

Japanese Aid Diplomacy in Pacific Island Countries: Does the new regional architecture demand a review of Japanese Aid Policy Priority and Delivery?

SEMINAR on RECENT TRENDS IN PACIFIC REGIONALISM AND THE ROLE OF JAPAN
Organized by FIJI EMBASSY, TOKYO and THE SASAKAWA PEACE FOUNDATION

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Overview

- **The Policy Problem**
- **Why Now? Regionalism and Geopolitics**
- **Has the Aid Paradigm Shifted?**
- **‘Influence Aid’ and Bilateral Delivery – Old Friends, New Friends**
- **Successful/Distinctive Strategies**

The Policy Problem

Regional Architecture under Challenge from:

- **Capacity Constraints (Successive Critical Reviews)**
- **Alternative forms of Regionalism (PSIDS, PIDF)**
- **New Players (China, Russia, Middle Eastern Countries etc)**
- **New Aid Paradigms (Rise of 'Influence Aid')**

Implications:

- **Pacific Region at a Crossroads**
- **Influence of 'Old Friends' in Relative Decline**

Why Now? Regionalism and Geopolitics

- **Critical Reviews of PIF, SPC & Pacific Plan – Declining legitimacy? Declining relevance to Pacific Interests?**
- **Fiji and PIDF – A Regional Demand for Alternatives**

Has the Aid Paradigm in the Pacific Changed?

- **1. The Global Shift to Middle Income countries – *Not* reflected in the Pacific**
- **2. The Global Shift away from Infrastructure – *Not* Necessarily in Pacific**
- **3. Global Aid Policies Increasingly Driven by Donor National Interests ('influence aid') – *Yes* in the Pacific**

1. The Global Shift to Middle Income countries – *Not in the Pacific*

- Most poverty is now in Middle Income countries (e.g. India or Indonesia)
- Global Shift in Aid Underway to Adapt – but implications unclear for the Pacific
- Poverty Alleviation still No. 1 Goal in Pacific
- A Gulf Between Two ‘Aid Worlds’ opening
 - Opportunity for Japan to Respond to Pacific needs (e.g. refocus PALM)

2. The Global Shift away from Infrastructure – *Not* Necessarily in Pacific

- **Developed Countries Now Providing Services to Middle Income Countries (capacity building, etc)**
- **But Non-Western Countries (e.g. China and Russia) flexible – Infrastructure, cash, untied loans**

Opportunity for Japan to Focus on Specialised Projects and Services (e.g. solar, medical)

3. Aid Policies Driven by Donor National Interests ('influence aid') –Yes in the Pacific

- **Best Practice Aid (good governance, sustainable development etc) under pressure**
- **Aid for Trade**
- **Aid focused on Strategic Interests (especially non-Western Countries)**
- **Ability to Maximise Use of Donor Resources (e.g. Chinese concrete and workers)**
 - **Opportunity for Japan to strengthen focus on Needs of Recipients**

‘Influence Aid’ and Bilateral Delivery – Old Friends, New Friends

- 1980s-90s – Japan No. 2 Donor**
- 2000s - Rise of China in the Pacific**
- 2014 - A Crowded field – China, Russia, Middle Eastern Countries**

Relative Decline in Japanese Aid. A Targeted Approach Needed to maintain impact and Influence

Successful/Distinctive Strategies

- **Triangular Cooperation (with Fiji to Reach Smaller PICs)**
- **Aid Coordination with Similar Aid Donors (Australia NZ, US)**
- **Deep bilateralism (PALM & Track II) to Align Focus with Regional Interests**
- **Market Access (Products and Labour)**

Focus on Triangular Cooperation

- Niche projects *tailored to Pacific interests*
- Foreign Direct Investment (FDI)
- Market access for Pacific Products
- Labour Mobility
- CSO/NGO Collaboration



Thank you