

**Summary Minutes of the 2<sup>nd</sup> Meeting between NGOs/CSOs  
and the Ministry of Foreign Affairs (MOFA) on the Paris Declaration**

Date & Time: Friday, 18 July 2008, 17:30-19:00  
Venue: Ministry of Foreign Affairs, Training Institute, Room No. 804  
Participants: 32 in total (28 from NGOs/CSOs, 3 from MOFA and 1 from JICA.  
See the participants list in annex 1)

1. Discussion on the Paris Declaration

(1) “Ownership and Outcome in the Paris Declaration”

MOFA made a Power Point presentation on the ongoing discussion on ownership, including the view of the Government of Japan (GOJ), discussion among donors (at the DAC high-level meetings and the OECD Global Development Forum) and discussions at the preparatory regional forums for Accra High Level Forum (HLF) which took place worldwide.

The view of GOJ on ownership, based on the experience of aid and economic growth in Asian countries, is that developing countries exert ownership on achieving economic growth independently, which was underpinned by capacity development aid.

GOJ pointed that the Division of Labour (DOL) among donors promoted by the EU is a donor-led approach, and it may narrow down the options of aid for aid recipient countries, which may reduce the amount of aid as a result. MOFA argued that donors should have diverse comparative advantages and aid activities would naturally be harmonised with one another, and GOJ would support the DOL exercise when the aid recipient countries hope it happens. While not opposing to aid predictability, MOFA takes a position that the elaboration of aid predictability will adversely affect aid dependency.

(NGOs/CSOs)

- In order for developing countries to have ownership, participation of civil society in these countries to the formulation process of national development plans is essential. The Paris Declaration should include indicators on ownership to measure the levels of participation of civil society. In terms of aid predictability, GOJ should provide budget support for achieving the MDGs. At the ministerial-level meeting on Education for All (EFA) which took place in Dakar last year, Mr. Kohno, Deputy Foreign Minister, stated that GOJ would take note of mutual complementarity between capacity development aid and budget support. Bearing in mind the situation that developing countries fall short of the budget for recurrent cost which maintains basic services, I would like to request GOJ to make sure that the statement of Mr. Kohno would be

realised for certain, not entrusting budget support to other donors like UK and focusing only on capacity development aid.

(NGOs/CSOs)

- Governance is important when considering aid effectiveness, but is “ownership” in the Paris Declaration applied only to aid recipient governments or does it involve civil society?

(MOFA)

- As for the issue of participation of civil society in developing countries, we should be careful of the situations where they operate and try to see whether civil society truly represents the society therein. Ownership needs to be discussed with a view of how much aid dependency has been alleviated, and we should not assess ownership only by the indicators of the Paris Declaration.
- It is not clearly stated in the Paris Declaration to whom “ownership” would be applied. In any case, it is important to secure aid to be delivered to those in need. With this in mind, budget support promoted mainly by European donors helps only budgetary aspects and does not address aid effectiveness after budget is financed. We should further discuss whether everything will work only with budget support.
- Although the MDGs are important and should be achieved, there is still a huge financing gap. Education is surely important, but we cannot cut the budget for health or water to fill the financing gap in education. The total budget needs to be increased. All the stakeholders, whether they are governments or civil society, should cooperate for resource mobilisation. Japan is not allergic to budget support, but implement it where it is valid and needed. Japan’s programme aid to Indonesia on climate change is a typical example, in which France and the World Bank also are interested. Japan also provides programme aid to the countries like Senegal and Madagascar.

(NGOs/CSOs)

- Except for the countries where civil society are facing difficulties, civil society organisations in many developing countries are involved in the formulation of national and sector policies. For instance, the Global Campaign for Education is an alliance of civil society organisations that have been playing an important role at a variety of governmental and international meetings.
- According to the DAC statistics, budget support accounts for 0.7% of the total Japanese ODA in 2005, while the Netherlands 11.5% and UK 3.5%. I had imagined that budget support of UK would be higher, but the ratio of budget support of Japan is too low. The recurrent cost for maintaining basic services has an impact on the progress toward the MDGs in developing countries, and Japan needs to increase the allocation for budget support.

(MOFA)

- In the 1990s, donors shifted their focus to poverty reduction, and investment to infrastructure in Africa decreased from around 30% of the total ODA to less than 20%. It has brought a challenge for emerging economic growth in Africa now. We do not think it is appropriate to provide aid for infrastructure in the form of budget support even if it raises the ratio of budget support of Japan. There is not enough evidence that budget support has contributed to acceleration of development of developing countries, which has not enabled us to judge budget support is good or bad.
- In the regions like Africa, European NGOs have been sending experts to strengthen capacity of local NGOs. Not only governments but other actors should support developing countries as part of the donor community.

## (2) “Mutual Accountability”

NGOs/CSOs explained about mutual accountability by using a Power Point presentation. There are five aspects on accountability, namely, compliance, process, performance, programme and vision. All the five aspects are applicable to both aid providers and recipients, but the first three (compliance, process and performance) are particularly seen as the accountability of aid providers to tax payers, and the latter two (programme and vision) are seen as the accountability of aid providers to the people who benefit from aid. Japanese ODA lacks programme and vision which questions accountability to the citizens in developing countries, and vision is particularly important in questioning policy consistency. Poverty, inequality and environment need to be discussed in a manner consistent with policies on trade, investment and other areas.

Developing countries used to be concerned about accountability only to donors, but as stressed in the Paris Declaration, aid recipient governments should be accountable to their own citizens as well as donors so as to strengthen effectiveness and quality of aid. Donors should support it through publicising relevant information, etc.

There are two major issues on which Japanese ODA needs to improve: comprehensive disclosure of information and assurance of transparency, and support for governance. To ensure comprehensive disclosure of information and transparency, the rolling plans of the new JICA should be publicised not only in Japan but also in developing countries. As for support for governance, accountability of Japanese ODA will be enhanced through obtaining participation of multi-stakeholders, such as ensuring participation of local citizens to the formulation of country assistance plans.

It has been said that private sector and GOJ should collaborate more in securing resources for Africa, but the assessment of its impact on environment and citizens on the ground should be incorporated in the discussion. Accountability of Japanese

ODA in weak/fragile states is also important, and especially so if GOJ intends to take the lead in peace building. As comments (see the presentation material) to the wording on mutual accountability in the Accra Action Plan (AAA) which is expected to be adopted in Accra, we are hoping that GOJ would lead global discussions while doing what it is supposed to do.

(MOFA)

- In regards to the remarks made in the presentation of NGOs that “Japanese aid policies lack consistency,” it is fair to say that Japan has been emphasising the importance of poverty reduction through growth and capacity building, and it is more consistent than other donors. NGOs also claim that “accountability of Japanese ODA is low,” but we think that Japanese ODA is transparent through publication such as press releases posted to the MOFA website. In light of the accountability of NGOs as to whether they publicise annual work plans, annual balance of payment, main activities, evaluations, public comments, etc., it can be said that there are different approaches for different actors to enhance accountability. Achieving 100% accountability is difficult.
- Finally, as for the comments that “accountability to weak states needs to be strengthened,” it is a big challenge to secure accountability to weak states where administrative systems and societies are weak. I would like to learn possible solutions if NGOs have any idea.

(NGOs/CSOs)

- It is true that Japan has been consistently supporting economic growth and infrastructure, but policy consistency we are discussing here is not from a chronological perspective, but it is about whether various policies which are concurrently implemented are consistent or not. Policies on environment, security, trade, etc. have an influence on aid policies. For instance, Japanese trade policies affect the issues of poverty and inequality in developing countries, and such a consistency should be strengthened.
- NGOs are certainly striving to enhance their own accountability. Having said that, GOJ has more responsibility to make the ODA more accountable as a public entity and should make more efforts than NGOs. We would like to request for further efforts by GOJ to move toward 100% accountability.
- I would like to make a comment on the wording in the draft AAA regarding accountability and conditionality. I do not think all the conditionalities requested by donors are bad, since there are countries like Cambodia where the enactment of an anti-corruption legislation is long overdue. Conditionalities to control corruption are needed in such countries. There should be both good and bad conditionalities. I hope that GOJ would take a stronger stance to request developing countries to tightly tackle corruption.

(MOFA)

- When any corruption cases are reported, GOJ has expressed its concerns to aid recipient governments on each case, including the recent one in Vietnam. We do not investigate each case by ourselves partly due to the sovereignty issue, but when it is proved with concrete evidence that Japanese ODA was misused, GOJ requests to the counterpart governments for resolving the problems.

(NGOs/CSOs)

- When private companies are involved in the misuse of ODA, for example the latest case reported by media being the allegation of the Pacific Consultants International (PCI), these companies are banned from bidding for a few months, but they will be able to participate in bidding after that. I think such penalties are not strong enough.
- Similar cases occur again and again because the structure of the problem remains same. If such bribes are found in Japan, they will face criminal charges. It is a structural problem of Japanese ODA.

(MOFA)

- For some private companies, prohibition of entering bidding of a half or more of their operations for six months would cause a risk of bankruptcy. If it lasts for one year, they will be damaged more seriously.
- Corruption cases abroad are out of the reach of the Japanese jurisdiction, so we have to follow the system such that the alleged employees of Japanese companies should be brought to justice by the countries where they operate. The issue of mutual accountability expresses that the developing countries should bear the accountability as well.

(NGOs/CSOs)

- A concrete mechanism needs to be established to improve the quality of mutual accountability, and we should build it up with a forward-looking manner. For instance, the establishment of the International Criminal Court (ICC) was realised by the international community, which had not existed before. We need to think about a mechanism to address mutual accountability in cooperation with other actors such as the United Nations.
- GOJ mentioned that budget support is yet to be proven effective, but the problem of this argument is that too much responsibility is inflicted on the governments of developing countries. While everybody is making every effort to provide services to the poor at minimum costs in developing countries, donors should not only request accountability of developing countries but contribute to guaranteeing accountability within developing countries through establishing mechanisms to monitor the performance of the governments by the citizens in developing countries. Budget support cannot function without such mechanisms.

- MOFA explained that investment to infrastructure in Africa in 1990s decreased to less than 20% because donors were too focused on poverty reduction. Having observed Africa since 1990s, I do not think that was what happened. Lack of accountability of African governments and inability to pay debts led to the expansion of poverty. Civil society in Africa expresses their hope that donors will keep good conditionalities, and civil society in the North support it.
- At the end of the slide “Views of Japan (2)” on ownership prepared by MOFA, it is stated that “Japan actively supports the selection of donors based on ownership of developing countries.” In the context of Africa, this statement implies that Chinese aid would be welcomed. We should discuss whether it is preferable.

(MOFA)

- Most of the documents on Japanese ODA are translated into English and can be obtained via the MOFA website. GOJ would continue to reflect on what we can do so that governments and citizens in developing countries could have good relationships, and we will be grateful for any advice from NGOs/CSOs.

(JICA)

- With regards to the timing of the rolling plans, JICA has been discussing with MOFA whether and when they would be publicised.

(MOFA)

- We think that the rolling plans of JICA should be published to the extent that they are allowed to be disclosed. Since publication of all the ODA-related documents may have implications to the private companies which are operating ODA projects, we should be careful on what will be published to maintain fairness.

(NGOs/CSOs)

- NGOs would like to reiterate the importance of “downward accountability.” There should be certain reasons why the international aid community have been reviewing the past aid approaches to Africa, and we would like to discuss it with GOJ.
- GOJ should play up the fact that Japan has been reliably disbursing aid which was committed. Other donors do not always disburse the pledged funds. Fulfilling a promise is more important than how to use aid, and I hope GOJ would highlight this point at the Accra HLF

## 2. Issues for Discussion for the Third Meeting

(MOFA)

- We would like to suggest having our third meeting between MOFA and NGOs/CSOs in the week starting on 25 August and discuss the AAA which is expected to be adopted at the Accra HLF. How about opening up the next

meeting to the media? (NGOs/CSOs will consider it internally.)

(NGOs/CSOs)

- The discussion prior to the Accra HLF is important, and reporting on the HLF after it takes place would be also important.
- NGOs are interested in the position of and speech made by GOJ at the Accra HLF, and we would greatly appreciate the meeting prior to the HLF as an opportunity for us to provide inputs for them.
- Provided that the Accra HLF is a high-level meeting, we are hoping that the Japanese delegation would be led by a ministerial-level representative.

(MOFA)

- The discussion on aid effectiveness on the Paris Declaration is slightly getting out of date, and therefore, there is an argument that development effectiveness should be incorporated into the discussion. It is meaningful for GOJ to discuss with NGOs on the way forward of development aid by GOJ and civil society, rather than disseminating the information on the Paris Declaration and the AAA to the Japanese public.
- The members of the Japanese government's delegation to the Accra HLF are under consideration.

This summary minutes was produced jointly by MOFA and NGOs/CSOs.

This English translation was prepared by NGOs/CSOs and not authorized jointly with MOFA.

(end)