North-East Asia Development Cooperation Forum 2015

31 October - 1 November 2015, Tokyo, Japan

Background

One feature that distinguishes North-East Asian countries in development cooperation is their experience as both recipients and donors of aid in recent history. Japan, which is now perceived as a "traditional aid donor," was a recipient of aid, for instance, from the United States Export-Import Bank until the 1970s¹. The Republic of Korea graduated from the DAC list of ODA recipients in 2000 and became a member of OECD/DAC in 2010, but its experience in aid provision dates back to the 1980s². China has also become a key player in development assistance, while it had begun providing aid before it started receiving aid in the 1980s. Russia, after being one of the largest aid donors during the Soviet era, is re-emerging as a donor following a brief period as a recipient country in the 1990s³.

As recognized in the Accra Agenda for Action, improving the complementarity of donor efforts and the division of labour among donors can reduce the fragmentation of aid and improve its effectiveness⁴. Given the wealth of experience gained during their transformation from recipients to providers of development assistance and their growing significance in various forms of development cooperation, cooperation among North-East Asian countries in development assistance will potentially bring significant benefits to recipient countries.

In this context, the first North-East Asia Development Cooperation Forum was held in November 2014 in Seoul to facilitate analytical discussions on policies and practices of development cooperation in North-East Asia as well as potential areas of collaboration among North-East Asian countries. The Forum was organized by ESCAP in collaboration with Korea Association for International Development and Cooperation (KAIDEC), and supported by China International Development Research Network (CIDRN) and Japan Society for International Development (JASID), as well as Russian researchers on development cooperation. The Forum followed the preceding events ENEA office organized in 2013 - "Seminar on North-East Asian Development

¹ Takagi, S. (1995) From Recipient to Donor: Japan's Official Aid Flows, 1945 to 1990 and Beyond. *Essays in International Finance* No. 196.

² http://www.odakorea.go.kr/eng.overview.History.do

³ Larionova, M., M. Rakhmangulov, et al. (2014). The Russian Federation's International Development Assistance Programme: A State of the Debate Report. <u>Evidence Report 88</u>.

⁴ OECD (2008) Accra Agenda for Action. OECD.

cooperation in Post 2015" in collaboration with China Agricultural University and China International Development Research Network.

The Forum brought together researchers and practitioners of development cooperation from four North-East Asian countries, namely, China, Japan, Republic of Korea and Russian Federation. Attendees at the Forum as well as representatives of the networks strongly urged its continuation in the coming years. The second Forum held in Tokyo, is in response to this request.

The second North-East Asia Development Cooperation Forum in Tokyo, co-hosted by ESCAP Subregional Office of East and North-East Asia, Japan Society for International Development (JASID) and JICA Research Institute. The key theme of the Forum in 2015 is the role of development cooperation in North-East Asia in implementing Sustainable Development Goals. More importantly, it is joint efforts among leading research networks on development cooperation in North-East Asian countries, namely, JASID, Korea Association of International Development and Cooperation (KAIDEC), China International Development Research Network (CIDRN), and Development and Cooperation Association of Russia which is being formally established.

Objectives

- To create a platform of researchers and practitioners to critically review and analyze trends and policies of development cooperation in North-East Asian countries, based on their own research and experiences.
- To create an international network of academic associations, research institutions, government institutions, inter-governmental organizations, and UN organizations engaged in issues related to development cooperation in North-East Asian countries.
- To identify potential areas of collaboration among North-East Asian countries in development cooperation and assistance.
- To marshal the potential of North-East Asia in making a fundamental difference to the development of Asia Pacific region.

Participants of the Forum

- Members of the network
- International organizations
- Bilateral development organizations or equivalent government office in North-East Asia
- Government officials (at their own capacity)
- Researchers on development cooperation from recipient (partner) countries in Asia-Pacific (selection of countries to be further discussed)
- Non-Governmental Organizations (NGOs)

• Interested researchers and development practitioners

Partners profile

ESCAP ENEA Office is a subregional office of ESCAP, covering 6 member states (China, Democratic People's Republic of Korea, Japan, Mongolia, Republic of Korea, and Russian Federation) and 2 associate members (Hong Kong, China and Macao, China).

China International Development Research Network (CIDRN) is a network of Chinese scholars interested in international development from different disciplinary backgrounds such as international relations, development studies, economics and other related fields have formed an informal network to share their research both amongst themselves and with policymakers in China, and beyond.

Japan Society for International Development (JASID) is an academic society that tries to bring together knowledge and experience about international development and cooperation from multiple disciplines, ranging from economics and management to politics, sociology, anthropology, agriculture, technology, medicine, and so forth.

Korea Association of International Development and Cooperation (KAIDEC) is an academic association of of scholars from academic institutes in multidicsiplinary subjects, government personnel working in development cooperation, private sector business personnel in charge of overseas investment, and field workers of NGOs.

Development Cooperation Association of Russia is association of researchers and practitioners of development cooperation in Russia and is currently in the process of official establishment. The association was initiated by the researchers who participated in the first North-East Asia Development Cooperation Forum in Seoul in 2014.

Summary of North-East Development Cooperation Forum 2015

Session 1 Introductory session – from MDGs to SDGs

The scope of Sustainable Development Goals goes far beyond MDGs, covering a wide range of economic and environmental objectives, along with continuing development priorities such as poverty eradication, health and education. It requires to mobilize more resources on one hand, and to engage wider range of stakeholders, to implement these ambitious goals. Furthermore, reflecting lessons learnt from MDG experiences, SDGs are expected to clarify means of implementation for each goal.

The purpose of this session is to reflect experiences of Millennium Development Goals and provide overview of Sustainable Development Goals (SDGs).

The session had a brief overview of the SDG process at global level was presented. Discussion in the session included key difference of MDGs and SDGs, observations of positive and missing points of SDGs, analysis on countries' view on SDGs (based on country statements), and role of academics in keeping a watch on the implementation of sustainable development.

Session 2. Sustainable Development Goals – roles of development cooperation of North-East Asian countries '

This session discussed on how SDGs can be integrated into development cooperation in the North-East Asia. While SDGs set out ambitious and transformational vision and emphasizes on inclusiveness, how they are translated into action will largely rest with development cooperation strategies, which may differ across countries.

- Possible contribution of China for SDG includes financial contribution, sector transfer, job opportunities and offering big market (for instance Chinese demand for agricultural imports, overseas tourists boosts tourism in receiving countries). China's experience in drastic reduction of poverty driven pro-poor growth and the role of state, which are still relevant to many countries like African countries, as well as current challenges in inequality, rural-urban divide, environmental challenges and corruption would provide a useful lesson for other developing countries.
- One of the concerns associated with Sustainable Development Goals is diversion of attention away from poverty issues. Recently approved development cooperation charter (Japan), which replaces ODA charter, shows a tendency to give priority to national interest over development issues. Moreover, seriousness of issues such as poverty and violation of human rights are not well understood in the developed economies and the academia should make sure the attention on poverty is not diluted.

- Importance of participatory approach in development cooperation was emphasized, drawing analysis on Saemaul Undong experiences in the Republic of Korea. Non-ODA interventions (for instance by CSOs and NGOs) should ensure participatory approach as it is a key to achievement of sustainable development.
- Business sector is one of important partners in implementing SDGs. Research on top Russian companies estimates around US\$ 5million on average per company on development cooperation. The companies engage in countries/regions mostly coincide with Russia's national priority countries such as commonwealth of independent states. Their development projects include infrastructures for health, education, transport, energy, etc. While they undertake CSR (cooperate social responsibility) programmes, current mechanism of engaging private sector in development cooperation is underdeveloped.

Session 3. Development finance

Financing is considered as one of the key vehicles (means of implementation) in materializing SDGs. Countries in the subregion is particularly active in mobilizing financial resources for development. In this context, this session will critically analyse development finance of the North-East Asian countries, in light of contribution to sustainable development in developing countries.

- Establishment of Asia Infrastructure Investment Bank raised question on the relationship between AIIB and existing multilateral development banks (MDBs). Analysis on complementarity and competition between AIIB and MDBs is presented, pointing out complementarity of AIIB as an alternative and expanded source of finance to engage in regional economic development and infrastructure connectivity. On the other hand, AIIB may put competitive pressure to the traditional MDBs on priority areas of the business, lending capacity, lending conditionality, etc. There are many areas where AIIB and the traditional MDBs could cooperate and build a more effective, more efficient, more inclusive international development financing system.
- Development finance required is in the order of trillions vis-à-vis billions of ODA to implement SDGs. Resource mobilization (both domestic and international), as well as effective use of finance are two key areas, and capacity building is important in that respect. Since the transition to a market economy in the early 1990s, tax revenue in Mongolia increased more than 25 times from the initial level. JICA's assistance in capacity development of Mongolia on tax system was presented where phased assistance was provided on institution building, legislation, improvement of tax inspection system, staff training, etc.
- The process of institutionalizing tax system is closely linked with state-building and democratization in the history of Republic of Korea. Without the ability to raise revenue systematically, states are limited in the extent to which they can provide security, meet the basic needs or foster economic development. Thus tax reforms should be a central tool for restoring the statehood in developing countries. Mainstreaming taxation for state-building as a necessary component for

development financing in the 2030 agenda for sustainable development. Republic of Korea can share its experiences in taxation and state-building.

• Russia's re-emergence as donor is associated with rather high rate of domestic savings and the current account surplus that promoted private and official capital export in form of FDI, loans, equity investments, remittances and development assistance. Long-term European capital markets is closed for Russia due to sanction, which led Russian public and private capital to search for additional external spheres and geographical diversification of capital application. Russia multilateral channel of development finance in the form of implementing global initiatives and contributing to multilateral development banks, including recently created New development bank (NDB) and AIIB. The participation to those broaden the geography of Russia's development finance.

Session 4. Means of implementation

Means of implementation for materializing SDGs go beyond financial means. The proposed SDGs outline means of implementation for each goal, in capacity building support, technical assistance, trade, etc. Discussion in this session covered development cooperation activities such as knowledge sharing and capacity building initiatives undertaken by NEA countries in assisting countries towards sustainable development and achievement of SDGs.

- Knowledge for development evolved just as relationship between aid and development evolved. New actors of knowledge sharing, such as China, have dual identities as it has experiences as both recipient and donor. The historical legacy, philosophical thinking, embedded context and relationship in practices are fundamentally different. The new approach may give more importance to relevant experiences, practice, priority setting, etc. Those new knowledge may also be fragmented, varied and diversified.
- In light of means of implementation of health goals, recent outbreak of Ebola was discussed. First, it is important to analyse and learn lessons from the Ebola outbreak in West Africa, on the responses at national, regional and global levels. Second, global governance for health needs to be improved for timely and effective response to future health crises, particularly in countries with weak health system. Third, in formulating development strategies and plan health programs to achieve the SDGs, it should take account of not only the possibility of natural disasters but also of health emergency situations. There are potential areas of joint action by North-East Asian countries, as exemplified by the tripartite health ministers meeting among China, Japan and RoK.
- North-East Asia as 'recipient-turned-donor' countries have common but diverse development experiences, knowledge as well as development institutions, systems, and human resources that can be useful for the capacity-building for the developing countries. Regional partnership among the NEA can be strengthened through harmonized capacity-building and knowledge sharing programs for sustainable development. Technical assistance programs including overseas

volunteer program, scholarship, training, technical cooperation programs of NEA countries should be harmonized and aligned to SDGs and its targets to support capacity-building of the developing countries.

• Data is important to new development agenda; for making informed decisions to address various development challenges; to assess the effectiveness of projects for the target population; and more sophisticated data is required for SDGs, which are more complex and multidimensional. However, data is difficult to collect and expensive - estimated \$1 bln/year will be needed for world's poorest countries to put in place statistical systems to measure SDGs. Russian is supporting development of statistical systems in East Europe and Central Asia while there is a lack of data and information on Russian development assistance itself. Question was also posed the benefit of data collection and burden on the ground in collection of data.

Session 5. Collaboration and partnerships

This session discussed on future Forums and further collaboration among the participating networks. Discussion included following.

- Focusing on collaboration of North-East Asian countries make this Forum very unique. Thus the focus of the Forum's partnership may be kept within North-East Asia while they welcome scholars from other countries, as was done in this Forum (Researchers from recipient countries participated and provided their perspectives).
- Ultimately researchers work individually and thus opportunity of exchanging views in the two Forums opened the scope for further collaboration, such as possibility of joint studies.
- Considering the role of academia to critically review and influence policies, future Forum should be policy oriented within long term framework of SDGs, while independence of academia should be intact.
- To keep the momentum of the joint efforts, possibility of setting up more formal structure is explored

The Forum agreed on the following

- Next Forum: CIDRN plans to host the next Forum in China, in collaboration with ESCAP secretariat.
- Publication: The group request ESCAP to make special issue of Asia Pacific Development Journal, with 2-3 papers per country reviewed and edited by respective networks. Researchers from Bangladesh, Cambodia, and the Philippines also intend to contribute to the issue. To have the publication out in September, the paper should be ready by **February 2016**.



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Provisional Programme

<u>31 October 2015</u>	
9:30 - 10:00	Registration
10:00 - 10:30	 Opening and welcome remarks <i>Takio YAMADA</i>, Director General of International Cooperation Bureau, Ministry of Foreign Affairs of Japan <i>Kilaparti RAMAKRISHNA</i>, Head, ESCAP-East and North-East Asia Office <i>Motoki TAKAHASHI</i>, President, Japan Society for International Development (JASID) <i>Ichiro TAMBO</i>, Director, JICA Research Institute
10:30 - 11:30	Session 1. Introductory session - from MDG to SDG Moderator: Kilaparti RAMAKRISHNA Presentations: Shun-ichi MURATA, Former Deputy Executive Secretary of ESCAP/Kwansei Gakuin University Masaaki OHASHI, University of Sacred Heart Denis DEGTEREV, MGIMO-University





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