

Commitments and Challenges toward Inclusive and Dynamic Development

1. Introduction

It is my great honour to address the distinguished audience of the Japanese-German Center Berlin and Konrad-Adenauer-Foundation on the important topic of "Global Responsibility in Development Cooperation of Japan and Germany". I wish to thank you for the initiative you have taken to hold this meeting.

When I last spoke in Berlin in April 2005, my primary objective was to focus on the emerging consensus on security thinking. In the past, security threats were assumed to emanate from external sources, but in recent years, our understanding expanded to address dangers derived from chronic poverty, environmental degradation, transnational crisis and terrorism. I emphasized the growing need to broaden our understanding of security to focus on "human security". People must be protected by the state but above all empowered to enhance their own security.

Through growing collaboration between Germany and Japan, the dialogue between our two countries has deepened, particularly on our respective roles to enhance the security and wellbeing of people through our development assistance policy and activities.

Since then, the world has changed greatly, I might say that it has undergone changes that could well be called tectonic shifts. The collapse of the financial system that started in the US last year has hit the global economy hard. Climate change, infectious diseases, food shortages and a raft of other problems have continued to grow.

Today, I would like to elaborate on the efforts that the Japanese government and JICA have made to meet the needs of the times and then discuss future possibilities for collaboration between Germany and Japan.

2. Challenge of Japan

To start with, let me introduce the recent organizational changes that have been adopted to strengthen Japan's development assistance capacity.

As you may know, JICA was reorganized in October of last year. JICA merged with the overseas economic cooperation operations of Japan Bank of International Cooperation (JBIC) thereby forming a new unique organization that incorporates soft loans, grant aid, technical cooperation and even volunteer work. This marks the birth of one of the largest organizations performing bilateral aid in the world, with annual financial resources of over 10 billion dollars, covering operations in 155 countries around the world.

With this merger, we are now able to operate infrastructure development and capacity building in a more efficient and integrated manner. More specifically, we are to provide integrated assistance through infrastructure development using yen loans and grant aid, and we are particularly keen to develop people's capacity linked to institutional capacity building.

I believe that the new JICA can and must "scale up" its operation, from technology transfer to individuals, to capacity development of organizations and institutions, ulti-

mately leading to country and state building.

The establishment of the new JICA is an epoch making event in Japan's ODA history. It was a major decision on the part of the Japanese government to pursue administrative reform to achieve greater efficiency and effective governance. I have heard that discussions on restructuring the aid structure in Germany are also underway, and I would be happy to share our experiences here.

One of last year's activities of the Japanese government worth noting is its expansion of cooperation to Africa.

Last year the G8 and TICAD4 (Tokyo International Conference on African Development) meetings were held in Japan. Throughout the process, greater emphasis was placed on "poverty reduction through economic development", I think this strategy brought a breakthrough in development aid policy. In addition the commitment to double ODA to Africa by 2012, has put the Japanese government to increase assistance in several targeted areas. First infrastructure support, second private investment and third food security through rice production. It is our belief that economic growth must be promoted if we were to meet the targets of the Millennium Development Goals.

The development of infrastructure such as roads and power will also stimulate investment from the private sector that African countries so strongly hope to achieve.

Further, in order to accelerate agricultural productivity, JICA launched the CARD (Coalition for African Rice Development) initiative. We will work with our African partner countries, bilateral donors, the World Bank, the African Development Bank, research organizations and other partners interested in rice production, to initiate a "green revolution" in Africa.

JICA will promote cooperation that further utilizes technological advances. In Rwanda, in response to its ICT led development initiative, we are operating projects covering technical education and public health ser-

vices. In Egypt we have launched the E-JUST initiative (Egypt-Japan University for Science and Technology), and are collaborating in a major higher education program to move forward on nationwide science and technology education.

The important fact is that the African people themselves are now emphasizing the importance of economic growth, and are seeking to learn from the experiences of the Asian countries. President Kaberuka of the African Development Bank and other African leaders are engaged in examining the possibility of bringing "the Asian miracle into an African miracle".

3. Issues we face

I believe there are three relatively new issues that Japan and Germany as leading development committed countries must tackle.

One is the environment issues that accompany the growth process.

In line with the growing population and increase in economic activity, forest areas decrease, droughts and floods increase, and desertification spread. In particular, urbanization triggers water contamination, air pollution and waste problems. We must discover ways to combine economic development with environmental protection. This is one of the greatest challenges that development assistance face, I believe that Germany and Japan can together make major contributions in this area.

In addition, it is well known that climate change problems can have a particularly severe impact on developing countries. The "Cool Earth Partnership" program, a capital mechanism for climate change measures, was also announced last year by the Japanese government. The program plans to use over 10 billion dollars over 5 years starting in 2008 for climate change measures in developing countries. We must also make use of this mechanism in Africa, and proactively introduce "adaptation" and "mitigation" measures to address climate change programs.

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The second issue of concern is the widening disparity between the rich and the poor resulting from high economic growth.

Across Africa, average annual economic growth rate is 6%. However, in many countries, the shocking truth is that the disparity between the rich and poor increases. While on one hand the spread of globalization has fostered investment climate creating new employment opportunities, on the other hand it has left many people behind. In many African countries, the disparity between rural and urban areas and the increasing numbers of street children in the cities are becoming serious social problems. It was once said that economic inequality temporarily increases over time while a country is developing, but begins to decrease, with further economic growth. However, in many developing nations the income gap simply continues to widen. Why don't the benefits of economic growth flow back to the people in African countries as they did in Japan, Korea and Taiwan? Further, what industrial and social insurance policies must be established, and what are the issues that we must tackle?

The third is the issue of conflicts that hinder sustainable growth.

Conflicts directly threaten people's security, and are the largest factor hindering sustainable growth. In recent years, wars are not wars between states, but mostly among peoples. While containing military action, creating a basic living environment and balanced socio-economic foundations are key challenges to provide the benefits of economic growth. For this reason, we believe that development aid can and should play a large role not only in reconstruction, but also in preventing conflicts.

Early last November, I went to Afghanistan as the special envoy of the Japanese Prime Minister, to attend the hand over ceremony of the new Kabul airport that was built with grant aid from Japan. Aside from basic education, health, agriculture projects produce basic conditions for peace and stability, it is also very important to ensure that the benefits of peace are presented in a visible

way. Currently over 50 JICA staff are working in Afghanistan together with 200 local staff. Our peace building efforts are expanding in Burundi, the Democratic Republic of Congo, Sudan, Somalia and Sierra Leone as well as Iraq.

4. Closing

In conclusion, Germany and Japan share a lot in common — we both experienced war, defeat and post-war reconstruction. We both lead in scientific and technological advancement. The histories and experiences of both countries provide lessons of possibilities to solve the problems that developing countries continue to face. Many developing countries look to us with high expectations.

Germany plays a central role in the EU, and I hope that it can revitalize aid to developing countries from EU nations.

Japan closely cooperates with other Asian countries many of which are growing rapidly, China, South Korea, ASEAN, etc., and strive to be at the forefront of efforts to address global-scale problems.

In this vein, I hope that the follow up conference to be held next year in Japan will focus on Asian issues and draw lessons from experiences in Asia.

In thanking the German hosts, I hope that valuable opportunities of stimulating exchanges today will lead to even closer cooperation between Germany and Japan and contribute to the lives of the people in all developing countries.

Thank you.