Japanese aid policy and philosophy

Yasutami Shimomura & Akira Nishigaki (1999): *The Economics of Development Assistance - Japan's ODA in a symbiotic World* , Tokyo, LTCB International Library Foundation

This book provides a useful overview of Japanese government aid policy - past, present and future. It explains the special characteristics of Japanese aid policy by describing the international and historical contexts in which Japanese ODA philosophy has developed. A key point is that Japan's policy is informed by its own recent experience of economic development: because Japan itself achieved successful economic development through loans and central planning, this is the approach that the Japanese government now advocates for other countries also. Hence, Japanese aid has tended to focus on supporting "self-help" initiatives (through a request-based system of loan allocation), and on large-scale infrastructure projects designed to boost the overall economy of a developing country. The final section of the book presents future issues facing Japan's aid policy-makers in a "symbiotic world".

Keizo, T (2003) 'A New Direction for Japan's Aid Program' Japan Echo 30.3 June 2003 http://www.japanecho.co.jp/sum/2003/300306.html

This edited translation of an interview with a key government ODA policy-maker offers a useful snapshot of the main issues currently influencing Japanese aid policy. Throughout the 1990s, Japan was proud to be the world's largest aid donor. However, the persistently bad economic situation eventually took its toll, provoking public criticism of "wasteful" spending on overseas aid, and forcing dramatic cuts in the aid budget. At the time of this interview, the government was in the process of overhauling ODA policy with a view to making it cheaper, more cost-effective, and more appealing to the Japanese public. In this light, Keizo identifies key issues as: bureaucratic streamlining; increased efforts to include the public in informed debate on ODA issues; the importance of Human Security; the need for "broad participation" and enhanced cooperation with aid recipients and other donors.

Ohno, I and Ohno, K (2002) 'Global Development Strategy and Japan's ODA Policy' GRIPS http://www.grips.ac.jp/vietnam/OhnoArchive/pdfs/DP1.pdf

Abstract:
"The recent World Bank-driven development strategy regards poverty reduction as the primary goal and emphasizes partnership, transparency, accountability, capacity building, empowerment, etc. There is also pressure to redirect the shrinking global ODA funds to the poorest countries willing to adopt "international best practices." As the largest ODA donor, Japan participates in this global aid approach with considerable unease. The majority of Japanese development officials and economists think the World Bank approach imposes too much procedural uniformity while disregarding local diversity and real-sector concerns including the promotion of nascent industries under international integration. With its own ODA budget on the decline, the Japanese government is currently reviewing its ODA strategy. While

some urge acceptance of the World Bank strategy as Japan's own, this paper proposes an alternative objective: sustaining Asian dynamism—unique regional growth pattern fuelled by close trade and investment ties. This must be pursued in a way that does not exclude economies outside East Asia. External economic policies including ODA, trade and investment policies should be redirected toward this goal, in addition to globally common concerns such as poverty and environment. Under this framework, Japan's existing aid portfolio can be reinterpreted, justified and expanded. Japan's dual position as a member of Asia as well as a member of the developed world will also be easier to manage and reconcile."

MOFA (2003) *Revision of Japan's Official Development Assistance Charter* http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf

As the revised version of the original 1992 Japanese ODA Charter, this document represents the most recent overview of the official framework for Japanese ODA. The reasons for revision of the Charter are spelled out in the Introduction: many complex new challenges have risen to face the Global Community since the end of the Cold War – and Japan's ODA needs to present an up-to-date response to these issues. Furthermore, it is noted that Japan's ODA policy should be responsive to the current feelings of the Japanese people, and should take into account the domestic fiscal situation.
Basic policy is to be based on five key priorities: the philosophy of "Self-help"; the need to enhance Human Security; the principle of Fairness (including gender equality); the desire to make use of relevant Japanese experience and expertise; the desire to operate in partnership with the International Community. Key issues are then identified as: poverty reduction; sustainability; global issues (such as the environment and infectious disease); peace-building. Asia is listed as the top-priority region. A final section addresses key points regarding the policy-making process – the main points are: collaboration, public consultation, public participation and also thorough evaluation.

MOFA (2002) *ODA White Paper 2002* MOFA
http://www.mofa.go.jp/policy/oda/white/2002/index02.html

The 2002 ODA White Paper gives the most recent detailed summary of Japanese government ODA policy. Part 1 charts recent developments in international thinking on aid policy, outlining Japan's own position in relation to that context. The issues of PRSPs, Aid Modalities, Aid Harmonisation and Africa are all amongst topics covered.

Regarding PRSPS, Chapter 1, Section 1D highlights the fact that Japan is keen to support the PRSP process – as seen recently for example in Tanzania and Vietnam. It emphasises the particular importance of concentrating on *economic sector* development (as well as social sector development). Chapter 2, Section 6 identifies that PRSPs resonate well with Japan's longstanding commitment to developing South-South cooperation, for example in Mexico.

Regarding Aid Modalities and Aid Harmonisation, the 2002 'Koizumi Initiative' (outlined in the Paper) set out to "assist the self-help efforts of developing countries (ownership), while seeking to expand partnership within the International

Community". In line with this approach, it is noted that Japan participated "zealously" in the DAC Task Force on Donor Practices (2001-3). Nevertheless, MOFA acknowledges that Japan falls alongside countries such as the USA, France and Germany in taking a cautious approach to donor cooperation: unlike Britain and the Scandinavian countries, this group "basically agree on aid coordination to improve aid effectiveness, but maintain that the project-based approach is valid. [Furthermore], it is important to combine various aid modalities, such as projects and common funds, while enhancing consistency between individual projects and overall plans in accordance with each recipient country's needs and capacities." Chapter 2, Section 6 then presents details of recent Japanese initiatives towards international collaboration for development.

On the subject of Africa, Chapter 2, Section 2 outlines the TICAD process and lays out the aim of achieving synergy between TICAD and NEPAD. There is also a box giving details of Japan's current aid policy initiatives towards Africa.

Compiled by Emily Perkin