As noted before, Japan would increase its understanding of the evolving debates regarding development issues in Africa if it participated in coordination frameworks early on. Ideally, Japan should participate in the establishment of such frameworks as well as in the preparatory meetings for regular sessions/meetings organized within such frameworks.

Produce policy studies

Policy-oriented studies dealing with specific development issues of particular relevance to Africa should be produced. The results should be widely disseminated through aid coordination frameworks as well as within Japan's aid system. When appropriate, the collaboration of outside experts (including experts from Africa) should be sought.

IV. STRENGTHEN GOVERNMENT-LED COORDINATION

Coordinate technical assistance for capacity building with that of other donors

Capacity building through technical cooperation has not been very successful in the past thirty years on the African continent. Many capacity building efforts have been uncoordinated and have not been successful in increasing long-term capacity. It is essential that Japan coordinate its technical assistance with that of other donors and learn from the extensive experience (and mistakes) of other donors.

In the context of a coordinated, comprehensive approach to technical assistance to specific government, Japan's technical assistance should be based on specific requests from recipient governments and based on Japan's own comparative advantage and experience.

Support South-South cooperation

South-South cooperation is a way of bypassing some of the inefficiencies of traditional technical cooperation from industrialized countries. Japan should increasingly participate in triangular funding arrangements to facilitate the transfer of experience among African countries with regards to aid coordination and management. Under a triangular funding arrangement, a bilateral or multilateral donor can provide funding to support the exchange of experience or other cooperation arrangements among developing countries.

Japan should support UNDP's TCDC (Technical Cooperation among Developing Countries) mechanism to transfer experience in aid coordination and management from one developing country to another. Ideally, TCDC could be used for all of a developing country's technical assistance needs.²²

Evaluate the possibility of supporting (politically and/or financially) the Partnership for Capacity Building in Africa initiative of the World Bank's African Governors.

It is necessary to assess the extent to which this initiative has the potential of duplicating or complementing other related initiatives.

Japan could support studies to find ways to improve Japan's contribution to capacity building in Africa

Such studies could be done in collaboration with other agencies already heavily involved in capacity building such as UNDP or the World Bank.

ENDNOTES

- ¹ Ministry of Foreign Affairs (Japan). Japan's Official Development Assistance: Annual Report 1996, February 1997. In addition, both the ODA Charter and the New Development Strategy adopted at the May 1996 DAC High-Level Meeting underline the importance of coordination of aid. The ODA Charter was adopted by the Japanese government on June 30 1992. It lays down the basic philosophy, principles, and priority areas of Japanese economic cooperation.
- ² Some of these obstacles are common to other bilateral donors.
- ³ Overseas Economic Cooperation Fund of Japan (OECF), USA; Japan International Cooperation Agency (JICA), USA. "USAID's Assistance to Sub-Saharan Africa: A Comparison with Japanese Assistance." May 1993.
- ⁴ Ministry of Foreign Affairs (Japan). Japan's Official Development Assistance: Annual Report 1996, 1997, p. 171.
- ⁵ Ministry of Foreign Affairs (Japan). Japan's Official Development Assistance: Annual Report 1996, February 1997, p. 170.
- ⁶ UNDP. Aid Coordination and Aid Management by Government: A Role for UNDP. OESP, 1996.
- ⁷ Aid management refers to "the effective implementation of development programmes that are supported by aid." Definition provided in UNDP. Aid Coordination and Aid Management by Government: A Role for UNDP. OESP, 1996, p. 4.
- ⁸ Identifying areas of comparative advantage in individual agencies or organizations is not an easy task. Who is to decide?
- ⁹ A.J. Barry. Aid Coordination and Aid Effectiveness: A Review of Country and Regional Experience. 1988 (page #7).
- ¹⁰ Nicolas Van de Walle & Timothy Johnston. Improving Aid to Africa (Overseas Development Council Policy Essay No. 21. Johns Hopkins University Press, November 1996.
- ¹¹ Donor coordination is often seen with suspicion from recipient governments. On some occasions, donor coordination has meant that donors have agreed to impose aid conditionalities. In such circumstances, donors are seen as ganging up against a recipient country.
- ¹² Charles Clift. "Aid Coordination: Are there Lessons to be learnt from Kenya?," Development Policy Review 6 (1988): 133.
- ¹³ Walter Arensberg, Camilla Foltz and Lawrence Hausman. Coordinating International Development Assistance Washington, D.C.: World Resources Institute, August 1997.
- ¹⁴ Walter Arensberg, Camilla Foltz and Lawrence Hausman. Coordinating International Development Assistance Washington, D.C.: World Resources Institute, August 1997, p. 25.
- ¹⁵ The LIL (Learning and Innovation Loan) is designed to support small, time sensitive programs to build capacity; pilot promising initiatives; or to experiment and develop locally-based models prior to large scale investments. The APL (Adaptable Program Loan) is designed to provide phased but sustained support for the implementation of long-term development programs.
- ¹⁶ Ministry of Foreign Affairs (Japan). Japan's Official Development Assistance: Annual Report 1996, February 1996, p. 171.
- ¹⁷ Andreas Nolke. "The Curtailment of the Political Sovereignty of African Countries by the Coordination of Development Aid." Law and State Vol. 48 (1993), Institut fur Wissenschaftlich Zusammenarbeit, p.105.
- ¹⁸ Lingsma, Tjitske. "Britain's Relations with Africa primarily via South Africa." Vice Versa 29, 5 (1995): 5.
- ¹⁹ David F. Gordon, "Obstacles to U.S.-African Trade and Investment," Testimony Before a Joint Hearing of the Subcommittee on Africa and the Subcommittee on International Economic Policy and Trade Committee on International Relations, U.S. House of Representatives, May 21, 1997.
- ²⁰ David F. Gordon, "Mechanisms for Development Aid: Research, Reform, and the Quest for a Workable Politics," Prepared for the Aspen Institute Meeting, "Reconceptualizing U.S. Foreign Development Assistance," Wye Plantation, September 21-24, 1997.
- ²¹ Details of Ethiopia's aid coordination mechanisms are provided in the JICA U.S.A. study entitled Key Frameworks for Aid Coordination in Africa, 1998.

²² While developing countries are expected to rely primarily on their own resources to finance TCDC activities, bilateral donors and other institutions can provide financial support. Japan has already contributed funds (US\$2billion) to the Trust Fund for the promotion of South-South Cooperation established within UNDP. UNDP, "New Directions for Technical Cooperation among developing Countries", 1995, para. 71.

