

Evolving Priorities in International Development for Japan and the UK

25 May 2023 – Daiwa Anglo-Japanese Foundation

Carl Aaron

carl@compass8.org.uk



Key Take Aways

Current/new ODA priorities for the UK and international community include gender, humanitarian, climate and health, and investment. But ODA is increasingly part of a broader strategy/policy agenda.

Japan and the UK seem to be “swapping places” in terms of ODA spending and proactivity.

There are strategic changes in ODA delivery mechanism and policy in the UK – some good, some not so good

Japan and the UK are quite heavy users of multilateral channels for ODA delivery – in different ways and for different reasons - and could benefit more.

Japan and the UK would benefit from coordination and collaboration around ODA (and Security) both at the G7 table and beyond it. Especially building on the Hiroshima Summit.

Japan and the UK should consider a Partnership and Transition Fund in the context of Japan’s G7 leadership to support a common ODA or ODA/security priority in Europe or Indo-Pacific. The UK and Japan would benefit disproportionately relative to other G7 members.

Evolving “Pure” Development Priorities (UK)

- in brief -

2022 Development Priorities:

- Investment
- Gender
- Humanitarian
- Climate and Health

A lot of energy
announcing these
agendas, but other
important changes have
been happening.

Resources:

- OECD Profile of UK (2022)
- FCDO Outcome Delivery Plan: 2021 to 2022



UK launches delayed gender strategy, but cuts sexual health funding



Nearly double UK aid spent on refugees at home than on Asia and Africa



UK aid budget 'totally transformed' as another £1.5B cut looms



UK aid's tumultuous 2022

Source: Devex

<https://www.devex.com/news/tracking-the-uk-s-controversial-aid-cuts-99883>

Strategic Evolution of ODA Priorities and Delivery

- Partnering with business
- Leveraging finance
- De-risking and catalytic role
- Meshing with security agendas
- Budget shifting from FCDO
- Greater use for diplomatic objectives
- Use by Other Government Departments (OGDs)

Evolution of Delivery Channels and Partners

Three main ODA Delivery Channels

- **Pure bilateral (full national control over spend)**
 - **Core multilateral**
 - **Earmarked multilateral**
- **Pure bilateral ODA considerations:**
 - Japan seems to keep pure “pure”
 - UK keeps pure ODA objectives, and is finding innovative ways to deliver; but spend in some key countries e.g. is being heavily cut.
 - JICA is manager and implementer and seems to have good control over spend
 - VfM use of consultancies, specialist contractors, NGOs is an issue
 - Localization of grant/contract recipients

UK ODA –Useful and Confusing Statistics

£bn	2020	2021	2022
ODA	£14.48bn	£11.43bn	£12.77bn
Core ML	£4.95bn (34.2%)	£4.28bn (37.4%)	£3.33bn (26.1%)
Other ML	£2.69bn (18.6%)	£1.37bn (12%)	?? £1.37bn (This breakdown of £9.45bn not yet released)
UK Direct Spend	£6.84 bn(47.2%)	£5.78bn (50.6%)	?? £8.07bn (This breakdown of £9.45bn not yet released)
Refugees in Donor Country		£1.05bn (9.2%)	£3.67bn (28.9% of total UK ODA)
UK Direct Spend net of in-donor refugee spend		£4.73bn	?? £4.4bn
FCDO share	74% (£10.7bn)	72% (£8.18bn)	60% (£7.64bn)
GNI	£2,073.88bn	£2,266.77bn	£2,503.92bn
ODA/GNI	0.7%	0.5%	0.51%

ODA – Spending and Proactivity - Japan

- According to OECD DAC comparisons, Japan is now the third largest ODA donor, replacing the UK
- There are calls in Japan to significantly increase ODA spending
- Japan is keeping pure ODA “pure”. Japanese NGOs do have concerns about the militarization of ODA, but Japan is creating new “vehicles”.
- Official Security Assistance (OSA) is a pilot programme that could be used (or not used) in various ways. A link between security strategy and ODA strategy.
- Japan’s voice in international affairs and US support for it is getting louder.
- Japan needs multilateral/minilateral channels more than ever, but for slightly different reasons than before.

ODA – Spending and Proactivity – UK

- UK spend has dropped significantly, and many issues lie behind the headline figures and 0.51% ODA/GNI claim. Further falls or massaging likely.
- OECD reiterates that the UK has “convening power” (but OECD is a membership club as well as a think tank).
- Increasing budgets seem focused on immigration and the investment agenda.
- Pure ODA categories being squeezed.
- The UK is losing voice in multilaterals and other international forums, where once it held the high ground.
- UK should exploit multilateral/minilateral channels and opportunities more than ever. What does this mean? How to do it?



UK and Japan - Reversed Roles: New Potential Mutual Benefits

- Both UK and Japan need to exploit multi/minilateral opportunities more than ever. For different but complementary reasons.
- Already happening in the extended security/ODA sphere (e.g. FCAS, Joint Procurement Protocols)
- G7 is a useful table – what could be achieved in the rest of this year?
- It seems that PM Kishida has played the Hiroshima Summit well – a very explicit linking of Europe/Ukraine challenge and the East Asia Security FOIP Challenge. What next?

UK-Japan-US ODA (USD Comparison): Multilateral Channel Spending

\$bn 2022 (and other years)	UK	Japan	US	OECD DAC Av
ODA (OECD GE basis)	15.748	17.475	55.277	
ODA/GNI	0.51%	0.39%	0.22%	0.36%
In donor refugee	4.544 (28.9%)	0.051 (0.3%)	6.646 (12.0%)	(14.4%)
ODA/GNI excl domestic spend	0.36%	0.39%	0.19%	0.31%
Core ML %	37.4% (2021) 26.1% (2022)	20% (2018)	19.3% (2021)	
Earmarked ML	12.0% (2021) 8.2%(??) (2022)	10% (2018)	19.2% (2021)	

Deauville Partnership and MENA Transition Fund



Wilson Center

<https://www.wilsoncenter.org/deauville-partnership-a...>

Deauville Partnership with Arab Countries in Transition

19 May 2022 — The **Deauville Partnership** is designed to marshal international support from the G-8, regional partners, International Financial Institutions (...



National Archives | (.gov)

<https://obamawhitehouse.archives.gov/2012/05/19>

Fact Sheet: G-8 Action on the Deauville Partnership with ...

19 May 2012 — The **Deauville Partnership** with Arab Countries in Transition is an international effort launched by the G-8 at Deauville in 2011 to support ...

- The Deauville Partnership was launched in May 2011 as an initiative of the then G8 to support Arab Countries in Transition in their reform efforts to build stable, prosperous and inclusive economies.
- The Deauville Partnership includes:
 - Arab Countries in Transition (ACTs: Egypt, Jordan, Libya, Morocco, Tunisia, and Yemen)
 - G7 members
 - International and regional financial institutions and the OECD
 - Regional partners (Kuwait, Qatar, Saudi Arabia, Turkey and the United Arab Emirates)
- The OECD has been a key actor in this process, facilitating policy dialogue in the context of Senior Officials' Meetings as well as the **IFI Co-ordination Platform**, which it has been chairing since April 2016. In addition, the OECD is providing hands-on support for reform implementation in all 6 ACTs through MENA Transition Fund projects.

Deauville Partnership: Confer, Coordinate, Collaborate

- A table at which to confer on a regular basis
 - Deauville Partnership to coordinate policy, though in the end most went bilateral: Senior Official Meetings (SOMs) as part of G7 Summit process
 - DP MENA Transition Fund – a collaboration to deliver selected projects in the region – kept the table alive
-
- Delivery Mechanism: Host country agency plus ML e.g. AfDB, WB, OECD
 - Proposals presented; G7 Officials met, graded and awarded
 - Regular meetings to approve, and traffic light system to monitor progress
 - Not perfect, and there are ways to improve, but a resilient and potentially effective vehicle.
 - There are other similar and overlapping tools e.g. EBRD Multi Donor Fund



Thinking Out of the Box – UK, Japan, G7 Collaboration/Coordination

- The Deauville Partnership is an example of an ad hoc response to a crisis situation created at the G7 table.
- Let's imagine a G7 (plus alpha) sponsored reconstruction partnership for Ukraine. It can start early by e.g. training women in NGO management, reconstruction procurement etc.
- Let's imagine a G7 (plus alpha) partnership and fund for FOIP. If a particular sub-project is too unpalatable for UK or Japan, Japan or UK money can be de-earmarked for that project. National funds can come from ODA or other relevant budgets
- Japan's OSA is presumably a flexible pilot vehicle, and it may be easier to fund a radar surveillance sub-project jointly through a FOIP TF than directly. There are many possibilities.

Key Take Aways

New ODA priorities for the UK and international community include gender, humanitarian, climate and health, and investment. But ODA is increasingly part of a broader strategy/policy agenda.

Japan and the UK seem to be “swapping places” in terms of ODA spending and proactivity.

Strategic changes in ODA delivery mechanism and policy in the UK – some good, some not so good

Japan and UK are quite heavy users of multilateral channels for ODA delivery and could benefit more.

Japan the UK would benefit from coordination and collaboration around ODA (and Security) both at the G7 table and beyond it.

Japan and the UK should consider a Partnership and Transition Fund in the context of Japan’s G7 leadership to support a common ODA or ODA/security priority in Europe or Indo-Pacific. The UK and Japan would benefit disproportionately relative to other G7 members.

Thank You!

- carl@compass8.org.uk