Chapter V
Japan’s Official Development Assistance Policy: Structural Impediments and Emerging Concepts

Approaches to Official Development Assistance (ODA) went through significant changes within the Japanese aid bureaucracy in the 1990s. In 1992, the Japanese government published its ODA Charter (MOFA 1992), which marked the launch of a series of reforms of the Japanese ODA system. With the ODA reforms, Japan pledged to shift its traditional focus on economic growth and modernisation through large-scale infrastructure development projects, towards an increased emphasis on environmental protection, social development, democratisation, and other soft issues (Fujisaki et.al 1996-1997).

In the late 1990s, several scholars evaluated the Japanese ODA reforms and their effect in practice, and the majority was skeptical in their assessment. After one decade, the quality of Japanese ODA, in terms of geographical distribution and focus on humanitarian development goals etc., was still low as compared to that of the other donors. Most of the literature on the topic explains the limited success of the reforms as a consequence of the commercial nature of Japanese ODA. Being a country with a sizeable industry but poor in natural resources, Japan has closely coordinated its development assistance to the wider economic and strategic interests of the country and allowed the private sector to become deeply involved in the implementation of ODA (Arase 1994). This problem is further complicated by the fragmented structure of the Japanese aid administration and decision-making. Differing interests, as seen in the previous chapter, have led to unfruitful competition among various aid agencies, hampering the development of an effective aid administration and attempts of reform.

Scholars such as Hook and Zhang (1998), as well as Katada (2002) analyse Japan's ODA performance in the 1990s, in the light of rivalry between the central MOFA and the METI. These scholars seem to oversimplify the complex relationship of actors in the ODA system. This may to some extent be explained by the fragmentation and lack of transparency of Japan’s ODA system that makes writing on the subject a difficult matter.
Japanese ODA Quality:

The new orientation in Japanese ODA partly originates from a general change in approaches to development in the international aid community. The discourse of donor countries and international organisations such as the UN, had since the end of the 1970s, changed from a focus which had been mainly on economic growth and industrialisation as the most important means and ends of development, to an emphasis on new and "softer" issues such as poverty alleviation, democratisation, gender equity, and environment. After assuming an isolated and self-interested stance for decades, Japan began pursuing a more proactive political and economic role on the scene of international development assistance, mainly through vast increases in the amount of aid. However, the international community laid an increasing pressure on Japan not only to show initiative through allocation of funds, but also to participate more extensively in global issues such as poverty alleviation, environmental protection, and the promotion of human rights. As a result, the Japanese government has pledged to take up a greater international responsibility and improve the quality of its ODA.

One way of measuring aid quality is by criteria, or indicators, formulated by the influential Development Assistance Committee (DAC) of the Organisation of Economic Co-operation and Development (OECD). These criteria include, among others, geographical distribution, and sector allocation (Rix 1996, Hook and Zhang 1998, Katada 2002). Since its origin in the mid-1950s, the Japanese ODA programme has frequently been criticised for its low quality in terms of these indicators.

Geographical Distribution:

Though Japan is a founding member of multilateral institutions such as DAC and the Asian Development Bank, the Japanese government seemed quite detached from international ideas of development policy until the early 1980s. The powerful private sector exerted a strong influence on decision making processes in the aid bureaucracy, for example, through participation in formal decision-making bodies, exchange of personnel between public and private organisations, and close links with the government (Arase 1994). Partly as a result of this relationship, the Japanese ODA programme was explicitly designed to promote Japanese economic interests by developing and expanding potential export markets and securing safe supplies of raw
materials for the resource-hungry Japanese industry (Miller 1991: 12). This led to a concentration of Japanese ODA in Asia, directed at emerging trading partners and countries rich in natural resources such as timber. Despite the fact that the economies in Asia have long been far better off than, for instance, many African countries, in the years from 1986 to 1995, about 53 percent of Japanese ODA flowed to Asian countries, whereas the Sub-Saharan region and Latin America received only 12 and 10 percent respectively (Hook and Zhang 1998: 1058).

Japan has been widely criticised by both scholars and other donors for its lopsided distribution of ODA. However, geographical data is not always a reliable indicator of where the interests of a donor country lie. Countries such as France and Great Britain tend to direct their ODA mainly to former colonies and Commonwealth countries, but, since these countries are spread all over the globe, France and Great Britain are not criticised to the same extent as Japan, for serving their own interests. Besides, some kind of division of responsibilities and areas of interest has actually taken place in DAC. Here, it seems as if the other member countries, especially the United States, which have strong strategic interests in Asia, seem to fully accept and encourage Japan’s focus on this region (Hook 1996: 21; 73).

**Sector Allocation:**

Japanese ODA has traditionally been allocated primarily to large-scale economic infrastructure projects, such as the construction of roads, dams, power plants, etc. During the 1980s and 1990s, approximately 37 to 40 percent of Japanese ODA went to these areas, which was about twice the DAC average of the period 1989 to 1990 (Katada 2002: 328). This focus on infrastructure is rooted in the modernisation paradigm that dominated mainstream development thinking up to the 1970s. Based on its own development experience in which physical infrastructure played a central role, the Japanese government perceived development as a trickle-down process, where everyone would eventually benefit equally from the changes engendered by modernisation and industrialisation (Fujisaki et.al 1996-1997: 524).

The Japanese aid philosophy during this period was mainly the result of the influence of technocrats, especially from the METI, as well as, private sector interests in the ODA bureaucracy. At the same time, it legitimised the involvement of Japanese companies in development assistance, which, due to their expertise in the
infrastructure sector, were perceived as logical partners for recipient governments (Dauvergne 1998: 4).

Japanese Interpretations of ODA Quality:

According to one former aid official in the Japanese Foreign Ministry, Masamichi Hanabusa, the DAC indicators are neither suitable nor sufficient for measuring aid performance. The DAC has monopolised the definition of good and bad aid policy without acknowledging that there might be other approaches just as fruitful. Japanese ODA is centered on the notion of ‘economic cooperation.’ Its main principles are economic growth, self-help, discipline, and a focus on a "cooperative and mutually beneficial [relationship] between equals" (Hanabusa 1991: 93). This has, among other things, resulted in an ODA system that prefers concessional loans to grants, since loans are believed to lead to more efficiency and independence among recipients in their use of foreign funds (Dauvergne 1998:4). According to Hanabusa (1991), the DAC indicators have made it possible for other donor countries to downplay the positive contributions to international development of Japanese ODA and take a critical and unfair stance against Japan in the discussion of ODA quality. Some critics, on the other hand, reject the idea of ‘economic cooperation’ and explain, for instance, the size of Japan’s loan programme as a reflection of the Japanese government’s desire to ensure a return of its ODA, more than a concern for the needs of the people in recipient countries (Rix 1996: 79).

The analysis of Japanese aid quality goes a little beyond the DAC criteria and includes other more ‘qualitative’ aspects of ODA. An attempt has been made to examine the actual changes that have taken place in Japanese ODA administration and the practice of ODA officials. The main questions of this researcher are, to what extent have the changes in overall policy guidelines led to an implementation of the new development goals, such as gender, poverty alleviation, environment, etc., as well as, sensitivity to recipient needs and an understanding of local societies. Hanabusa’s (1991) criticism of the DAC opens important questions of who is to define the standards of aid performance and ultimately, what are to be the ideals and objectives of development. Based on both the quantitative data provided by DAC and qualitative changes of Japanese ODA that this researcher has studied, the assessment is in agreement with many international development organisations and various scholars, who are quite critical towards Japanese ODA performance.
Negative Impacts of Japanese ODA on Recipients:

One of the problems with an emphasis on large-scale technology and infrastructure interventions is that development planners in these areas have not always taken recipient needs or the possible social or environmental impacts of aid interventions into account. Japanese ODA has frequently been used as a means of developing agriculture and forestry sectors in recipient countries in order to secure access to and control over natural resources. (Dauvergne 1994: 517). This economic self-interest has, in combination with inadequate technology transfers and a lack of understanding of, or consideration for, local cultures, often led to aid interventions that have seriously disrupted the ecological balance and threatened the livelihoods of the local people in recipient countries. In the Limbang District in Sarawak, Malaysia, a logging road constructed in the early 1980s with support from Japanese ODA, nearly led to the destruction of the Kelabit and Penan cultures in the area. Extensive logging, which became possible only after the construction of the road, resulted in pollution of the rivers and depletion of the main sources of food for the local inhabitants (Miller 1991: 3). The Japanese government has funded projects in India, Brazil, Thailand, and several other countries that have led to deforestation and damaged sustainable indigenous agricultural practices (Forrest 1991: 31; Cameron 1996).

Shimizu Yasuhiro, who served as the environmental attaché to the USA in 1991, denied in an interview that Japanese ODA could be socially and environmentally harmful. Shimizu pointed to the fact that Japanese ODA is ‘request-based’ and implemented in agreement with recipient governments, stating, “when we are asked to help, we help” (Miller 1991: 3). Widespread public protests in recipient countries, however, do lend support to the critics. In India, locals living along the Narmada River staged a demonstration gathering more than 60,000 people. They were protesting against the construction of a US$ 500 million dam that was partly funded by Japan and had forced tens of thousands to move away from their homes (Miller 1991:3). Besides, statements like Shimizu’s indicate that the Japanese government tends to focus on macro-level negotiations and interventions and ignore the voices of more marginalised members of recipient societies. The large number of unsuccessful

1 Japanese ODA is allocated on the basis of project proposals that are formulated and submitted by the recipients themselves.
projects has led to a severe criticism of Japanese ODA for showing too little consideration for local society, culture and commerce and for imposing Japanese values and procedures on the recipients (Cameron 1996: 86). During the 1990s, however, it seemed that Japan had become increasingly aware of opposition in recipient countries, and several environmentally harmful projects, e.g., in India and the Philippines, were cancelled as a result of protests by local NGOs and local groups (Potter 1994: 202).

**Other Donor Countries:**

It is important to keep in mind that Japan is not the only donor country that has shown a lack of understanding of local societies and not appreciated indigenous knowledge and practices in local communities. This blindness towards socio-political aspects of development work had been a general problem of most development institutions and bilateral donors until the 1980s. Today, though greater attention is paid to recipient needs, and terms such as ‘participation’ and ‘empowerment’ have almost become *mantras* in international development discourse, the translation of these theories into practice is still largely inefficient.

Some of the other shortcomings of Japanese ODA mentioned here are far from unique for Japan. The aloofness and economic selfishness of the Japanese government in the international development community in the 1980s, earned Japanese ODA “a reputation of being linked, even more so than other donors to self-interest” (Dauvergne 1998: 3). Even though it is difficult to test this claim, it is still quite clear that Japan is not the only donor country that has conducted ‘aid imperialism’ (Rix 1996:77) through its ODA programme. Most bilateral development assistance is used to serve the commercial or political interests of the donor. Some of the main objectives of the American Marshall Plan in the 1950s were to restore European export markets for American producers and ensure American strategic interests in the region.

**Remaining Shortcomings of Japanese ODA:**

The international community welcomed the changes in Japanese ODA as a reorientation towards more international cooperation and burden sharing. However, Hook and Zhang (1998) remain skeptical towards the actual commitment of the Japanese government to its new principles. According to these critics, the new policy
orientation has taken place primarily in rhetoric, as a means of appeasing foreign critics, and the underlying objective of Japanese ODA is still mainly to serve Japan’s own economic and strategic ends.

At the end of the 1990s, some shortcomings still existed in Japanese ODA in terms of geographical distribution, sector allocation, etc. (Hook and Zhang 1998; Fujisaki et.al 1996-1997). In the 1990s, the Japanese government officially took steps to increase its aid to countries outside of Asia in order to meet criticism by the international community for its emphasis on export and resource security. Nevertheless, in 1995, 54 percent of Japanese ODA still flowed to Asia (Dauvergne 1998: 4).

Despite the promotion of “soft aid” policy interventions and ‘new aid areas’ in Japanese development assistance in the post Cold War period, it appeared that the new ideas were not entirely integrated into practice. The promotion of humanitarian development objectives has not automatically led to qualitative improvements of the interventions directed at these areas and the allocation of funds to different sectors indicates that there is still a predominant orientation in the Japanese ODA system towards ‘hardware’ development objectives and solutions, i.e., economic infrastructure and technical solutions. In 1992-1993, after the introduction of new types of aid, the allocation to economic infrastructure fell to 33 percent of bilateral ODA, a reduction of almost 10 percent compared to the 1980s (Katada 2002: 328). In 1998, however, it had leaped back to 39 percent, nearly twice the amount allocated to the social sector. After almost 10 percent increase from 1982-1983 to 22 percent in 1996-1997, aid to social infra-structure dropped again to 20.2 percent in 1998 (Katada 2002: 328).

Besides, in the 1990s, the bulk of ODA that was allocated to new types of aid was still spent on traditional ‘hardware’ interventions within these new areas. In the social sector, there was an emphasis on water and sanitation projects, whereas the population, education, and health sectors did not see any dramatic increases in funding. (Fujisaki et.al 1996-1997:526). The Japanese contribution to issues of population and health were often limited to ‘hardware’ solutions, such as, the construction of schools or hospitals, while ‘software’ interventions (that is, human resource development and institutional building) were downplayed. Often, the rise in allocations was merely a result of categorising projects that would earlier have been
termed economic infrastructure, as 'social infrastructure'. Due to such re-labelling, 'environmental aid' today also includes environmentally and socially harmful projects, such as the construction of dams for flood control or eucalyptus plantations that encroach on native forests and push indigenous people off their farmland (Dauvergne 1998; Potter 1994: 213).

The improvements of Japanese ODA were further watered down after the onset of the Asian crisis in the mid-1990s. In the latter part of the 1990s, international and domestic economic problems legitimised a return of the ODA programme to its traditional self-interest. Japan retied a large part of its aid, which had to a large extent been untied during the 1990s, and strengthened the involvement of the crisis-ridden private sector in ODA co-operation. Atsushi Kusano (1998), an independent theoretician, noted in 1997 in a series of recommendations by MOFA's Council on ODA Reforms that, “Japan can no longer afford to spend ODA broadly. It needs to spend it more strategically, taking national interests into full account” (Daily Yomiuri, March 1998:11).

To summarise, at the end of the 1990s, the reforms of Japan’s ODA had only had limited effects. One of the reasons for this can be found in the fragmented administration and decision-making processes of Japanese foreign assistance, which has been dubbed “the most complicated and confusing in the world” (Forrest 1991: 24). Despite attempts of streamlining the aid bureaucracy, the complexity of Japan’s aid institutions still constitutes an effective constraint on the translation of the new policy principles into practice.

Organisation and Structure of Japan’s ODA Administration:

Until 1999, Japanese ODA was implemented by two principal bilateral aid agencies, the OECF and the JICA. Though not officially a part of the ODA system, the governmental Export-Import Bank of Japan (JEXIM) has had a considerable influence on Japanese aid, lending money to foreign governments and companies as well as Japanese companies for FDI. In October 1999, the OECF and JEXIM merged and started operating under the name Japan Bank for International Cooperation (JBIC). The creation of this new aid body has not led to any major changes in Japan’s ODA so far (Katada 2002: 332). Furthermore, 16 ministries altogether administer parts of the ODA budget. The most powerful ministries involved in the decision
making process are the former MITI, now renamed Ministry of Economy, Trade and Industry (METI), the Ministry of Finance (MOF), and the MOFA.

Japan has no aid ministry or any other kind of centralised body to oversee and co-ordinate the administration of ODA. The decentralised decision-making structure, the large number of actors involved, the limitations of the Diet and the Prime Minister's authority over the aid budget has led to inefficiency, corruption, as well as poor communication and co-ordination among the various agencies in the aid system (Orr 1990; Rix 1996). The diverging interests of the ministries involved and their respective domestic clienteles (for instance, private sector actors in the case of the economic ministries), have resulted in unfruitful competition for funding and influence over the direction and objectives of Japanese ODA. In some cases, bureaucratic disputes and rivalry has even led to the obstruction of the work of other aid offices. Aid agencies frequently withhold information from each other, with the result that staff from one institution has been sent out to study possible future projects, which have turned out to be already funded by other Japanese agencies (Yanagiya and Yamaguchi 1989: 11).

The METI and MOFA Triads:

The literature on bureaucratic politics focuses largely on two major discourses (Hook and Zhang 1998: 1052), or 'triads' (Katada 2002), as essential for the outcome of Japanese ODA. The METI Triad is supported by the Ministry of Finance and leaders from business and industry and promotes infrastructure interventions and corporate interests. Its rival MOFA, that draws on public and international opinion and the discourse of international development institutions to legitimise its position, is in favour of a more humanitarian approach to development assistance (Katada 2002: 338).

There seems to be some disagreement among scholars over the balance of power between the MOFA and METI discourses. Rix (1996) holds that some kind of equilibrium exists in the power relations between the ministries. Though MOFA is generally in charge of the larger share of the ODA budget, none of the ministries is pre-eminent (Rix 1996: 80). Arase, on the other hand, claims that economic ministries, especially METI and MOF have traditionally had the upper hand in the power struggles during the history of Japanese ODA (Arase 1994: 177). According to Hook
and Zhang, it is the balance of power between the two discourses that has determined the overall form of Japanese ODA during the 1990s, as the most powerful ministry could steer the focus and underlying rationale of ODA in the direction it found most favourable. The shifting nature of Japanese ODA policy during the 1990s, first in favour of the promotion of soft developmental goals of the ODA Charter, and eventually returning to its earlier self-interest, reflects the changes in the balance of power between the two discourses (Hook and Zhang 1998).

The influence of the METI triad declined somewhat at the end of the Cold War, as Japan became aware of the usefulness of ODA for strengthening Japan’s power base and reputation in the international aid community. MOF’s aid philosophy, which was in keeping with international development discourse, was therefore seen as increasingly important (Arase 1994: 177). The emergence of the new aid paradigm is interpreted by scholars as indicating an increase in MOFA’s status in the hierarchy, especially after the publishing of the ODA Charter in 1992. The Charter clearly reflected the priorities of MOFA, but it was not fully supported by the other aid agencies. According to Hook and Zhang (1998), this is as indication of MOFA’s relative power vis-à-vis the other factions in the aid bureaucracy during this period (Hook and Zhang 1998: 1057). Nevertheless, at the end of the 1990s, the pendulum swung back, and the battle between the two discourses was won by the METI/business faction, though its position was never seriously challenged. The victory became clear especially after the Asian crisis (1997) had “further diverted Tokyo’s attention from its proclaimed redirection of foreign aid” (ibid: 1052).

**Analytical Shortcomings of Theories of Bureaucratic Competition:**

As mentioned earlier, Hook and Zhang (1998) demonstrate what they see as a great discrepancy between the rhetoric of the Japanese government and its actual commitment to change. Building their argument primarily on an analysis of the statistical relationship between funding for traditional and new aid areas like “soft aid”, the authors’ assessment of the Japanese ODA reforms is negative. The new aid paradigm was merely a facade that was designed to meet foreign criticism. While the international community, due to MOFA’s rhetoric, was widely convinced that the quality of Japan’s ODA finally was beginning to tally its size, the Japanese government continued its export-oriented, commercial aid policy (ibid, 1998: 1051, 1052).
The analysis that Hook and Zhang provide is, indeed, valuable and interesting, yet it does have some flaws. It may be too harsh to interpret the problems of Japan’s ODA quality as simply a lack of adherence to the new aid principles, and, on the basis of this, reject the emergence of the new aid paradigm as being purely rhetorical. As Katada writes, [...] it is premature to conclude that certain elements of Japan’s foreign aid are rhetorical and others are real simply because of the statistical predominance of one over the other. The humanitarian component of Japan’s ODA arises from domestic reality as do the mercantilist ones and this domestic reality will support the continuation (and possibly strengthening) of the humanitarian position in the years to come (Katada 2002: 341).

Katada (2002) agrees with Hook and Zhang (1998) that internal differences in the aid administration over the direction and content of ODA have influenced Japanese ODA in the 1990s. But, the author does not see the return of the Japanese government to its former aid practice solely as the result of the pre-eminence of the METI discourse over the MOFA discourse. Rather, the relapse was caused by the economic situation in Japan at that time, where Japanese industry and businesses were ousted by years of economic recession, and the government found itself forced to increase the involvement of the private sector in ODA (Katada 2002).

Hook and Zhang (1998) maintain that the Asian crisis became some kind of justification for Japan to diverge even further from its alleged commitment to humanitarian aid. Katada (2002), on the other hand, explains the Japanese discourse during this stage as an attempt to legitimise and defend the value of its own economic model, which during the 1990s had become the ideal for many other Asian ‘miracle economies’, but after the onset of the crisis came increasingly under pressure from the international community (ibid: 336).

**Bureaucratic Fragmentation: Strength or Weakness?**

In line with most other theories of bureaucratic politics, Hook and Zhang, as well as Katada highlight the size and fragmented structure of the Japanese ODA bureaucracy as the major obstacle to reform and effectiveness. Arase, however, challenges this interpretation, arguing that the complex decision-making structure of the Japanese ODA bureaucracy is the only reason why the whole system has not collapsed yet: *The answer to the problem of integrating all relevant ministries into ODA...*
administration and decision-making] was to organise implementing structures such as JICA and OECF that would institutionalise routine modes of inter-ministerial policy coordination. This did not banish conflict between ministries, but it did introduce an underlying element of stability and structure that framed the conflicts that did occur (Arase 1994: 191).

According to former Japanese ODA official Masamichi Hanabusa (1991), the fragmented structure of the country's aid administration is a positive feature, as it involves several groups of society and thereby maintains "a national consensus on aid giving" (Hanabusa 1991: 91).

The two analyses of bureaucratic power struggles tend to oversimplify the political landscape of Japan in the 1990s. Both texts represent the rivaling triads as homogenous monoliths and downplay their existing internal differences. Government bureaus within the various ministries may have interests that are closer to the ones of bureaus in competing ministries than of the ministry to which they belong. They may thus collaborate with bureaus in the competing ministries in order to carry through their political agenda. (Orr 1990:32).

The METI triad is described as consistently adhering to status quo and extensively lobbying against any ODA reforms. In fact, the private sector was to a large extent divided on the question of reforms. In the early 1990s, Japanese business leaders in general, agreed that it was important to co-ordinate ODA with the interests of the private sector. But, at the same time, members of the private sector actors who were aware of the possible negative reactions towards Japanese business because of features of Japanese ODA, such as aid tying, promoted reforms of the ODA system that went even further than the ones brought forth by MOFA in the ODA Charter in 1992. Reforms of the system, these business leaders argued, would not be at the expense of private sector interests, but rather enhance their competitiveness in the international economy due to an improved image. In this case, it was the private sector allies within the ODA bureaucracy that were in favour of maintaining the status quo (Arase 1994: 194).

Besides, the actions of actors involved in the aid bureaucracy are determined by factors other than a mere craving for power. A number of ODA staff members, especially officers working for agencies with a 'hardware' orientation, expressed some resistance towards the implementation of new aid principles since it would mean giving up responsibilities (and indeed, influence). Though this supports theories
of bureaucratic power struggles, it seems as if the resistance was rooted in deeper and more general considerations over the future content and direction of the Japanese ODA. The promotion of "soft aid" objectives was seen by many officers as engaging in a 'Western-style' approach to development, which included values and a way of thinking that was alien to them. Several officers expressed the view that the Japanese focus on infrastructure interventions was still valid due to Japan's expertise within that area, and that Japan did not have to engage in "soft aid" just because everybody else did so (Fujisaki et. al 1996-1997: 530).

The tendency to oversimplify the complex relationship between the various bureaucratic, political and private sector actors is a general problem of the literature on Japanese ODA that has been studied. In other areas of research on Japan's development assistance, a large number of persistent assumptions about Japan's policy objectives and foreign relations in ODA exist. However, some writers have recently begun to question these stereotypes. William J. Long and Akitoshi Miyashita discuss traditional interpretations of Japanese ODA policies and goals, whereas David Arase questions conventional analyses of the organisation and internal power relations of Japanese ODA and provides a more balanced account of the relationship between the various factions involved.

Given the complexity and lack of transparency of the Japanese ODA administration, it is indeed not an easy task to provide a balanced and varied picture of the system. This may be one of the reasons why much of the literature, even well into the 1990s, still suffers from shortcomings, in this respect.

Scholars studying Japanese ODA in the 1990s seem to agree that the success of the reforms launched in the early 1990s has been quite limited. The literature that has been studied for this thesis, takes the stand that in some cases, the self-interested, export-driven aspects of Japanese aid, has led to serious environmental degradation and social disruption in recipient countries.

Though the reforms of the ODA programme were partly intended to demonstrate Japan's move away from past practices of self-centered aid, some authors argue that the economic agenda of parts of the aid bureaucracy still lingered in the background and eventually led to the fiasco of the reforms. Two articles, by Hook and Zhang and Katada, respectively, focus on the emergence of two distinct discourses, or
factions, in the ODA system. Towards the end of the twentieth century, the power struggles of these factions largely determined the overall direction of Japan’s ODA. After a decade of struggle over what should constitute the overall philosophy of Japan’s foreign assistance, MOFA, which advocated a new orientation towards a softer and more humanitarian focus of Japanese aid, i.e., a “soft aid” policy, was finally defeated by the commercial, “hardware” policies of the economic ministries and their allies in the private sector.

The landscape of Japan’s ODA bureaucracy is far more complicated than most authors acknowledge. The economic agenda of the private sector has indeed, exerted a great influence over Japanese ODA. Differences over the means and objectives of foreign assistance also exist within the faction of business sector actors and aid bureaucrats in the economic ministries. As a result of the dissatisfaction of some corporate leaders with the poor performance of Japanese aid, and its negative impacts on the image of Japan, parts of the Japanese industry and businesses in 1992 recommended reforms of the ODA system that went even further than that of MOFA’s ODA Charter. During the last decades, research on Japanese ODA has been influenced by various stereotypical assumptions and a tendency to over-simplify the complex relationship between the various ministries and bureaus involved in development assistance. This may to some extent be caused by the lack of transparency in the ODA system and its size. Some authors have provided useful and interesting analyses that hopefully will inspire further research in this direction.

**Changes in the Philosophy of Aid:**

The international community’s approach to aid policy has been in transition since the end of the Cold War. This is a result of at least three factors. *First*, the end of the Cold War enabled development agencies to focus more on development than they did previously when political goals were a large determinant of aid allocations. *Second*, the international community’s conception of development has broadened over time. *Third*, this broadening has led to a gradual expansion of the strategy for aiding development.

Development is closely related to the eradication of poverty, and as the international community’s conception of poverty has expanded, so has its conception

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of development. For most of the 20th century, until the 1980s, poverty was conceived of solely in terms of income or expenditure. Those in poverty lacked, for example, the means for "minimum subsistence" or lacked the "minimum necessaries for the maintenance of merely physical efficiency". But in the last two decades, the international conception of poverty has broadened considerably.

The World Bank's World Development Report—the flagship publication of the Bank which every 10 years focuses on poverty—gives a good indication. The 1980 World Development Report on poverty, for example, signalled a change by not mentioning income or consumption in its definition of absolute poverty, rather focusing on "a condition of life so characterised by malnutrition, illiteracy, and disease as to be beneath any reasonable definition of human decency." The 1990 World Development Report on poverty further advanced this conception, supplementing "a consumption-based poverty measure with others, such as nutrition, life expectancy, under five mortality, and school enrolment." The 2000 World Development Report "accepts now the traditional view of poverty...as encompassing not only material deprivation (measured by an appropriate concept of income or consumption) but also low achievements in education and health... [and] also broadens the notion of poverty to include vulnerability and exposure to risk—and voicelessness and powerlessness."

Why has this broadening of development and poverty occurred? To a great extent, it is because of research that has shown that income is too narrow a measure of human well-being. Instead of being only an end in itself, greater income has come to be seen as a means to an end. Instead, the end goal has been transformed into something resembling what Nobel Prize-winner Amartya Sen calls, "the capabilities that a person has, that is, the substantive freedoms he or she enjoys to lead the kind of

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4 World Bank 1980, p. 32.


6 World Bank 2000a, p. 15.

7 The United Nations Development Programme's Human Development Reports have been instrumental in raising the profile of this research and in advancing the concepts of the Human Development Index and the Human Poverty Index. These indices combine income measurements with other measurements of human well-being, such as health and education.
life he or she values. Therefore, it is not surprising that the change in the conception of development has led to changes in the philosophies and approaches of aid agencies as well as in that of donor countries.

**Japan’s Aid Philosophy:**

Japan’s ODA approach has changed significantly too. Like other bilateral donors, for most of its history, Japan’s aid has served mainly economic objectives through infrastructural loan aids. In Japan’s case, these purposes were largely based on either domestic economic interests or international political interests. Domestic economic interests included securing markets for Japan’s goods and establishing and maintaining friendly relations with countries endowed with energy and natural resources that are scarce in Japan (this was especially true after the first oil shock in 1973). International politics and particularly Japan’s relationship with the United States meant that part of Japan’s aid during the Cold War went to supporting America’s geo-strategic and ideological interests.

Japan’s aid philosophy changed after the Cold War, as reflected—at least in principle—in its 1992 ODA Charter. The new approach included four principles to guide aid allocations, including nods to environmental conservation and “basic human rights and freedoms”. The broadening approach to development is certainly apparent in these principles. In addition, Japan was instrumental in seeing that this broad approach was set out in an important 1996 OECD/DAC strategy document entitled *Shaping the 21st Century: The Role of Development Cooperation*. Japan publicly supported the strategy’s international acceptance, including at the Tokyo Conference on the DAC’s New Strategy in June 1998 and at the second Tokyo Conference on African Development in October 1998. In addition, in its 1999 “Medium Term Policy

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9 Orr 1990. Although common to many donors, the particular reasons that Japan’s ODA has had these purposes are unique. One is that Japan’s economic prosperity is based on importing raw materials, processing them (and adding value), and then exporting the finished products to earn foreign exchange. Subsequently raw materials, while important everywhere, are particularly crucial to Japan. And second, because of Japan’s history in World War II and subsequent lack of a standing army, aid has been seen as the most important instrument for promoting national and international interests, including domestic economic welfare and global strategic interests (Eyinla, Bolade M. 1999. “The ODA Charter and Changing Objectives of Japan’s Aid Policy in Sub-Saharan Africa.” *The Journal of Modern Africa Studies* 37(3), pp 409-430.

10 OECD/DAC 1996.
on Official Development Assistance”, the Japanese government commits to “manage its ODA in a manner consistent with its ODA Charter and with an eye to the goals of the [DAC] Development Partnership Strategy”.

It would seem, therefore, that Japan is right in line with the international community and the World Bank, in terms of aid philosophy. However, doubts have been raised as to the extent to which the ODA Charter has guided aid flows, as it seems to have been applied inconsistently, particularly in major recipient countries. Furthermore, the ODA Charter has also been criticised for not providing clear directions on actions to take in particular circumstances. This lack of direction has been alleviated to some degree by the Mid-Term Policy on ODA released in 1999, which sets out priority sectors and issues, both in general and by region. However, it remains to be seen how this will be translated into practice. Until now, as the next section shows, while Japanese pronouncements on the aid agenda have been in line with the international community, its aid allocations have not followed suit.

**ODA Implementation:**

As mentioned above, the end of the Cold War took some of the political pressure off of aid allocation. But it also brought the issue of aid “effectiveness” clearly onto the radar screen of the international community. If aid was no longer so crucial for geopolitical purposes, then it better be effective at spurring development—or else, it was not worth the cost to tax payers. Thus, especially towards the end of the 1990s, there was an increased push to discover how aid could be delivered (not just allocated by sector) more effectively. The World Bank provided its latest thinking about aid delivery in its World Development Report 2000/2001 on poverty. It argued that aid should ensure “ownership” by the recipient country, should be delivered in ways that are less intrusive to the government than past delivery mechanisms, and should be allocated to those countries that will use it in the best possible manner. This section explains these points and examines Japan’s ODA, in this light.

**Ownership and Partnership:**

In the past, aid has catered more to the desires of donors than to the needs of recipients. If the goal is political, this may be, to some extent, a workable approach,
but when the goal is development, this has proved to be ineffective. This is largely for two reasons—one of substance and one of process.

Substantively, in line with a broadening conception of development, it has been shown that development is largely determined by local conditions, including social institutions, social capability, ethnic fragmentation, inequality, and geography. These variables significantly account for the variation in growth rates over the past 30 years. Not surprisingly, these factors also affect aid effectiveness. If development depends on local conditions, and donors do not pay attention to local conditions, it is unlikely that their aid will be effective.

Understanding local needs and conditions is therefore essential to effective aid. The World Bank, understanding this (albeit a little late), has moved to decentralize its staff and decision-making in the past few years. Japan too, has long been criticised for its lack of field presence and has talked about increasing it. Ironically, the share of field staff to total staff in Japanese ODA is already higher than the World Bank’s presence in the field (31.3 % to 23.8 %).

There are two important factors that account for repeated complaints about a lack of Japanese staff presence. The first is that while the share of employees in the field is relatively high, the number of total staff is extremely small. Japan’s total bilateral ODA equals slightly over half of the total international Bank for Reconstruction and Development/International Development Association (IBRD/IDA) lending, and yet Japan’s total ODA staff is less than a fifth the size of the IBRD/IDA staff. The second factor is that decision-making in Japanese ODA is heavily centralised in Tokyo and can take a long time, as consensus is built. The OECD/DAC review of Japan’s aid in 1999 said that this centralisation was hindering

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18 See, for example, the case studies of China and Ghana in OECD/DAC 1999.
19 This lack of staff and field presence may be one reason why Japan has not moved into the social sectors and other “softer” issues of development as they require more project preparation time and, arguably, more knowledge of local conditions, more complex involvement and monitoring than traditional infrastructure projects.
Japan's partnership with both the recipient country and other donors. This issue was also raised in Japan's evaluation of its aid to Peru.\textsuperscript{20} One aid scholar has argued that this type of organisation may be the wrong kind of institutional design for a development organisation, which requires awareness of local conditions and learning, as one goes along.\textsuperscript{21}

In principle, because of Japan's "request-based" system of project identification in the past, whereby aid projects were supposedly identified by the recipient country, a major field presence might not have been necessary, as is required when other donor countries give aid. In fact, a request-based system might be close to the ideal put forth by those who favour recipient country ownership, if projects are truly requested and designed by the recipient country and then funded by the donor. In practice, however, Japan's request-based system has not worked like this. As Arase (1995) explained, the administrative work required to request an aid project is immense and often far beyond the capacities of developing countries. The result is that projects have usually been "injected" or manipulated by Japanese companies or trade associations working with the Japanese government.\textsuperscript{22} The result, not surprisingly, has been a lack of ownership on the part of recipient countries. Japan made it clear that it would be moving away from the request-based system towards coherent country programming. In doing so, it should be aware that the problem with the request-based approach was not the principle, but rather the practice. In principle, the request-based approach is very much in line with the international community's push toward greater recipient country ownership. In moving to a more strategic and programmatic approach, Japan should attempt to move, in fact, more towards the


\textsuperscript{21} Lancaster (1999) argues that the characteristics of aid work—i.e., uncertainty about how to accomplish risky tasks in unfamiliar environments (which aid officials cannot control) and often ambiguous goals and outcomes difficult to measure—suggest that aid agencies should have a number of key qualities. They include: "a maximum degree of decentralised staff and authorities to the field where their work must be accomplished (but not so much as to lose broad programme and policy coherence) and with the opportunity to spend time outside of field offices learning about the society in which they are posted, programming systems that permit and reward experimentation and learning, a technically qualified staff capable of managing all the various types of activities the aid agency undertakes, the involvement of local individuals and groups in the planning and implementation of aid-financed activities (consistent with the maintenance of programming standards and accountability), a system of evaluation that is reliable, comprehensive, accessible, and with incentives for staff to use its findings, and incentives for aid officials to decide not to plan and obligate monies where conditions are not supportive of the success of their programmes or projects.

\textsuperscript{22} Ibid, pp. 147-163.
principle of the request-based approach and away from the way it has been implemented until now.

The final recommendation in the World Development Report 2000/2001 with regard to aid effectiveness is that donors pay more attention to the policy environment to which they are giving aid. Research has shown that while aid overall has had little relationship to growth in developing countries, it has indeed had a large effect on growth, poverty reduction, and social indicators when it flowed to countries with good policies, such as, “stable macro-economic environments, open trade regimes, and protected property rights, as well as, efficient public bureaucracies that can deliver education, health, and other public services.”

Technical assistance occupies a large role in Japan’s aid programme, accounting for about one third of it and it is primarily delivered through the Japanese International Cooperation Agency (JICA). Part of the emphasis comes from Japan’s philosophy of “self-help,” as the idea is, to enable countries to help themselves. Unfortunately, however, there is little way of knowing how much Japanese technical assistance is achieving in this area. Relying on selected comments of beneficiaries or government officials for evidence, the evaluations done of Japanese technical assistance are all reasonably positive. In fact, it would be extremely surprising if Japan’s technical assistance has not experienced most of the problems that other agencies have. However, only few of the evaluations are hard-hitting, and only few offer any specific recommendations for change, except occasionally in “priority” areas for Japan’s aid. Part of this reluctance to criticise may be cultural also; it does not help in improving the operations of technical assistance, which occupies almost a third of all Japanese bilateral aid. In fact, some of the evaluations are evidence in themselves of the problems with donors and technical assistance. For example, one passage from the review of Japanese aid to China, which is Japan’s largest recipient of aid, reads: In order to restore a “request basis principle” limitation, in policy discussions Japan has made active offers to China concerning areas for [sic] it

24 JICA’s country evaluations can be read at http://www.jica.go.jp/english/publication/studyreport/country, accessed on 5 Feb.2006. The characteristics mentioned here reflect evaluations of Japanese aid in general. The DAC review in 1999, said that “a serious weakness of [Japanese] evaluations is that there is minimal reference to data on socio-economic impact of projects, and, instead, an emphasis on the physical conditions of constructed facilities and on how much beneficiaries have appreciated the projects. Attempts to link the cause and effect of how the projects have actually improved the lives of targeted beneficiaries are notably absent in the published evaluation reports” (p. 48).
considers necessary for China's development and for which cooperation is possible. To make such offered projects succeed, not only is Japan's enthusiasm necessary, but also China's budgetary measures, personnel assignment, and organizational and structural formation. Above all, it is necessary to make the Chinese side fully understand all concerned matters, as well as to put effort in creating an environment in which projects could be actively implemented. 

This does not seem to be of the "self-help" mindset. Not only is Japan pushing an agenda, but there is no discussion (nowhere in the passage) about changes that Japanese operations that might make in order that "offered projects succeed". It appears that the only thing required is "Japanese enthusiasm"! Another passage from a review of Japanese aid to Vietnam, is not much more encouraging: ...even with all-out efforts in institutional building and human resources development, it will be quite some time before the benefits [of Japanese technical assistance] become manifest. Indeed, expecting significant improvements in the short term would be unrealistic. Hence, for now it will be essential for aid donors to offset the deficiencies in Vietnamese institutional frameworks through generous increases in their own personnel. We take pleasure in noting that efforts have been initiated to set up JICA and OECF offices in Viet Nam.

It is certainly understandable that Japanese aid practitioners want to offset deficiencies in their recipients' institutions. The drive towards recipient country ownership in international development cooperation has been led by the evidence that no matter how large is the presence of donor personnel in a country, it will not be able to make up for institutional weaknesses in the recipient governments.

In line with the DAC recommendations, JICA should make more efforts to make technical assistance demand driven, encourage its incorporation into sectoral and national expenditure plans, and hire more local experts. It will not be easy for JICA to do this, because Japanese technical cooperation has almost been "tied" to Japanese providers. This adds pressure for disbursement and reduces the ownership of the project by recipient countries. In addition, the practice of tying aid has been

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26 In general, (Castellano 2000).
estimated to reduce the value of aid by up to 30 percent.\textsuperscript{27} Unfortunately, after years of being a leader on aid untying, Japanese aid seems to be moving in the wrong direction. 1999 saw Japan’s highest proportion of tied loans in ten years—16.4 percent—and Japan has drawn fire for putting on hold an OECD/DAC resolution that would have untied aid to the least developed countries. In addition, its 1999 Annual Report called for efforts to “develop tied aid within the limits of international rules to make use of the special technology and management know-how of Japanese companies”.\textsuperscript{28} The World Bank, in its 2000 World Development Report on poverty, called for an end to tied aid.

JICA has re-organised itself along country and issue lines, in order to provide precise responses to needs in developing countries. Given the need for technical assistance to be tailored to each country, which is similar to all development assistance, should be viewed as a step in the right direction. This is also important because Japan needs to do a better job at providing its grants, loans, and technical assistance, as an integrated and well-coordinated package.\textsuperscript{29} As Japan’s overall ODA is increasingly guided by country planning, coordination between the various types of aid instruments should improve.

Through the history of development cooperation, ‘aid effectiveness’ has meant different things to different donors, and often, being “effective” had little to do with development. With the end of the Cold War, however, donors have coalesced around a vision of “effectiveness” as being effective support of a broad-based strategy to fight poverty and promote development. This will not only require the recipient country to take more ownership and responsibility of aid efforts, but it will also require changes in donor practices.

Based on the findings in this paper, a number of recommendations can be made to improve Japan’s overall aid:

\begin{itemize}
\item Broaden sectoral allocations away from infrastructure and more into health and education, in line with Japan’s support of the broad-based international development strategy.
\end{itemize}

\textsuperscript{27} Jepma, 1991.
\textsuperscript{28} Ministry of Foreign Affairs of Japan, 2000.
In order to support this broadening, which will require greater knowledge of country circumstances, continue to decentralise the staff and decision-making authority to the country-level.

Begin internal discussions and processes needed to change the regulations that prohibit Japan from participating in budget support for sectoral aid and technical assistance.

Reconsider some of its aid flows to richer non-Asian countries and certain Asian countries with poor policies; evidence shows that aid flows to these countries are not in the best interests of aid effectiveness.

With particular reference to technical assistance, which is potentially a key ingredient in the international community's assistance to development, it is urgent that Japan drastically improves the quality of its evaluations, so that it can learn better what works and what does not. In addition, in the move away from "request-based" aid, it should keep in mind that the problem with the request-based approach was not the principle but the practice. Efforts should be made to ensure that technical assistance is, in fact, recipient driven and, to the extent possible, channelled through sectoral and national expenditure plans. In addition to this, Japan should not increase the share of tied aid; Japan’s history of untied aid is of high value, and it would be unfortunate if it had to backtrack now. Instead, more emphasis should be placed on using local expertise, in line with DAC guidelines.

**Japan's ODA and BHNs (Social Development and Human Security); Background:**

Ever since the inception of Japanese ODA, it has been dominated by economic interests, and this is widely believed and accepted by Japanese ODA experts worldwide. Since the 1950s, when it was started as war reparations, economic interests have always guided policymakers in Tokyo, in aid formulation and implementation.

Japanese ODA gradually evolved both in ideas and forms. In the 1960s, yen loans constituted the major part of ODA disbursement to the developing world. The main objective was of course assuring the market for Japanese products. In the late 1960s, until the 'oil shock' which occurred in 1973, the major concern of Japanese
industries was to secure raw material for the country, which was seriously handicapped in this area, so that economic development of the country could be sustained. Therefore, securing raw material in recipient countries became a major thrust of the ODA policy in Tokyo. It consisted of providing huge yen loans to all its recipient countries that would be responsible for development of mines, energy, railroads, ports and other infrastructure. Again in the 1970s, a new kind of ODA was realised by the Japanese government in the form of ‘investment finance.’ This was basically a finance of low-interest rate to Japanese enterprises which invested in developing countries. During that period, a very intense business rivalry was going on between the US and Japan in the Pacific due to the former’s rapid multinationalisation in that region.

In the 1980s, some key ideas of Japanese ODA were identified by a report published by the MOFA, *Keizai Kyoryoku no Rinen* (‘The Ideal of Economic Cooperation’, 1984) which are as follows:

1) ‘Interdependence’ with other countries of the world was considered very important for the peaceful development and co-existence of Japan. It was realised that for a resource-deprived country like Japan, acquiring raw material was imperative for its own sustained growth otherwise, the other country’s economic difficulty and backwardness could seriously undermine its own economic development. Not only the economic aspect but the political aspect also was considered extremely important as the North-South gap and possible conflicts and wars in the developing world could be very harmful to Japan’s own interest. For a country which had given up war by the ‘Peace Constitution’ of 1946, these aspects were considered to be very important.

2) Second, the notion of ‘Humanitarianism’ was stressed and it was realised that we should not be indifferent to poverty, starvation, unemployment and other serious problems facing the third world in general. This aspect of ODA remained marginal in comparison with the mainstream of Japanese ODA, overburdened by securing market and natural resources. At that time, the loans constituted nearly 80 percent of Japan’s total ODA budget, which was aimed at financing large scale infrastructural projects in the recipient countries. It is because of this reason that Japanese ODA has often been considered to be one that is driven by economics.
New Orientations and Initiatives in Japanese ODA Policy:

In the early 1980s, the Japanese government responded to domestic and international pressure of partaking more actively in 'international burden sharing', by increasing its ODA budget substantially. In 1989, partly as a result of the rapid appreciation of the yen since the mid-1980s, Japan was the world’s largest ODA donor with an US$ $8,965 million budget (Katada 2002:325). The Japanese ODA bureaucracy had become much more sensitive to the agenda of the international aid community and had “developed a more assertive, confident, and coherent aid philosophy” (Dauvergne 1998:4). Japan assumed a much more progressive role in multilateral development organisations and at international conferences like the 1992 Earth Summit in Rio de Janeiro. Besides financing the conference and sending the largest delegation (Karasawa 1997:78), the Japanese government demonstrated its willingness to participate in the protection of the global environment through a US$ 700 million increase of its environmental ODA by 1996 (Potter 1994: 201).

The introduction of political conditionalities, or conditions for providing aid in the ODA Charter of 1992, marked the most significant departure from the earlier ODA practices. Until then, the Japanese government had been reluctant to mix development assistance with political issues (Hook and Zhang 1998: 1056). With the ODA Charter, the Japanese government endeavoured to assume a more active role on the international development scene, paying more attention to issues like human rights, international peace, and democracy (Long 1999).

In its 1994 Official Development Annual Report, the Ministry of Foreign Affairs formulated a range of ‘new types of aid’, or new areas of aid interventions. Among other things, these included: environmental protection, social development, HIV and AIDS, as well as cross-sectoral themes such as, poverty alleviation, gender equity, participation and democratisation. The report also introduced the concept of ‘software aid’, or "soft aid" (MOFA and OECD, 1994).

“Soft aid” is, in a sense, not a completely new concept in Japanese ODA. Until the mid-1990s, human resource development had to some extent been included in the assistance to recipient countries, but mainly in value-neutral areas like technical training and technology transfers. After the formulation of the new development
objectives, it is possible for Japan to support training and education in more politically sensitive areas like gender or population (Fujisaki et. al 1996-1997: 525).

In 1994, MOFA launched its *Global Issue Initiative* on population, HIV, and South-South Co-operation (Katada 2002: 338), followed by pledges in the same year of a three billion yen allocation to these issues, before the year 2000 (Fujisaki et. al 1996-1997: 527).

In March 1995, the then Prime Minister Murayama assisted in the UN Summit for Social Development ("Social Summit") and also declared the Japanese commitment to its Declaration and Programme of Action. He pledged to adhere to 20/20 principle (20% of total ODA should be addressed to social expenditure in countries where the social expenditure accounts for 20% of the total government budget) with partnerships of NGOs/civil society. He also pointed out that Japan should become a “caring society.”

In 1996, the DAC of OECD adopted a new strategy on the basis of the Japanese proposal which was entitled “Towards 21st Century: Contribution through Development Cooperation.” This defines major objectives of cooperation, up to the year 2015. The major targets are: reducing poverty, giving primary and secondary education, addressing gender inequality, reducing Infant Mortality Rate (IMR) and the mortality of pregnant woman, giving reproductive health service and adopting universal sustainable development strategies.

In 1997, the then Prime Minister Hashimoto announced the Initiative for Sustainable Development (ISD) at the 52nd General Assembly of the UN and pledged to continue support to environmental conservation worldwide. In fact, Japanese ODA for the environment grew quickly in the early 1990s and increased from 5 percent of the total ODA flows in the middle of the 1980s, to 20 percent in the late 1990s. Its environmental aid reached 980 billion yen in 1995 (Dauvergne 1998:10). The share of the social sector grew from 17.5 percent in 1992 to 22.6 percent in 1993 of the total ODA (OECD 1995).

In January 1998 a report was submitted by an advisory panel on ODA reform, instituted by the MOFA. In May 1998, Japan’s Foreign Minister Obuchi (the Prime Minister at that time) made an announcement in Singapore, in which he emphasised on ‘human security’ in its international cooperation, along with financial support for
the Asian developing countries suffering from economic and financial difficulties due to the 1997 Asian Crisis. This announcement was made at the time when the Japanese government was going in for an ODA reform.

Besides an increase in the amount of aid, institutional structures have been set up within the Japanese ODA bureaucracy to handle the implementation of the new guidelines. The JICA had already established an Environmental Affairs Division and appointed an environmental affairs officer to each of its departments in 1989. In 1992, the Japanese Government formulated a number of aid policy guidelines which were to integrate environmental protection into all projects funded by Japanese ODA (Potter 1994). Later, the MOFA established a Division for Global Issues for Environment, Population and AIDS, while JICA set up a division for research in social development and one for project implementation in the social sector (Fujisaki et al 1996-1997: 525).

These new orientations were incorporated in the "Mid-term Policy of ODA," and it was made public in August 1999. Thus, in the 1990s, we find a new dimension in Japan’s ODA policy with a new emphasis on global issues related to BHNs, social development, environment and human security.

**Human Security Concept:**

The idea of “Human Security” was initially advocated in UNDP’s 1994 Human Development Report, which provided a background paper for the Copenhagen Social Summit. The United Nations Development Programme (UNDP) noted, “The concept of security has for too long been interpreted too narrowly: as protection of national interests in foreign policy or as global security from the threat of a nuclear holocaust. It has been related more to nations than to people. But now, security symbolises for the people: protection from the threat of disease, hunger, unemployment, crime, social conflict, political repression and environmental hazards. Now, unlike in the Cold War period, many conflicts are within nations rather than between nations. (UNDP 1994).

The concept of human security has also been criticised (Neuman 2004). There are two reasons why the idea of human security continues to be relevant to theorists and practitioners. First, while some analysts perceive that human security is not a useful analytical concept, there are many others who do (Acharya 2004). Second, certain states and NGOs have found the concept attractive and as practitioners, have
sought to "operationalise" it in the real world, regardless of the criticisms levelled against the concept of human security. In this context, Tokyo’s diplomacy can be characterised as a “middle power”, focusing on human security.

**Human Security Approach of Japan**

Different countries have different approaches to human security. Canada for instance, with its tradition of international peacekeeping, views human security as ‘preventing physical violence against human beings’.

In this regard, Canada may use military intervention for preventing genocide and ethnic cleansing etc. But Japan, given its tradition of being one of the largest donors of foreign aid in the world, adopts a broader and more development-oriented notion of human security.

This means, Tokyo defines human security broadly and that gives it the opportunity to play a leading role not only in Asia, but also in the United Nations. As the Japanese scholar Akiyama has said, “The introduction of the concept of human security along with ‘global role making’ are important functions that the United Nations should play in the post-Cold War world, which also suggests Japan’s willingness to exercise active diplomacy in multilateral arenas such as the United Nations, by advocating the concept of human security (Akiyama 2004).”

Japan advocated the establishment of Commission on Human Security and supported its activities. In the final report prepared and presented by the Commission on Human Security, the key recommendations included, “the protection of people in violent conflict” and “establishing human security transition funds for post conflict situations.”


The definition of human security given by the UNDP report in 1994 corresponds to the idea of ‘right to peaceful existence,’ as defined by the Japanese Constitution. As this concept is very broad, Obuchi stressed upon factors which
included eradication of poverty, environment, drugs, international crimes, HIV and AIDS, population, healthcare, human rights, emergency reliefs, anti-personal mines, refugees, restoration after conflicts, etc. (Nishikawa, Jun 1999)

According to Prof. Nishikawa, 'human security' can be realised in the pursuit of social and economic development. This notion covers the weaker sections of people, identified in the course of economic and social development. 'Human security' can only be realised by turning to the concept of social development, that is, by turning from economic-centred development to the framework of human-centred development.

The White Paper on ODA published by the MOFA, focused on human-centred development in its 1996 edition, on human security in the 1997 edition and on healthcare, transitional economies and regional conflicts in its 1998 edition. These subjects show a clear vision of the Japanese ODA policy, popularly known as “soft aid” policy. The factors responsible for such changes are both international and domestic.

As far as the international factors are concerned, the collapse of the Cold War brought about a major shift in the thinking of Japanese aid policy makers and diplomats. In addition to this, a strong wave of globalisation forced Japan to be more concerned about market-economy, the environment, human rights, democratisation, good governance, etc. This concern is in fact inherited from the new orientations defined by the DAC in its 1989 report, on the Development Cooperation in the 1990s, which emphasised the importance of ‘broad-based growth’ and ‘sustainable development.’

Nishikawa further says that when we explore domestic factors, the important one to consider is the value-system and preference of the Japanese people. In the catching-up period, the economic motives of the ODA policy was overwhelmingly supported by the people. However, when the economy reached its maturity, people started looking for a better quality of life (ikigai) rather than simple material prosperity. The Japanese people’s value system has also changed significantly and has become increasingly diverse. The new generation is concerned about altruism, volunteering and global issues. They feel they are global citizens and this change is increasingly coming about in the psyche of the younger Japanese. This inclination has
been revealed by a survey conducted every year, by the Prime Minister's Office. (Prime Minister's Office 1997: Chart 33). The adoption of the Non Profit Organisation (NPO) law by the Diet and its consequent promulgation in 1998 revealed the change that had come about in the mindset of the new generation (Nishikawa 1998). In other words, the change that emerged in the ODA policy for supporting human and social development was based on this change. Another noteworthy factor was the fiscal constraints of the Japanese government, which started from the 1990s and continued for many years. The situation was getting serious by each passing year, so the government decided to decrease the ODA budget by 10 percent annually, for three years from FY 1997 to 1999. Therefore, it was not feasible to spend on large infrastructural projects consisting of yen loans. Efficient use of the ODA has been put on the agenda of ODA reform in order to combat the global challenges related to BHNs and human centred social development.

In 1997, the MOFA set-up an advisory panel on ODA reform. A report was presented in January 1998 which emphasised upon the global orientation of the ODA -such as human-centred and social development, environmental issues, gender concerns, human resource development and prevention of conflicts. To fulfill this objective, a 'global' partnership between developed, Newly Industrialised Economies (NIEs) and developing countries, as well as, a partnership between the private sector and civil society was advocated. The subsidiaries inside the aid system were judged necessary. The MOFA proceeded to implement this new advice in this direction.

**ODA to Basic Social Services:**

Promoting access to quality basic social services is a core component of the Millenium Development Goals (MDGs). Japan’s ODA for basic social services which included basic education, basic health, nutrition, water and sanitation, is at its highest level, in terms of absolute volume, among the DAC member countries. In addition, Japan’s assistance in building infrastructure such as transportation, energy and telecommunications plays an important role because it enhances the impact of its assistance that is directly related to the provision of basic social services, i.e., by significantly facilitating people’s access to schools and health facilities and also by supporting the provision of quality basic social services. Recognising the critical role that education plays in human development and nation-building, Japan announced the “Basic Education for Growth Initiative (BEGIN)” at the Kananaskis Summit to
support the efforts of developing countries in promoting basic education and to make progress towards the realisation of Education for All (EFA). Assistance provided under BEGIN includes construction and rehabilitation of school facilities, teachers training especially in mathematics and science, education policy development, and the reconstruction of education in post-conflict countries such as Afghanistan and Iraq.

In order to promote progress in achieving the health MDGs, Japan is taking a cross-sectoral approach. Japan's assistance in this sector, such as in capacity development and in the provision of health facilities, equipments, and supplies is combined with assistance for prevention education and improving water supply and sanitation. Furthermore, through its assistance for infrastructure development such as roads, telecommunication, electric power, and waste disposal systems, Japan gives consideration to the impact it has on the health of the user population. Japan attaches importance to the promotion of gender equality in the health sector through actions such as support for reproductive health/rights and the empowerment of women.

At the G8 Kyushu-Okinawa Summit in July 2000, Japan announced the Okinawa Infectious Diseases Initiative (IDI) to support the fight against HIV and AIDS, tuberculosis, malaria, polio, parasitic diseases and other infectious diseases, with assistance amounting to US$ 3 billion, over 5 years, between 2000 and 2004.

Japan has been providing comprehensive assistance that covers provision of drinking water and sanitation, improvement of water productivity, water pollution control, disaster mitigation and water resources management. In quantitative terms, Japan has been the largest contributor in the water supply and sanitation sector. Its assistance accounted for 41 percent of the global total, in the five years from 1998 to 2002.30

Implementing Social Development Related Projects in Japan's ODA

The new orientation of the Japanese ODA was summarised in the Mid-term Policy on ODA, and it was made public by the MOFA in August 1999. The wording of 'policy' meant that, now, basic concepts of the ODA had become important rather than quantitative growth.

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30 Building Global Partnerships For Development: Japan's Contribution to MDG 8, September 2005, Ministry of Foreign Affairs, Japan
The policy stated that it would basically follow the new development strategy adopted by DAC in 1996 and stressed that it emphasises the notions of human centred development, as well as human security. It said that it would eliminate established interests, and revise the actual assistance system. It would also promote assistance ‘face to face’, with a better understanding of the recipient nation. The major fields of assistance included poverty and social development (basic education, healthcare, WID/gender), support to economic and social infrastructure (partnership with private sector), development of human resources (education and training, intellectual support, democratisation) and global issues, such as environmental conservation, population/AIDS, food, energy, drugs, support to structural reform in Asian countries which were badly hit by this crisis, conflicts and disorders (including prevention of conflicts, good governance, and restoration from conflicts and disorders), and debt issues. If we compare these issues with the traditional (‘hardware type’ as many experts call it because of too much emphasis on construction and infrastructural development aid, consisting of yen loans) ODA policy of Japan, they form a new direction which many experts name ‘software type’ or "soft aid" policy of Japan. This new direction of aid policy of Japan was characterised by a strong initiative, firm commitment and a deep understanding of local conditions of the recipient countries.

Thus, the new concept of social development which emerged in the 1990s concerned the social system, wherein it had to tackle social problems such as poverty, unemployment or social disintegration or the exclusion of it. Therefore, the concerns were essentially ‘social software’ or “soft aid”, i.e., to resolve various social gaps, which might hinder basic human rights, freedom and human development. Since such problems could not be resolved by market oriented growth and the government alone; an active participation of individual and civil society was thought as being important to eliminate such social problems and development gaps in recipient countries.

The Practices of Social Development:

We can pick up three aspects which might cause some technical problems in the formulation of “soft aid” in social development projects in the developing world. According to Nishikawa (1999), these are as following:

(A) Self- Help Principle: This principle constitutes one of the key notions in the practical operation of Japan’s ODA. In fact, this principle reflects Japan’s experience
of development since the Meiji Restoration and World War II. There are two practices which derive from this principle. Firstly, the yen loan in contrast to grant, which was thought of increasing dependence on others, was justified by this principle. Secondly, until now, the Japanese ODA has been accorded on the ‘request-basis’, i.e., the Japanese government examines projects proposed by recipient governments and provides resources for them. This formality has been observed even for projects such as ‘imports of raw materials for development’, for which Japan has strategic or business interests. It might be related to the principle of ‘non-intervention’ and for Japan, as long as its economic interests were fulfilled, it was better to follow this principle.

However, when global concerns such as human-centred development and ‘Human Security’ are concerned, there might be a conflict between aid on ‘request basis’ and Japan’s ideals of ODA, and this might be related to issues of democratisation, human rights, good governance, etc. This is also related to the structure of the ODA which emphasised loans and whose funds have been financed by the nation’s savings such as postal savings and pensions. People who save, will of course expect to get interest against their savings and this is the dilemma for increasing the grants in the ODA. Two facts derive from these remarks: firstly, Japan should, at the domestic level, put in practice global values such as human rights, democratisation, etc., and should have firm conviction on these values; secondly, if Japan wants to promote ODA related to BHNs, it should basically re-examine its financial structure.

(B) Development of Human Resources: This constitutes another key notion which reflects Japanese experience in operating the ODA. It means that education and training need to be extended to form human resources for productive purposes. However, there is a gap between this notion and the notion of ‘human development’, as was advanced by UNDP in the 1990s and which has become one of the key notions in international development.

Human development emphasises the enlargement of one’s choices which are not necessarily for the sake of productive purposes. It concerns every individual’s right to education, healthcare and decent living-standards. It is related to the human rights and dignity rather than the formation of a workforce for public and private sectors. Therefore, when Japan promotes human-centred development-related projects,
it means the shift of emphasis from economic growth (trickle-down theory) to human development. JICA and other Japanese aid institutions should re-examine their curricula of 'human-resource development'.

(C) Partnership with Civil Society: This is one of the major pillars that have put social development in practice. All governmental reports on ODA (published by MOFA) emphasise this aspect. However, except MOFA and few agencies/offices, the importance of civil society has hardly been recognised by other ministries. Among 23 major ministries which were reconstructed into 12 in January 2001, there are only 4 offices which have maintained regular dialogues with NGOs/NPOs. These are: the Economic Cooperation Bureau of MOFA, Agency of Environment, and International Finance Office at the Ministry of Finance and the Office for Gender Equality at the Prime Minister’s Office. Other ministries have their own affiliated NPOs to which they send retired officials, but the latter do not usually have any notion of ‘civil society’. For example, the Agency of National Territory, which is in charge of disasters, had organised the Asian Ministerial Conference on Prevention of Disasters in Kobe in 1997 which Prime Minister Murayama had promised to hold at the Social Summit. However, they refused to let the NGOs, which had been very active in the earthquake relief in Kobe in January 1995, to participate in the event.

After carefully analysing the above three points, we understand that, if Japan really wants to promote its “soft aid” policy for human-oriented social development, it needs to start it at the domestic level as well. Since it directly concerns the concept of human rights and peace, it is guaranteed by the Japanese Constitution itself. However, in the course of the economic development of the country and in the race of catching up with the West, it has been largely neglected. In fact, among 23 international agreements and conventions adopted at the forums of the UN, Japan has ratified nine, that is, roughly only 40 percent. (Nishikawa 1999)

Conclusion:

In the 1990s, a remarkable change was noticed in the orientation of Japanese traditional aid policy and it showed signs of a shift from an economic-centred aid policy to a social-centred one. It was hailed as a positive change. The practical implementation of ideas such as respect of human rights, environmental concern, partnership of government and civil society need a lot of reforms. Only then through
aid formulation and effective implementation in the recipient countries can a human-centred social development be realised.

The occurrence of the economic and financial crises which badly hit the Asian economies in 1997-98 taught the lesson that total commitment of a market-oriented economy can be very harmful because of there is too much emphasis on export promotion and this strategy is basically aimed at achieving a rapid industrial growth. But it is generally achieved through the sacrifice of human rights and dignity of people, mass dislocation, discrimination, exclusion and massive environmental destruction. Diseases and pandemics again contribute to social disintegration. Therefore, in order to achieve all inclusive development of the economy, we have no option but to pursue a development strategy that is based upon human and social issues. Democratisation, decentralisation, good governance, eco-friendly growth, participation of civil society, greater association with NGOs/NPOs could be deciding factors in the implementation of Japan’s new aid vision which is known as its “soft aid” policy.

Japan is making efforts to improve its aid effectiveness especially since 2000. Recognising the significance of increasing aid effectiveness, Japan has been making serious efforts to reform its ODA, including the revision of the ODA Charter in August 2003. The new ODA Charter reaffirmed the importance of strengthening the functions of field missions in the policy-making and implementation process through the establishment of the ODA task team on the ground. In this context, the JBIC has proceeded with the strengthening of its overseas activities and the JICA is transferring more staff on to the field.