

# Informing the Future of Japan's ODA

## Part One:

### Locating Japan's ODA within a crowded and shifting marketplace

*July 2011*

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# CONTENTS

<b>Acronyms</b>	4
<b>Executive Summary</b>	5
<b>Preface: Japan at a Crossroads</b>	9
<b>About this Project</b>	10
<b>Phase One Methodology</b>	10
<b>Structure of the Report</b>	11
<b>1. The evolution of Japan's ODA</b>	12
1.1) <i>Linkages between Japan's ODA and Japanese history and culture</i>	
1.2) <i>Key motivations for, and domestic influences in, Japanese aid</i>	
1.3) <i>Institutional configuration of Japan's ODA</i>	
<b>2. Japan's development model</b>	17
2.1) <i>Continuity over change</i>	
2.2) <i>Principles</i>	
2.3) <i>Modalities</i>	
2.4) <i>ODA Priorities</i>	
2.5) <i>Partners</i>	
<b>3. Japan within the international aid system</b>	29
3.1) <i>Japan and the aid effectiveness agenda</i>	
3.2) <i>Emerging donors</i>	
<b>4. Clarifying the 'value-added' of Japan's ODA</b>	33
<b>5. Concluding reflections</b>	36
<b>References</b>	37
<b>Appendix A: Project Terms of Reference</b>	39
<b>Appendix B: List of interviewees for this report</b>	42

## ACRONYMS

<b>ADB</b>	Asian Development Bank
<b>CRS</b>	Creditor Reporting System (an OECD dataset)
<b>DAC</b>	Development Assistance Committee
<b>DFID</b>	Department for International Development (UK)
<b>GDP / GNI</b>	Gross Domestic Product / Gross National Income
<b>HIPC</b>	Highly Indebted Poor Country
<b>IDA</b>	International Development Association (World Bank)
<b>JICA</b>	Japan International Cooperation Agency
<b>LDC</b>	Least Developed Country
<b>MDG</b>	Millennium Development Goal
<b>METI</b>	Ministry of Economy, Trade and Industry (Japan)
<b>MIC</b>	Middle Income Country
<b>MoF</b>	Ministry of Finance (Japan)
<b>MoFA</b>	Ministry of Foreign Affairs (Japan)
<b>NGO</b>	Non-Governmental Organisation
<b>ODA</b>	Official Development Assistance
<b>ODI</b>	Overseas Development Institute
<b>OECD</b>	Organisation for Economic Cooperation & Development
<b>STEP</b>	Special Terms for Economic Partnership (a type of loan)
<b>TC</b>	Technical Cooperation
<b>TICAD</b>	Tokyo International Conference on African Development
<b>UN</b>	United Nations
<b>UNTFHS</b>	United Nations Trust Fund for Human Security
<b>USAID</b>	United States Agency for International Development

## EXECUTIVE SUMMARY

### *Background*

- Japan has an impressive history as a leading international donor. Yet with the advent of the new millennium, the country finds itself at a political, economic, social and cultural crossroads as it faces the challenges of a rebalancing world with powerful new players. Against this backdrop the UK Office of the Japan International Cooperation Agency (JICA) has commissioned a study on “Informing the Future of Japan’s ODA” to help inform future ODA policy discussions within the Japanese government.
- The study seeks to address this overarching question in three different phases. This report, which concludes Phase One, seeks to analyse the history and evolution of the Japanese development assistance model in an effort to identify its contemporary value within an evolving development landscape. The second phase looks at whether the distinctive characteristics of Japan’s ODA can be practically applied to meet some of the current and emerging challenges facing African countries and what lessons may emerge for more effective engagement in Africa in the future, while the third and final phase will focus on how Japan can enhance its profile and influence within an increasingly competitive marketplace.

### *Japan’s ODA model*

- In Japan, ODA has traditionally been a bureaucratic domain, with little interest or involvement of other stakeholders, including political parties, NGOs, the media and/or civil society. This has meant that aside from business and commercial interests, ODA has lacked a clear domestic constituency favouring international development.
- Japan has a distinct model for its development assistance that is rooted in its own history and development trajectory; its commercial, political, economic and diplomatic motivations; and the organisational structure through which its ODA is allocated and disbursed.
- That model is based on several key components/characteristics including:
  - **Principles:** self-help; non-intervention; request-based assistance; development assistance as mutually beneficial (e.g. should help Japanese commercial interests);
  - **Modalities:** greater focus on loans than on grants (reflecting the ‘self-help’ spirit); more projectised than programmatic aid; reliance on the procurement of Japanese contractors;
  - **Thematic priorities:** a long tradition of investing in infrastructure and industrial production-related sector as the engines of growth, though Japan has more recently tried to diversify its focus towards other areas, including governance and especially human security. Japan has also increasingly emphasised the importance of achieving poverty reduction not only through social service delivery, which is the approach taken by most other OECD-DAC donors, but also through economic growth;

- **Geographic priorities:** Very broad coverage across all regions (140+ countries), with a large focus on middle income countries. The historical focus has been on Asia, though Japan is increasingly committed to growing its presence in Africa;
- **Partners:** Japan is a generous supporter at both the bilateral and multilateral level. At the bilateral level, Japan engages almost exclusively with recipient governments and participates in fewer collaborative initiatives with other donors, in part because of a concern to maintain the visibility of its ODA. This has begun to change somewhat over the past decade.

### ***Japan within the international aid system***

- Japan is one of the oldest and largest members of the OECD-DAC. However, the Japanese model of development has been subject to considerable criticism by the “donor establishment” (mostly the OECD-DAC) and others in the development community because it is so distinct and diverges from the “standard” model of aid effectiveness. This has resulted in a tendency among the donor peer community to view the Japanese ODA as being of ‘lower quality’ (in contrast to other stakeholders, especially recipient governments, which are considerably less critical). Such criticisms have included that Japanese ODA lacks a sufficiently strong poverty focus, that it is too focused on the hardware of development without due concern about its software (i.e. governance and institutions); that it is not programmatic enough; that it is poorly coordinated and harmonised, etc.
- Despite recognition of Japan’s efforts since the late 1990s to scale up and diversify its assistance, there is also a perception that Japan has not been very proactively engaged in the aid effectiveness agenda.
- All donors are varied in their aid practice and have different strengths and weaknesses. Like many others, Japan’s performance regarding different areas of the aid effectiveness agenda has been mixed. For example, it has excelled in the promotion of South-South and triangular cooperation. On the other hand, Japanese assistance remains strongly focused on recipient governments, to the exclusion of other relevant stakeholders, including civil society. Japan has also found it much harder to embrace donor coordination and harmonisation. However, JICA staff in the field are very aware of the need to coordinate with other donors, especially in the African context where Japan is a much smaller and less well-known player.
- The emergence of new donors such as China, Korea, India and Brazil raises both challenges and opportunities for Japan. Many of these donors share very similar developmental approaches, which could be a source of both competition and collaboration. Japan may also be uniquely well placed to act as a bridge between the established donor community and these new players, and to date it has sought in particular to build relations with Korea (very successfully) and China (less so).

## **What is the 'value-added' of Japan's ODA?**

- Japan's ODA clearly confronts some challenges and limitations. However, there are areas, which may be more or less well known, where Japan has something distinctive to offer and thus has the potential to add value to international development efforts. It is also essential to keep in mind that the progress that Japan has made on each of these remains uneven, and it will require sustained effort and commitment from Japan to fully capitalise on them.

These include Japan's role as:

### **❖ A Major Player:**

In terms of the total value of its ODA contribution, Japan has been **one of the largest donors** for a long time, and is recognised as bringing important resources to the table, even if its ODA remains considerably below the target of 0.7 percent of GDP.

### **❖ An Empathic Partner:**

Japan's **own history as an aid recipient** and its remarkable transformation into an advanced developed country have given Japan a particular sensitivity and understanding in its engagement with other recipient countries that is based on first-hand experience.

### **❖ A Trusted Intermediary:**

Japan is an established member of the international donor community, yet to some degree also has the quality of being an 'outsider' given it is one of the few non-Western OECD-DAC members with a markedly different history and culture, and a unique perspective on multiple issues concerning the development agenda. This status positions Japan particularly well to **act as a bridge between the more traditional DAC donors and 'emerging' or newer donors.**

### **❖ A Distinctive Voice:**

Over the years, Japan has maintained **a voice of difference within the DAC**, providing alternative perspectives on particular issues while also 'standing its ground' in line with its own opinions. The fact that Japan does not always do things in the same way as other DAC donors is positive, in that it helps to highlight that there is no single "right" way to approach development and the value of offering developing countries a wider set of options from which to choose. However, there is also a perception that Japan has not used its dissenting voice as effectively as it could within the DAC, and that it could exert greater leadership in showing how and why a difference of development approaches can prove essential in the promotion of development.

### ❖ **A Steady Supporter:**

In terms of its sectoral focus and its relationships with recipient countries, Japan's ODA has shown remarkable **steadiness and continuity** over the years that has withstood the tendency of other donors to chase particular trends within the development agenda. In particular, the long-term investment Japan has made in infrastructure and the productive sectors (the 'hardware' of development) is unique among donors and has proven crucial in preventing these important issues from falling off the radar screen of international development assistance. This is also expressed through Japan's focus on **Middle Income Countries (MICs)**, which has equally ensured that such countries are not disadvantaged by the tendency of most other DAC donors to focus their ODA on poorer countries as part of their commitment to poverty alleviation.

### ❖ **An Innovative Leader:**

Japan has been at the forefront of **South-South and triangular cooperation**, which has recently become a key topic of interest within the DAC agenda. Its efforts in this area have been pioneering and go well ahead of the Accra Agenda for Action (OECD 2010b).

Japan has for a long time also been engaged in "**beyond aid**" efforts, especially in (East) Asia, where it has for decades emphasised other tools and policies aside from aid to promote development, closely linking its ODA with its trade and investment strategies. Again, this has historically attracted criticism from other DAC donors who see this as taking a commercialised approach to ODA, but the merits of looking beyond aid and making some of these linkages in domestic policymaking have been increasingly recognised, and others in the DAC are now beginning to focus their strategies in a similar way.

Japan is recognised as a leader in the field of global and regional efforts on **disaster risk reduction and management**, drawing from its own knowledge and expertise as a country that itself is greatly exposed to natural disasters.

Japan has also been a pioneer of the '**Human Security**' agenda spearheaded by the United Nations, especially under the guidance and leadership of JICA's President Madame Ogata. However, taking on a greater leadership role within this area may be an important priority for JICA going forward, as it appears many key players in the international assistance community lack a comprehensive understanding of this agenda.

## PREFACE: Japan at a crossroads

In 1979, Ezra Vogel, a Harvard academic, wrote a book entitled “*Japan as Number One: Lessons for America*” in which he portrayed Japan, with its strong economy and cohesive society, as the world’s most dynamic industrial nation. Just over three decades later, Japan holds lessons of a less encouraging kind. Its society is growing older at a faster rate than anywhere else in the world. Its position as the second largest economy in the world has been usurped by China many years earlier than had been predicted. And with the rise of the emerging ‘BRIC’ (Brazil, Russia, India and China) economies, its influence as the ‘Asian representative’ within high-level international forums is increasingly challenged.

To some extent, these problems have been looming for many decades already, with Japan typically finding it difficult to assert itself on the world stage on a level commensurate with its economic might. Its Official Development Assistance (ODA) has in many ways become Tokyo’s main foreign policy tool, utilised as a form of investment, a confidence-building measure, a solution for bilateral problems, a manifestation of economic power and global leadership, and as a tool for buying power and influence in various international organisations. As the 2010 OECD-DAC *Peer Review of Japan* put it, “Japan sees international development cooperation as in its own long-term interests.” The future of Japan’s ODA is therefore an issue of much greater importance than simply maintaining Japan’s national pride in its status as one of the world’s largest bilateral donors – it is a political and economic imperative.

This means that after decades of being broadly acknowledged as the ‘quiet diplomat’ in international affairs, a ‘bridge’ between East and West, Japan is today standing at a political, economic, social and cultural crossroads, with the future of its ODA a critical influence on its compass. A number of interrelated questions are apparent:

- ❖ What are the distinctive characteristics of Japan’s ODA, and can these add value to contemporary development efforts or are they more of an obstacle to effective collaboration and cooperation?
- ❖ Should Japan aim to recapture / pursue a greater role for itself on the international stage, and if so, how might it need to change the way it promotes, allocates and evaluates its ODA accordingly?
- ❖ To what extent is the way Japan views the value of its ODA aligned with the perceptions held by the other major stakeholders in the development field?
- ❖ How can Japan make more effective use of particular topics, countries, programs or learnings within the diverse spread of its ODA to secure greater interest, profile and influence among key external stakeholders?

These questions will be explored throughout this research project, with this report constituting the first in a series that is available through the JICA UK website ([www.jica.go.jp/uk/english](http://www.jica.go.jp/uk/english)). I hope you enjoy reading it.



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## About this Project

To help inform discussion of how Japan's ODA might best respond to the questions raised in the Preface and many other challenges that Japan confronts within a rapidly changing development landscape, the UK Office of the Japan International Cooperation Agency (JICA) has commissioned the Overseas Development Institute (ODI) to undertake a three-part research project entitled "Informing the Future of Japan's ODA".

Each phase of the project has its own focus and deliverables, but it is designed to complement and progressively build upon the findings emerging from each stage to make recommendations for JICA about how to make Japan's ODA more effective in the future. The first phase of the study, the findings of which are presented in this report, examines the history and evolution of Japan's ODA to date, in an effort to extract / identify its contemporary value within an evolving development landscape. The second phase looks at whether the distinctive characteristics of Japan's ODA can be practically applied to meet some of the current and emerging challenges facing African countries and what lessons may emerge for more effective engagement in Africa in the future. The final phase of the project addresses the question of how Japan can enhance its profile and influence in the development field to remain a leader within an increasingly crowded donor marketplace.

The Terms of Reference for the project can be found in Appendix A.

## Phase One Methodology

This report, which concludes Phase One of the project, was prepared on the basis of both desk research and a series of interviews with development professionals from JICA and a range of other organisations. The research team at ODI began by conducting an extensive literature review on Japan's ODA that included academic books, articles, donor reports and evaluations, as well as documents available on the websites of both JICA and the Japan Ministry of Foreign Affairs (MoFA).<sup>1</sup> In addition, the team developed a comprehensive list of questions to guide a series of 11 face-to-face or telephone interviews with relevant stakeholders, including current and former Japanese government officials, as well as representatives from several donor agencies, academics and civil society organizations.<sup>2</sup> Quantitative data to support the report's conclusions were also gathered from the OECD-DAC Creditor Reporting System (CRS) database.

Through this combination of primary and secondary data, qualitative and quantitative analysis, and some strategic and conceptual thinking, in this first phase the ODI team has sought to identify the history and evolution of Japan's development model and ODA approach, and to situate it in the current donor environment. In particular, the team set out to contextualise the Japanese model within the international aid system, identifying its relationship to contemporary issues such as the aid effectiveness agenda led by the OECD DAC, and discerning some of the challenges and opportunities emerging donors such as China may present. This analysis enabled the ODI team to identify some of the broader value-added of Japan's ODA and development model, taking into account insights emerging from the literature review as well as the perspectives of different stakeholders and observers.

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<sup>1</sup> See the list of References at the end of this Report for further details of sources used in the desk research.

<sup>2</sup> See the list of Interviewees at the end of this Report for further details of contributing individuals.

The information thus gathered helps to provide an indicative assessment of what makes Japan's ODA distinctive, as well as what some of its strengths and weaknesses are. However, it is also essential to keep in mind that, given the particular focus of this exercise and the limitations of both time and resources, this report does not by any means constitute an exhaustive, academic treatment of Japanese ODA. Moreover, beyond the literature reviewed by the team, this report also relies on the accuracy of information provided by interviewees based on their given perspective and experience. As such, there is an important subjective quality to the analysis presented here, the intention being to highlight perceptions and provoke discussion of key issues rather than to draw concrete, objective conclusions.

## **Structure of the Report**

This report is structured as follows:

Section 1 looks at three key factors that have shaped the evolution of Japan's ODA, including the country's history and own development trajectory, motivations to provide ODA, and the institutional structure of Japan's ODA.

Section 2 analyses different features of the Japan's model of development.

Section 3 explores how Japan's ODA fits within the broader international aid system.

Section 4 highlights different areas where Japan's ODA may have particular value-added.

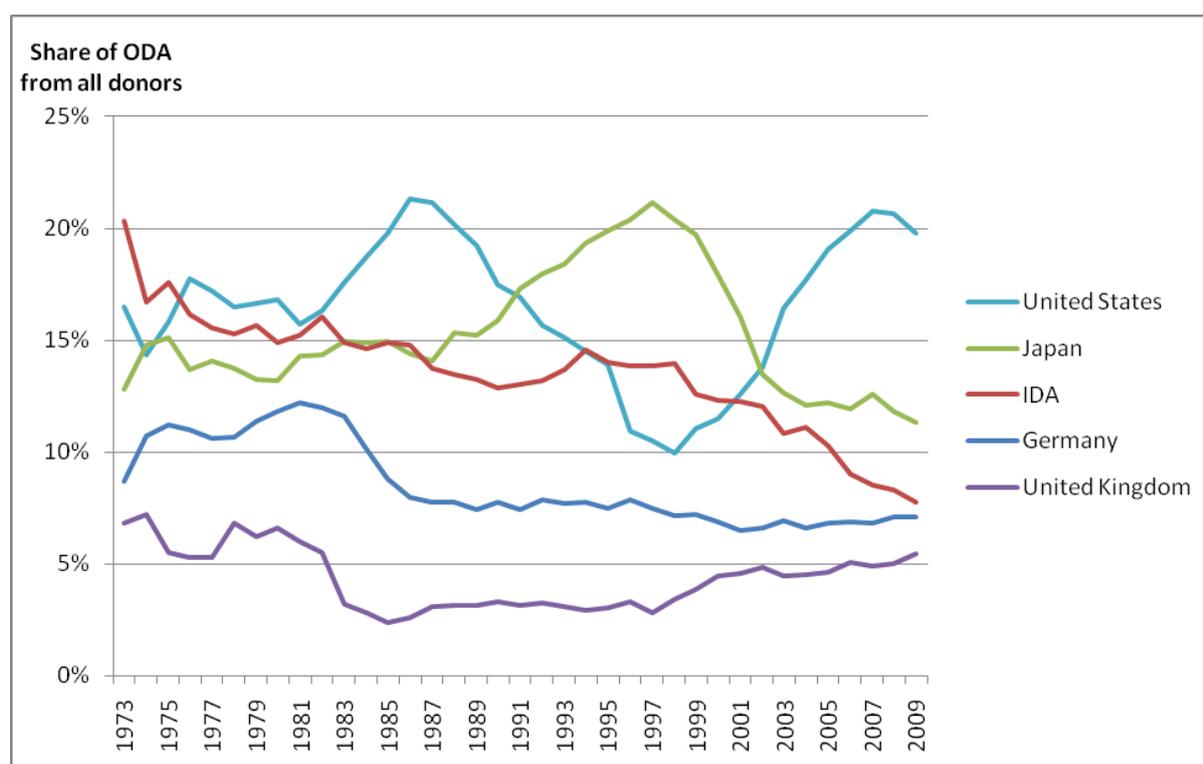
Section 5 provides concluding reflections.

# 1. The evolution of Japan's ODA

## 1.1) Linkages between Japan's ODA and Japanese history and culture

Japan's model of ODA is intimately linked to, and cannot be understood separately from, the country's own history. Japan is one of the great developmental success stories of the 20<sup>th</sup> Century, having made a remarkable transformation from a war-torn and heavily aid-dependent country in the 1940s to one of the most developed economies in the world within fifty years. In addition, as Graph 1 shows, Japan has also transformed itself into a leading donor from the 1970s onwards. In effect, Japan was the biggest donor of foreign assistance between 1991 and 2000, and it remains among the top five donors today (see Graph 1) which reflects the first element of Japan's distinctive value add, as a "major player". This experience has also been the foundation of Japan's approach to development and has informed every aspect of its development model (OECD 2010b), including its additional unique value as one of the more "empathic partners" in the eyes of recipient governments.

**Graph 1: ODA commitments of Japan and selected other donors between 1973 and 2009 as a share of total ODA commitments <sup>3</sup> (5-year moving averages<sup>4</sup>)**



Source: Matthew Geddes using data from the OECD-DAC CRS database

Two key historical factors can be seen to influence Japan's ODA: i) the legacies of World War II and the desire to (re)gain international respect, and ii) the country's post-war developmental trajectory.

<sup>3</sup> Commitment levels are measured in constant prices (2008) and are used instead of actual ODA disbursement due to better data coverage.

<sup>4</sup> 5-year moving averages produce a value for each year based on the average of the chosen year and the previous 4 years. This is done in order to reduce the annual volatility present in the series.

## **i) Legacies of WWII**

Japan's experience of World War II and its aftermath led to particular ambitions that have shaped ODA (OECD 2010b; Lancaster 2010). Its evolution into its present role as a donor started with post-war reparations that Japan had to pay to several countries in Asia that it had occupied during the war (Lancaster 2010; ODI 1990). Payments began in 1954 and ended in 1977. Needing to recover itself, Japan "organised itself to provide those reparations to benefit not just the recipient country but its own business community" (Lancaster 2010) (more on this in Section 1.2 as well). In 1958, Japan extended its first Yen credit to India. This became the new vehicle for penetrating Asian markets with Japanese material, and also to stimulate resource flows in both directions. Yen credits to Asia blossomed from the 1960s, and Japan was one of the leading players, along with the United States, helping to create the Asian Development Bank in 1966.

As well as making sound economic sense, the Asian aid push was also part of a 'good neighbour' strategy. Political sensitivity arising from Japan's role in war and occupation remained delicate, and a generous aid policy to Asian countries, offered without any overt attempt at intervening in domestic political processes, was part of this overall strategy (ODI 1990). In this way, undertaking a sizeable aid program also became a means of gaining an "honoured place" in the world, as stated in the Japanese Constitution, and of promoting stability and prosperity in an interdependent world. Furthermore, ODA became a means of repaying the international community's support to Japan's own development process after the war (JICA 2011).

## **ii) Japan's development trajectory**

Japan's post-war development experience has also been crucial in shaping its aid giving philosophy and approach. From the late 1940s, Japan's national model of development was based on domestic economic recovery and a spirit of self help (Furuoka et al. 2010). International financial assistance played a key role in supporting this endeavour. Japan used aid – mostly from the United States and the World Bank – to develop infrastructure and revive the most critical areas of the Japanese economy. Japan's particular development trajectory, which proved to be extraordinarily successful, has provided the country with first-hand knowledge and lessons that have led it to internalise this same path in its assistance to other countries. As David Arase (2005) notes, 'there seems to be an underlying Japanese assumption that development means the growth of industrial production and trade in a state-driven process that can be advanced through the construction of production-related projects and the acquisition of related technologies'. Japan's own experience as an aid recipient has also been important in building trust and understanding with its aid recipients as a distinctively 'empathic partner', which other donors are not as able to tap into, and has endowed it with a certain kind of humility in these aid relationships.

## **1.2) Key motivations for, and domestic influences in, Japan's aid**

Japan's aid, like that of all states, is motivated by a variety of interests, including economic, political, security and diplomatic. According to much of the literature, especially in the early years of its official assistance programme, economic considerations and commercial interests (or *kokueki* in Japanese, meaning national interest) were Japan's leading motive for giving aid. Japan used aid as a way to secure sources of raw materials for its industry, to promote Japanese business interests, and to open markets for its exports (Kawai and Takagi 2001). In effect, Japanese business interests have historically exerted considerable influence on their country's ODA policies, mostly through the Ministry of Economy, Trade and Industry (METI). The inclusion of the private sector into Japan's ODA program began in the 1950s, with Japanese business leaders playing a key role in negotiating the reparation arrangements. These business connections continued to shape the mechanisms of Japan's aid giving in the decades to come (ODI 1990). Although the commercial orientation of Japan's ODA is not unique among donors (other examples being France and Italy), it was for a long time viewed in a negative light within the international donor community, who perceived the use of Japanese aid and technical assistance in overseas infrastructure projects to reflect an approach that they saw as being more beneficial to Japanese companies than to recipient countries. This perspective is now changing in light of a growing realisation within the DAC community that development promotion requires going "beyond aid" and that better coordination among different (commercial) policies may be essential if development efforts are to prove sustainable and self-sustaining over time (Hudson and Jonsson 2009). In this respect, Japan may be seen as an "innovative leader".

It should also be noted that from the late 1980s onwards, the Japanese government has highlighted other, less commercially minded interests for its aid. As captured in the 2003 ODA Charter, aid should not be regarded simply as an instrument for directly promoting Japan's commercial interests – in a globalised world where countries are interdependent, it is in its (self-)interest to help promote the economic development of its trading partners, particularly in neighbouring Asia (JICA 2010), as well as to create and preserve a world of peace and stability, which is viewed as necessary for stable trade and investment. In accordance with the 'inclusive growth' element of its vision, JICA has therefore directed increasing resources to humanitarian, human security, and poverty-related issues. In 2010 for example, 22% of Japan's ODA loans and 36.4% of its Grant Aid was allocated to supporting social service delivery in areas of health, education, etc. JICA's current President (and former UN High Commissioner for Refugees) Madame Sadako Ogata, has played an instrumental role in emphasising these new priorities.

Japan has been conscious of showing that it is committed to international developmental goals and objectives and to display its good will in this way. This is what some Japanese scholars have referred to as *tsukiai*, or membership obligation, whereby Japan feels an obligation to have a more altruistic side to its ODA by virtue of its membership in the Western alliance and the broader community of nations (Arase 2005). Interestingly, while Japan's new emphasis on poverty reduction brings it closer to other donors in the DAC, its approach remains distinctly focused on both social and economic aspects. In other words, Japan sees poverty reduction requiring investment not only in service delivery (the overwhelming focus of mainstream international assistance), but also in 'hardware' (e.g. infrastructure) projects promoting economic growth.

In addition, given the constraints that the post-war Constitution places on the country's military capability, limiting it to a Self-Defence Force, Japan has also increasingly relied on its ODA as a means of extending power and influence within the international system. ODA has thus become a crucial tool of international diplomacy (Trinidad 2007), and has explicitly been recognised as such in the ODA Charter of 2003. According to Arase (2005), as Japan

came to aspire to a global political role of its own, ODA became an indispensable instrument to advance Japan's political interests, including using its assistance to cultivate friendly relations with its Asian neighbours in a bid for regional leadership, as well as to acquire influence in international organisations and forums. Some external observers view Japan's leadership around the 'Human Security' agenda spearheaded by the UN as an example of this (see Box 4 later in this report), although the concrete evidence linking this agenda to Japan's broader diplomatic strategy remains weak. Japan also used its ODA to establish/normalise relations with Communist countries in Asia, including China and Vietnam, from the 1980s onwards. And aid has proven useful in attempts to smooth tensions in its international relations with key allies. When the US complained about Japan's trade surplus in 1978, Japan's response was a pledge to double its ODA and improve its quality ([Trinidad 2007](#)).

Despite the relative shift in emphasis outlined above, the more self-interested motives for giving aid have remained important in Japan. While Japan's ODA has become less driven by such business interests since the 1990s, business domestic pressures continue to ensure that a considerable portion of aid advance the country's geo-economic interests ([Trinidad 2007](#)), and the close coordination of Japan's trade, aid, and investment has remained a prominent feature of Japan's ODA policy from the 1960s onwards.

In effect, aside from business, public support for international aid within Japan has tended to be weak (JICA 2011), and it has been suggested that Japan's ODA has remained very much within the guidance and domain of the bureaucracy (Nikitina and Furuoka 2008). The interest of politicians, political parties, and civil society more broadly in this area has been marginal. While there now is a small but growing number of NGOs that are keenly interested in becoming involved with Japanese ODA (as implementers for example), for the most part ODA has lacked a clear domestic constituency favouring international development (see for example Nikitina and Furuoka 2008; MOFA 2010b). This is in marked contrast to the experience in the UK, for example, where there is a very active and vocal "development lobby" seeking to influence aid policy.

### **1.3) Institutional configuration of Japan's ODA**

The institutional configuration of Japan's ODA is very complex (OECD 2010b). Traditionally, ODA had been dominated by three main ministries, including the Ministry of Foreign Affairs (MOFA), the Ministry of Finance (MoF), and the Ministry of Economy, Trade and Industry (METI), but a constellation of other ministries and agencies were also involved. Bureaucratic rivalries were rife, and the sheer number of actors involved meant that there was an entrenched bureaucracy with many competing interests and decision-making processes among the organisations involved, creating inertia and preventing change (Arase 2005). In 2008, the ODA system was reformed in order to streamline it and make it more effective. Still, according to several observers, bilateral aid policy continues to be coordinated among over 13 ministries and agencies, each administering their own part of ODA.

Unlike pre-2008 configurations, however, this complex structure is now centrally coordinated by MOFA with authority from the ODA Charter (OECD 2010b). Furthermore, while under the old system Japan's grant aid, technical cooperation, and loan aid were each implemented by separate agencies, including JICA and the Japan Bank for International Cooperation (JBIC), posing substantial difficulties for coherence and coordination within the Japanese government (Arase 2005), the new system is more streamlined. JICA now implements all technical cooperation and loans and approximately 70 per cent of grants (with the remainder administered by MOFA) (OECD 2010b). As the 2010 DAC Peer Review notes, the creation

of the “new JICA“ from the merger of JICA and JBIC puts Japan in a better position to improve both the efficiency and effectiveness of its development cooperation system, particularly by linking up these three schemes (OECD 2010b).

MOFA is in charge of providing overall policy direction (though different bureaucratic enclaves that administer ODA remain in place), while JICA is intended to be the implementing agency. However, over the past several years (and especially since the creation of the “new JICA”), it has been suggested by some observers that there is both opportunity and enthusiasm for JICA to reconfigure its relationship with MOFA to enable closer engagement with (and contribution to) policy issues and decision-making, especially in terms of providing expert development advice (for example on issues related to aid effectiveness and donor coordination, and on developing contextual analysis to be used in preparing country strategies). There have also been some attempts at decentralising JICA so as to have greater and more effective field presence and devolve more decision-making to regional and country offices. On the main, however, the structure of Japan's ODA remains quite hierarchical and vertical (in terms of both relations between MOFA and JICA and JICA HQ and field offices), with MOFA in Tokyo remaining very much the decision-making centre. with the range of decision-making at field offices still limited.

## 2. Japan's development model

### 2.1) *Continuity over change*

Japan has a distinct development model that is rooted in the history and motivations outlined in the sections above. This model has several key features that are discussed in the sections below. Interestingly, despite some adjustments in emphasis or discourse – to adapt in part to changing world conditions and an international development environment with shifting priorities and concerns – Japan's model has proved remarkably sturdy and consistent over time. which has earned it distinctive value as a “steady supporter” While there have been some changes around the edges and some relative shifts in emphasis, in aggregate the aid modality has remained considerably consistent over time( see the discussion in Section 2.4 below for more on Japanese ODA thematic and geographic areas of focus), especially when compared to other major donors, which have exhibited a tendency to pick up and pursue new trends as they seek to make their aid more effective (e.g. the World Bank, DFID, USAID, etc.).

This may in part be the result of how donors learn. For example, Japan's model is based on its own development experience and some of the successful transformations it has helped to bring about in Asia, but other donors have learned from their own approaches that have not been as successful and thus they have been more disposed to continuously search for different ways of doing development. The strengths and weaknesses of the complex bureaucratic structure Japan uses to manage its ODA, discussed in Section 1.3 above, may also influence this element. One of the strengths of a structure built on bureaucratic rivalries is that there are a lot of built-in interests that can keep one another in check and can ensure sustained support to specific areas that would otherwise run the risk of becoming marginal (e.g. agriculture). However, the flipside of this is that Japan's ODA system may suffer from considerable bureaucratic rigidity, which may have made it less flexible or able to experiment with new models and ideas (see the discussion on the bureaucratic structure in Section 1.3 above).

### 2.2) *Principles*

To begin with, Japan's ODA is based on the principle of non-intervention, which guides much of Japan's foreign affairs thinking, and as such is request-based. This approach to aid is grounded on the concept of self-help, which was so instrumental in Japan's own development transformation, as well as country ownership as understood by Japan. Non-intervention prioritises the sovereignty of recipient states, while the request principle, whereby recipient governments submit formal requests to the Japanese government through diplomatic channels for assistance or projects, is intended to ensure that, at least in theory, only those countries that request Japanese development assistance receive it. This approach tends to be more hands-off, and as a result Japanese aid often has fewer conditionalities attached than the aid disbursed by many Western donors, who often build in political or governance reforms in their assistance packages (Lancaster 2010: 29). Rather, self-help suggests that by leading their own development processes, states will be able to take pride in their achievements and thus attain a respected place internationally (Arase 2005).

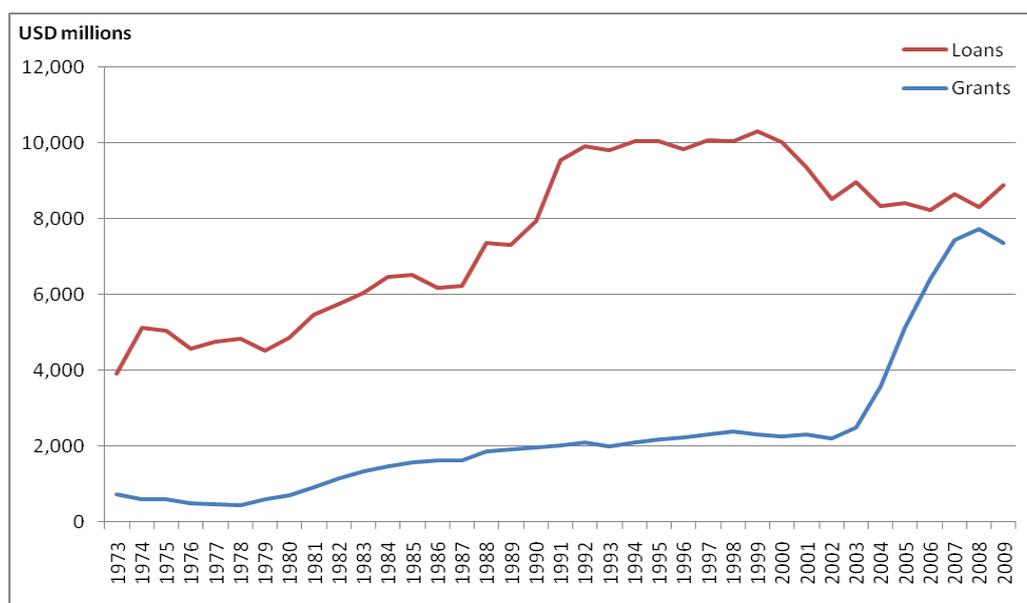
From a Japanese perspective, the fact that Japan's ODA is non-interventionist and request-based is one of its greatest strengths, because this truly helps to uphold country ownership. This is certainly the case in terms of ensuring that Japan's aid is aligned with established government priorities. However, this perspective is problematic in different ways. Firstly, its

conception of country ownership is narrow, assuming that it is the same as recipient government ownership, which may not always be the case. In addition, the request-based system has, in the past been suggested as overly complex, opaque, and lacking overall coherence and strategic direction (Arase 2005). Furthermore, formulating aid requests can be challenging for states with low levels of capacity. The request principle also renders Japan's aid reactive (responding to country demands) rather than being proactive in setting the aid agenda (Arase 2005). Country Assistance Programs that the Government of Japan prepares for major aid recipient countries were introduced to address some of the problems and serve as a key mechanism for policy dialogue with partner governments and other relevant stakeholders.

### 2.3) Modalities

Japan's ODA is disbursed through different flows and modalities, including loans, grants, and technical cooperation. Historically, as Graph 2 helps to illustrate, the Japanese model has relied considerably more on loans than on grants as a key modality. Japan's reason for focusing on loans is mostly due to its own experience of having had borrowed credit from the World Bank for its post-war reconstruction. The majority of DAC donors, on the other hand, use more grants than loans. Graph 2 shows the ratio of grants to loans for a few of the main donors in the world stage from the 1970s onwards. As can be seen in the graph, both the UK and the USA have relied on grant aid almost exclusively since the late 1970s-1980s. Germany, who resembles Japan as a donor in many key respects, had a ratio of grants to loans that was more similar to that of Japan until the mid-1990s, but it considerably altered that model from then onwards. Its ratio is now closer to that of the UK and the USA, and it is bigger than that of the general donor average. In effect, Japan's reliance on loans as its main aid modality resembles most closely the approach of the World Bank's IDA, whose very mandate is to provide loans (though it too has started to use grants more recently, albeit to a very limited extent).

**Graph 2: Comparative value of ODA grants and loans in Japan's ODA between 1973 and 2009 (5-year moving averages<sup>5</sup>)**



Source: Matthew Geddes using data from the OECD-DAC CRS database

<sup>5</sup> 5-year moving averages produce a value for each year based on the average of the chosen year and the previous 4 years. This is done in order to reduce the annual volatility present in the series.

The historically strong loan focus of Japan's ODA has at times been the subject of criticism by the international community, who argue that the excessive indebtedness of many developing countries and limited institutional capacity to manage loan obligations makes loans an inappropriate modality, especially in very poor states. However, as depicted in Graph 2, the share of the grant aid in Japan's bilateral assistance has increased over time, primarily in response to such international pressure to improve its concessionality and raise the impact of Japan's ODA on poverty. Graph 2 also illustrates a sharp increase in the use of grants from the early 2000s onwards. As suggested by observers, this was probably due in part to important policy shifts that took place in the 1990s to improve the quality of Japan's aid and align it more closely with what other major (DAC) donors were doing. But while Japan's use of loans as the dominant bilateral aid modality has weakened over time (down to 35% in 2002 from 67% in 1970), it still remains considerably higher than the DAC bilateral aggregate of 2.3% (Arase 2005). In fact, Japan still has the highest loan component of ODA of any DAC member (OECD 2010b).

As discussed, the extensive use of loans as development assistance derives from Japan's own development experience and its belief in self-help (Arase 2005). This principle (linked to ownership above) implies that states will only develop where they are themselves committed to doing so. As loans require more work for recipient countries than grants because they have to be repaid, Japan perceives these as the best way of 'owning' and committing to the development process, and provides a "distinctive voice" within the broader donor community in this respect. On the other hand, loans also tend to be "cheaper" from the donor country perspective because they need to be repaid, which has undoubtedly helped Japan to be one of the top ODA providers for so long. However, it should be noted that Japan's net ODA is significantly reduced by loan repayments from Asian countries, with its gross ODA disbursement being much greater.

Japan's technical cooperation (TC), is intended to support human resource development, research and development, technology dissemination and the development of institutional frameworks essential for the development of economies and societies in developing countries (JICA 2011). Such capacity building involves the dispatch of experts, training of developing country personnel, provision of equipment and projects that combine all three of these elements (JICA 2011). Japan has also become an innovative leader in the area of South-South technical cooperation, an area it has been involved with since the 1990s, and provides significant 'triangular' cooperation – whereby Japan provides support for cooperation between two Southern partners (OECD 2010b – see Box 1 for an example, as well as Section 4 on value added).

### **Box 1: Japan's South-South Cooperation: the SMASSE project in Kenya**

The "Strengthening of Mathematics and Science in Secondary Education" project (SMASSE) was implemented in Kenya between 1998 and 2008 with the help of JICA. It sought to enhance the teaching quality of maths and science teachers in secondary schools through a training programme whereby school principals and senior-level teachers were first trained at the national level (training of trainers), and they would then return to schools in their respective districts to train fellow teachers. To effectively improve the quality of training and management, Kenyan teachers were also offered training opportunities in Japan, Philippines and Malaysia, where the training model had already been adopted. Moreover, SMASSE's success is also being shared among other African countries. Kenya's national training centre has been used to offer programme training to maths and science teachers from a growing number of African countries, in an example of intra-regional South-South cooperation.

*Source: OECD 2010b*

In addition, Japan has historically had a preference for projectised aid, another characteristic that gives Japanese ODA a “distinctive voice”. While other donors, especially within the DAC, have moved towards more programmatic aid as a result of the multiple problems that have been associated with project-based assistance (see Box 2), Japan has been less inclined to do so, and it has been more reluctant than others to rely on country systems and provide general budget support.<sup>6</sup> It is widely viewed in Japan that project-type assistance is effective in promoting country ownership through the request-based principle, addressing specific development issues and producing results on the ground. And it has also been perceived as essential in providing needed visibility to Japan’s cooperation (Yoshida 2009).

### **Box 2: The challenges of project aid**

Project aid tends to be temporary /short-term in nature, and carried out to deliver specific (often tangible) outputs in line with predefined time, cost and quality constraints. Programmatic aid, on the other hand, is a portfolio comprised of multiple projects that are managed and coordinated as one unit with the objective of achieving (often intangible) outcomes and benefits at the country-level. Thus, programmatic aid is intended to be more holistic and to allow for more strategic and long-term planning.

According to Andrew Lawson et al., persistent problems that have been associated with projectised aid include the following:

- The transaction costs of delivering aid through projects became unacceptably high for countries with large numbers of aid projects and a multitude of donors, each with their own reporting schedules and accounting requirements.
- Donors could force their priorities upon governments and tie procurement to their own country contractors, leading to inefficient spending.
- Problems in meeting the disbursement conditions and implementation requirements of different projects led to great unpredictability in funding levels.
- The effectiveness of government systems was seriously undermined by extensive reliance on parallel, non-government project management structures and special staffing arrangements.
- Accountability became skewed towards donor-specific mechanisms of accountability, corroding the normal structures of democratic accountability.

*Source: Tavakoli and Smith 2011*

Despite reliance on projectised aid, there have been some (albeit limited) new developments in terms of engaging with more programmatic assistance. For instance, Japan now provides general budgetary support to Tanzania and co-finances a Poverty Reduction Support Credit to Vietnam with the World Bank (Morten Jerve 2007). They have also sought to link country

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<sup>6</sup> Budget support has become an increasingly important aid modality. It has received growing attention by bilateral donors and international financial institutions in the context of a partnership-based approach to development assistance. However, over the last few years, budget support has also raised skepticism among a growing number of donors, who have started to question its impact, fiduciary soundness and incentives.

programmes in Ethiopia and Ghana to national Poverty Reduction Strategies (Morten Jerve 2007), signalling moves towards more mainstream aid practice.

Finally, Japan has traditionally relied on procurement of Japanese contractors in the delivery and execution of its aid (Arase 2005). This has been historically grounded in the logic that ODA should be mutually beneficial (that is, it should benefit not only the recipient country but also Japan) and is linked to the commercial interests discussed in Section 1.2 that have characterised Japanese assistance from the 1960s onwards (ODI 1990). The general practice among different donors of 'tying aid' to particular resources/service providers has been criticised for a variety of reasons, including that it undermines country ownership, partnership, and donor harmonisation. Since the late 1990s, Japan has made important progress in untying its aid, especially for loans schemes, and by 2008 had 96.5% of its total bilateral ODA untied, compared to a DAC average of 87.3% (OECD, 2010a).

However, the picture regarding tied/untied aid remains complicated. In terms of grant aid, for instance, Japan considers a project to be untied even if it requires the primary contractor to be Japanese. It justifies this on the grounds that the primary contractor is the project manager and is able to sub-contract freely. However, the DAC has recommended that, where primary contractors have to be Japanese and can act as both agents and suppliers of goods or services (including management) Japan should report such aid as tied (OECD 2004 and 2010b). In its engagement with countries that are neither LDCs or Upper Middle Income Countries, Japan's use of Special Terms for Economic Partnership (STEP) loans, which are highly concessional but also explicitly tied to the procurement of Japanese goods and services, has grown in recent years (although the approved amount varies from year to year) (OECD 2010b). As it turns out, many of the countries that Japan supports, including Kenya (Japan's largest recipient in Africa) and Indonesia, are eligible in that category (OECD 2010b). In addition, the Peer Review also highlights that Japan has remained reluctant to untie its Technical Cooperation (TC) and to fully report on the degree to which it is tied (OECD 2010b). As a result of these different issues, the DAC has suggested that Japan needs to make further progress in untying aid and improving its transparency (OECD 2010b). Yet Japan is not alone among DAC donors to continue to rely on tied aid to benefit domestic commercial interests: others include Germany, France, and Spain. Among non-DAC donors, Chinese aid also remains considerably tied.<sup>7</sup>

## **2.4) ODA Priorities**

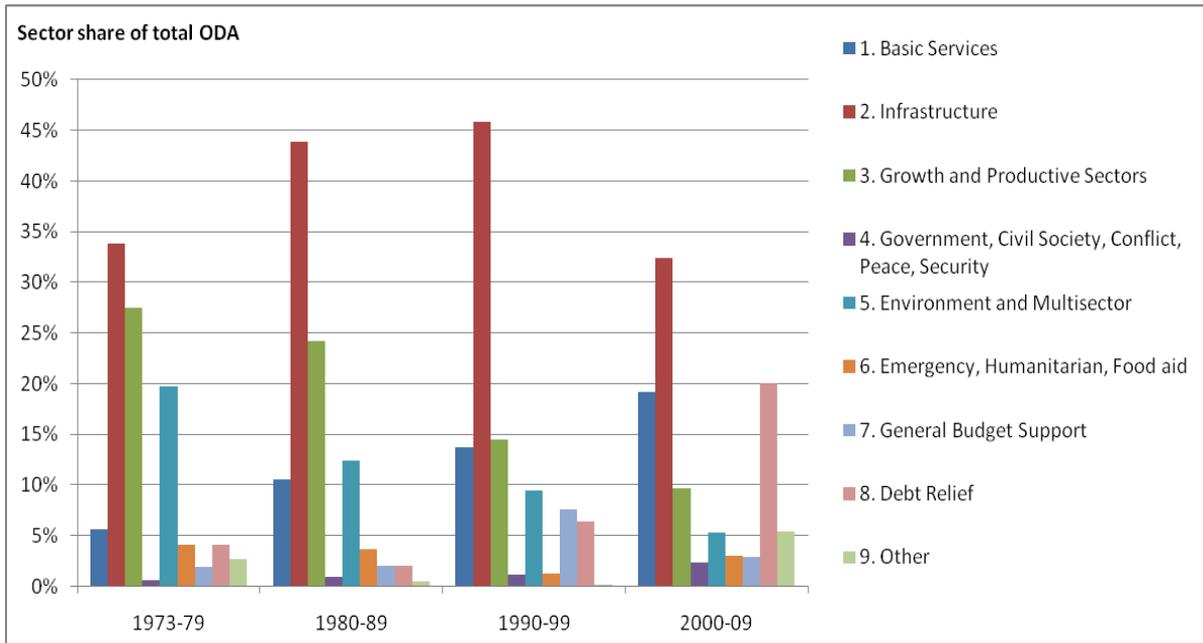
### **i) Thematic areas of focus**

An important characteristic of Japan's development model is that it has sustained over time a considerably larger focus on infrastructure and the industrial production-related sector than other donors, contributing to its 'distinctive voice' and perceived status as a 'steady supporter'. Graphs 4 and 5 compare Japan's thematic areas of focus with that of donors in general from the 1970s onwards. As can be seen in the graphs, infrastructure, as well as growth and productive sectors (sometimes referred to as the "hardware" of development) were strong areas of concentration for both Japan and the overall donor community early on. However, while infrastructure has remained unquestionably the leading thematic priority of Japan's ODA to date, it has considerably decreased in importance among other donors. As shown in Graph 3, over the span of past couple of decades, other areas have become more prominent, including especially basic services and governance-related issues, which are seen as more of the "software" of development.

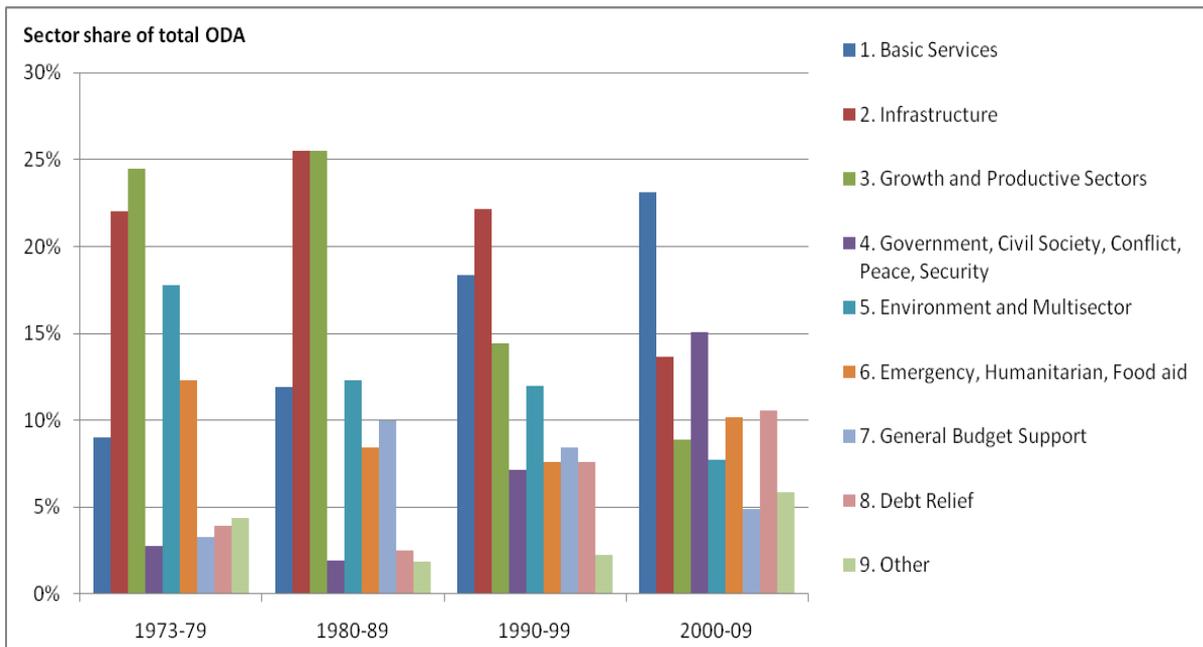
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<sup>7</sup> See <http://www.objectivo2015.org/europe/documents/AEGlossary.pdf>

**Graph 3: Thematic areas of focus of Japan's ODA between 1973-2009**



**Graph 4: Thematic areas of focus for all donors between 1973-2009**



Japan's focus on infrastructure, especially in areas of transport and energy, is based on Japan's belief that infrastructure is a fundamental precondition for any kind of economic growth and development. Box 3 highlights some of the linkages between infrastructure and development that have informed Japan's thinking. This is also borne out of its own development experience, as well as that of the successful transformation of other countries in Asia, like Malaysia, Singapore and Korea, for example.

### **Box 3: Why does infrastructure matter for development?**

According to the World Bank (1994), infrastructure is an umbrella term for many activities that can be referred to as “social overhead capital”. Infrastructure includes services from:

- Public utilities (power, telecommunications, piped water supply, sanitation and sewage, solid waste collection, etc)
- Public works (roads, dams, etc.)
- Other transport sectors (railways, urban transport, harbours, airports, etc).

The adequacy of a country’s infrastructure is often essential to its development prospects: in diversifying production, expanding trade, coping with population growth and reducing poverty, for example. Good infrastructure raises productivity and lowers production costs, but it needs to be able to expand fast enough to accommodate growth. While the linkages between infrastructure and development are by no means straightforward, there is general agreement that, if managed properly, infrastructure can deliver major benefits in economic growth and poverty alleviation. The 2009 World Development Report (World Bank 2009) in fact highlights the central role of infrastructure in connecting spaces and people within national boundaries and across regions. Spatially connective infrastructure is essential for economic integration at the local, national and international levels.

*Source: World Bank 1994 and World Bank 2009*

This emphasis on infrastructure is also supported by Japan’s use of loans to channel its assistance. Loans tend to favour relatively richer recipients or projects that generate income streams, which tends to be infrastructure more often than the social sectors. Loans also are particularly useful where projects require large up-front costs, which is again the case of infrastructure.

While the focus on infrastructure has remained steady over time (see Graph 4), and it has consisted of a focus on both “hard” issues related to physical capital development and “soft” issues related to capacity building, the way in which Japan has supported this sector has changed, with noticeable improvements over the past decade. According to different observers, for a long time Japan was perceived to be supporting (often large-scale) infrastructure projects without paying sufficient attention to the social and environmental impacts these might have and/or the harm and dislocation they could cause as a result. However, these observers have also indicated what they see to be growing recognition within Japan that the human and poverty dimensions of its technical cooperation need to be taken into account. In part, this recognition reflects broader responses to a changing international environment, especially after the end of the Cold War, when the international development discourse began to focus more explicitly on issues related to poverty alleviation, democratization, gender equity, the environment, and human rights.

Beginning in the new millennium, such objectives have become more pronounced in Japan’s successive ODA white papers. Peacebuilding, the environment and climate change, for instance, have now all been identified as thematic priorities for Japan’s ODA. As for Human Security, this has been an area in which Japan has been a pioneer / innovative leader (see Box 4), to some degree. As reflected in JICA Country Programs, guidelines, and individual projects, JICA in particular has sought to incorporate Human Security as a key pillar of its work, especially in terms of bridging the gap between humanitarian and developmental

assistance. Examples of such interventions have included assistance to socially vulnerable people, including the internally displaced, in Colombia, and enhancing the resilience of communities to cope with natural disasters in Central Vietnam. (JICA 2010b)

Nevertheless, there is a feeling among commentators that the Human Security agenda remains misunderstood among many key players and donors in the international assistance community, who tend to reduce it to a conflict dimension only, and that it has yet to become internationally accepted (MOFA 2011). There is thus a perception that Japan needs to play an even more active role in promoting and leading international discussion in this area. And despite the efforts noted above, there is also an impression among observers that there remain challenges around implementing the Human Security agenda within Japan's ODA.

#### **Box 4: Human Security**

The Human Security Agenda was spearheaded by the United Nations in the late 1990s/early 2000s (MOFA 2010), especially under the guidance and leadership of Madame Sadako Ogata, who was head of the UNHCR at that time and has been JICA's President since 2003. The Human Development agenda develops a comprehensive and multidimensional approach to human security that is focused on the rights of the individual.

Key features of a Human Security approach include:

- Cooperation that comprehensively targets freedom from fear (conflicts and disasters) and want (poverty)
- Cooperation that involves thorough consideration for the socially vulnerable, emphasizing benefits for them
- Cooperation that establishes mechanisms to protect and empower people
- Cooperation that addresses global risks

As human security began to emerge as an important issue in the post-cold war era, in 1998 Japan's MFA incorporated the concept in its international cooperation and declared that Japan would strive to make the 21st century a "human-centred" century. As part of this, the government of Japan and the United Nations Secretariat established the UN Trust Fund for Human Security (UNTFHS). In January 2001 the Commission on Human Security was founded and co-chaired by Madame Ogata and Nobel Prize winner Professor Amartya Sen. To date, the trust fund and the commission remain at the centre of Japan's multilateral response to human-security issues. Japan has also emphasized "human security" as a central idea for its peace-building assistance.

Source: [Trinidad, 2007](#); JICA 210b

Moreover, while Japan has sought to diversify its sector focus, it is fair to say that progress remains slow. In addition, despite a growing emphasis on the importance of governance and institution-building in official documents and pronouncements, Japan's preference continues to be to avoid areas that may be deemed too sensitive or political in nature, and it tends to view development mainly as a technical rather than a political challenge.

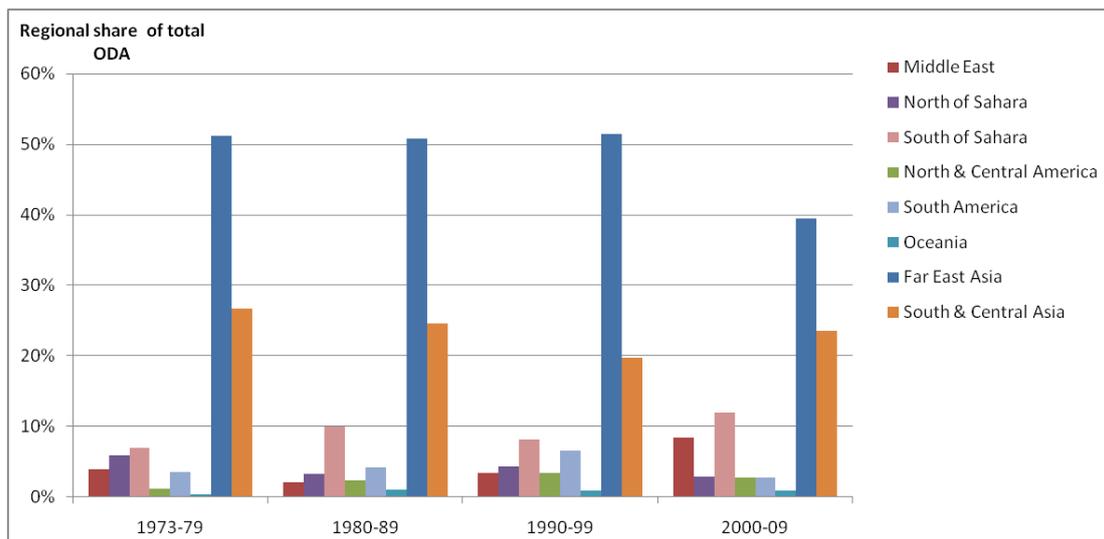
Despite the recent promotion of software interventions and new aid areas in Japan's development assistance, it seems that the new ideas are still not entirely integrated in practice. The promotion of humanitarian and human security development objectives has not

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 Japan's ODA system towards "hardware" development objectives and solutions, i.e., economic infrastructure and technical solutions (Nielsen 2003). For example, as shown in Graph 3, bilateral disbursements to governance-related issues (including peace, conflict and security) have remained at 1-2%, which is low compared to the 15% donor average in 2000-2009, and for an area that has been identified as crucial in Japan's ODA Charter and its Medium Term Policy (OECD2010b).

## ii) Geographic

As clearly shown in Graph 5, since its inception, Japan's ODA has had a very strong geographic focus on Asia, especially Far East Asia (which constituted almost 40% of Japan's total regional ODA in the period 2000-2009) and also, to a lesser extent, South and Central Asia (slightly more than 20% in the same period).

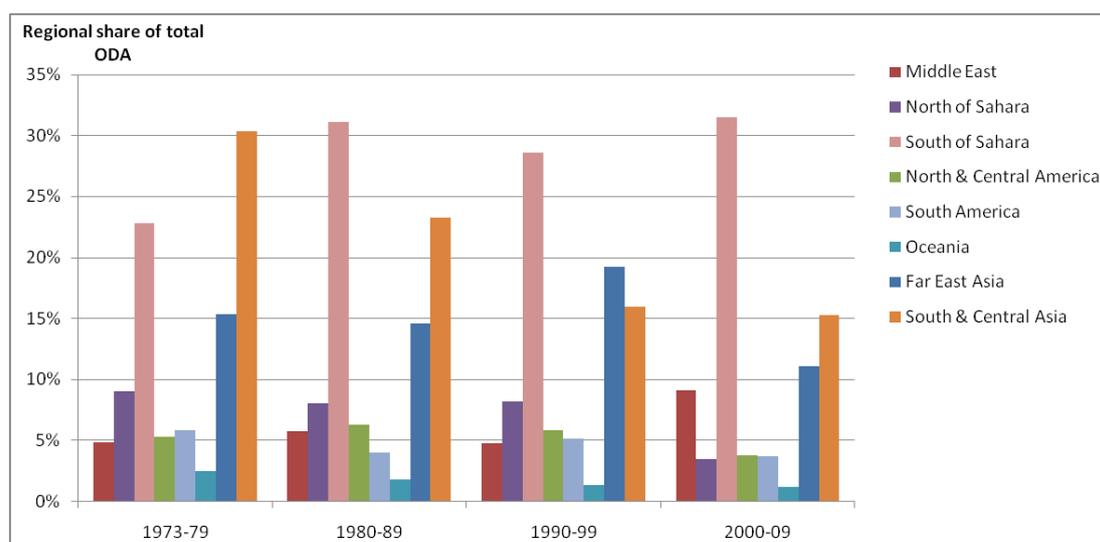
**Graph 5: Regional areas of focus of Japan's ODA between 1973-2009**



Source: Matthew Geddes using data from the OECD-DAC CRS database

Graph 6 captures the regional focus of donors more generally, and a comparison between these two graphs reveals that Japan has devoted a considerably greater share of its ODA to the Far East Asian region than the DAC as a whole. The donor community has in general focused much more of its attention to Sub-Saharan Africa (more than 30% of total regional ODA in 2000-2009). Interestingly, as shown in Graph 6, South and Central Asia has also been an area of considerable donor engagement, but this focus has been decreasing over time (it went from a high point of 30% of total regional ODA in the 1970s to 15% in the last decade).

**Graph 6: Regional areas of focus for all donors between 1973-2009**



Source: Matthew Geddes using data from the OECD-DAC CRS database

Given the diversity of ties and interests that Japan has in Asia – historical, cultural, economic, commercial, diplomatic and security-related – this regional focus makes sense. Japan has been a regional leader for a long time, and it also knows the region extremely well. This is an area where Japan has a clear comparative advantage.

While many countries in Asia were considerably poor in the 1960s and in fact had GDP levels similar to or even lower than those of many African countries, that landscape has been considerably transformed. Today, the Asia region is not, for the most part, home to the world's poorest countries,<sup>8</sup> and as a result, Japan's ODA currently focuses on countries that are relatively better off. Many of Japan's main partners are in fact Middle Income Countries (MICs). While Japan does not officially have priority countries, China, India and Indonesia have together received an average 20.9% of Japan's net bilateral aid over the last 10 years. Other Asian countries such as Bangladesh, Sri Lanka, Philippines and Vietnam have also consistently received Japan's support (OECD 2010b). More recently, as a result of a growing focus on issues related to fragility and conflict (see discussion on thematic focus earlier in this section), Afghanistan and Pakistan have also become key recipients of Japanese aid, while Timor-Leste has also received considerable support (Leheny and Warren 2010; OECD 2010b).

This regional orientation impacts upon the purpose of Japan's aid, and the mainstream donor community and development assistance practitioners have questioned the extent to which this undermines the poverty reduction focus of Japanese aid (Arase 2005, OECD 2004). While Japan has sought to improve its performance in this area (e.g. Afghanistan is becoming one of the largest recipients of Japanese ODA), it still lags behind the overall DAC effort to focus most resources in the poorest countries in the world.<sup>9</sup> But despite this traditional Asia focus, as captured in Graph 5, shifts, however small, are now perceptible in Japanese aid allocations. As the importance of poverty reduction has taken centre stage in international development debates, Japan has oriented more of its funds towards Africa in

<sup>8</sup> Of the poorest 20 countries in the world today, 18 are in Africa and only one, Nepal, is in Asia. The other Haiti, is in the Caribbean. See <http://www.rediff.com/business/slide-show/slide-show-1-the-20-poorest-nations-in-the-world/20110311.htm>

<sup>9</sup> In 1991-2, the percentage of Japan's total ODA directed to the least developed countries (LDCs) ranked twentieth out of 21 DAC members; in 2002, Japan was eighteenth out of 22, but this was still well below the median (Arase 2005a).

particular. The regional breakdown of Japan's recipient countries in 2010 indicates that 58 per cent of Japan's aid went to Asia, 16 per cent to the Middle East, and 15 per cent to Africa (OECD 2010b).

In fact, in May 2008, Japan pledged to double assistance to Africa and at the time of this project still intended to do so despite a challenging economic environment (JICA 2011). Japan has also been the advocate of the Tokyo International Conference on African Development (TICAD), which has now held several meetings since its establishment in 1993 to support Africa's sustainable growth (JICA 2011; Lehman 2010). Japan's increased engagement in Africa has also been assisted by its participation in the Highly Indebted Poor Countries (HIPC) Scheme, which has led to debt cancellation for a number of African recipient countries, despite Japan's concerns about the scheme potentially undermining self-help efforts and the creditworthiness of recipient countries (Takahashi 2010). JICA lists three key strategies for its engagement with Africa: boosting economic growth; ensuring human security; and addressing environmental and climate change issues (JICA 2011). These goals are embedded in the Fourth Tokyo International Conference on African Development (TICAD) held in 2008 with strong leadership from Japan.

Interestingly, despite the very strong Asian focus, Japan's ODA is more spread out than that of other DAC donors, covering a much wider set of countries and regions. Over the last five years, Japan has provided bilateral ODA to more than 140 countries every year, and it is not intending to reduce the number of countries it supports (MOFA 2010b).

## **2.5) Partners**

Japan works with partners at both the multilateral and bilateral level. In terms of multilateral assistance, Japan has been a generous donor ([Kawai and Takagi 2001](#)). For instance, it is the second largest contributor to the United Nations regular budget, and it is also one of the largest contributors to several UN agencies (although these contributions have been the victim of spending cuts) (OECD 2010b). It is also a strong supporter of the World Bank and the Asian Development Bank.

Yet, Japan has consistently shown a preference for a bilateral approach to aid, and most of its ODA is bilateral (84 percent according to the latest DAC peer review). At this level, the nature of its engagement has been focused to a considerable extent on working with recipient governments as their main partner. The involvement of in-country, Japanese, and/or international non-governmental organisations (NGOs) and civil society more broadly has been limited, in terms of both design and execution of Japan's ODA ([Kawai and Takagi 2001](#)). To be sure, over the past several years the Japanese government has undertaken different efforts to involve a broader set of stakeholders in its ODA to make it more inclusive and participatory. For example, MOFA established a Grant Assistance for Japanese NGO Projects (GANP) in 2002 to build the capacity of NGOs in Japan and increase their involvement in the implementation of ODA projects as well as in policy dialogue. JICA, for its part, has also been supporting "grass-roots technical cooperation projects" that include civil society actors as key stakeholders. More recently, with the historic change of government leadership in Japan in 2009, MOFA set up a dialogue forum with NGOs (the NGO Advisory Group for Japan's Development Assistance), which is also intended to enhance the role of civil society in the ODA policy-making process, and the Final Report of the ODA Review (MOFA 2010) also emphasises the need to promote public participation in international cooperation through partnerships with a wider set of stakeholders.

Yet such efforts remain limited. The share of NGO-participated grants remains a small component of total ODA in comparison with other donors ([Kawai and Takagi 2001](#)). For example, in the case of the UK, DFID allocated £317 million of its budget in 2008/09 to UK-based civil society organizations (DFID, 2009). Japanese NGOs are still small in size and mainly work on small-scale development projects, such as agriculture, health and education. Capacity building initiatives like GANP have mostly focused on the project level and have not been scaled-up (MOFA 2011b).

In terms of Japan's engagement with other donors, until the new ODA Charter was established in 2003, Japan managed its aid programme "[mostly] in isolation from leading Western donors and the International Finance Institutions" (Morten Jerve 2007; see also [Kawai and Takagi 2001](#)). Since then, Japan has made efforts to pursue a dialogue with OECD DAC and other donors and taken steps to improve coordination. As such, Japan has worked jointly with a variety of other donors who share common characteristics in approach, including Germany, the US, and, more recently, Korea. Japan also works closely (and supports generously) with the ADB and the United Nations, especially in the area of human security (see Box 4). And there are also some recent examples of Japanese collaboration with other donors, including DFID on budget support initiatives in Africa (see discussion in Section 2.3). The notion that such cooperation constitutes the exception rather than the rule is therefore changing (see more on this in Section 3.1 below).

## 3. Japan within the international aid system

### 3.1) Japan and the aid effectiveness agenda

As discussed above, Japan's model of development has at times been the subject of criticism by the "donor establishment" (mostly the OECD DAC), who have questioned the quality of its ODA on the grounds that it lacks a sufficiently strong poverty focus (e.g. use of loans vs grants, ongoing focus on middle income countries); that it is too "hands-off" regarding conditionalities, especially on governance issues; that it not programmatic enough; that it is poorly coordinated and harmonised, etc. While there is widespread recognition of the positive impact that Japanese aid has had in Asia, there is some scepticism among these donors about the transportability and applicability of Japan's model to other, poorer areas (especially Africa), with some observers expressing concern at Japan continuing to pursue its more distinctive aid modality rather than following the rules of collaboration and partnership developed in accordance with the mainstream international community's framework of aid effectiveness (Arase, 2005).

Despite this perception, over the past decade Japan has made numerous efforts to move (somewhat) closer to the mainstream without losing its distinctive approach. For example, Japan has highlighted poverty reduction as a key ODA priority, to bring it more in line with the prevalent discourse on international development. Japan was also one of the early proponents of developing quantitative goals for poverty reduction that eventually evolved into the Millennium Development Goals (MDGs). Finally, as a DAC member, Japan has also endorsed the Paris Declaration on Aid Effectiveness of 2005 and abides by its principles, at least formally. Yet, while most donors have struggled to meet the objectives of the Paris Declaration in practice (OECD, 2011), it would appear that Japan has conceptually found it more difficult than others to proactively engage with some of the Paris principles, perhaps because it sees these as being more relevant to European donors than to itself.

Part of the challenge is that many of the key characteristics of the Japanese approach to development outlined above, which set Japan apart from other DAC donors make it difficult for Japan to cooperate with them on a regular, substantive, and sustained basis. As Arase (2005:269) has noted:

*'Japan's comparatively Asia-oriented, production-sector-oriented, and loan-dependent ODA profile stands in contrast to other donors, who give greatest weight to [governance] programs featuring technical cooperation and institution building targeting the poorest populations in line with the new MDGs. The distinctive and possibly diverging Japanese aid profile attracts attention because it strikes a dissonant chord in the global consensus on ODA.'*

As has been discussed, from a Japanese perspective Japan's ODA is unequivocally committed to and more successful than other donors in promoting country ownership because it is request-based and grounded on the principles of non-interference and self-help. But as was also noted, while there may be some truth in this, especially as it relates to alignment with identified development priorities, there are some problems with this conception of ownership, which is focused on government, while genuine, broad-based ownership may require more than a request-based principle to become a reality. While Japan and other donors may come from different perspectives in terms of how best to support country ownership, though, it is also the case that it has remained an elusive goal for the international community in general, especially in poorer countries with weak institutional capacities and structures. So problems related to ownership are not exclusive to Japan – though Japan would perhaps benefit from reflecting more critically and explicitly about this concept, especially outside the Asian context.

As noted both by the DAC Peer Review (OECD 2010b) and an Evaluation of the Implementation of the Paris Declaration carried out in 2010 (MOFA 2010b), one particular area of the aid effectiveness agenda that Japan has struggled with is donor harmonisation and coordination, despite some efforts to increase collaboration with other donors in recent years. This is partly due to the historical tendency of Japan to engage in less collaborative work with other donors (discussed above), which, according to the Paris Declaration Evaluation (MOFA 2010b), stems from two important factors:

- (i) Japan's ODA originates from reparations to the Asian countries Japan invaded in the first half of the former century, which at the time were made as visible as possible in order to showcase Japan's goodwill. Since then, there have been concerns within the Japanese bureaucracy that the visibility of Japan's ODA, which is already low given the lack of a strong domestic constituency in favour of development assistance, will become even more diminished if its resources are to be pooled with other donors' resources and used for common objectives (Kawai and Takagi 2001).
- (ii) Japan, which has focused most of its assistance toward fast-growing Asia, has had less experience of aid failure and fatigue than other DAC donors who have principally assisted long-stagnating African countries. Hence, the Japanese have faced fewer imperatives to think about donor harmonisation and coordination than other donors, who have made a commitment to reduce ineffectiveness by prioritising donor harmonisation over their own contribution's visibility/distinctiveness.

In addition, as one of the biggest and most dominant players in Asia, the imperatives for Japan to focus on donor coordination and harmonisation have been weak. In practice, this has meant that Japan has been able to set the pace for other donors to follow. However, the situation that Japan faces in Africa is markedly different, as it is a much smaller and less influential development actor in that region, and does not enjoy the long-established linkages with country governments that other donors have developed over decades of engagement. Donor coordination and harmonisation might therefore be of greater importance for Japan in considering how to best maximise its impact and relevance in this region. This is a perspective that is very strongly emerging from JICA field offices in different African countries. According to different observers, given the hierarchical nature of the Japanese aid structure and the fact that authority remains highly centralised at the HQ level, there is relatively little that JICA field offices have been able to do to promote greater donor coordination and harmonisation. In the measure that different efforts and initiatives have been tried, however, they have emerged from JICA staff in field offices (e.g. budget support in Tanzania).

Yet it is neither fair nor accurate to depict Japanese aid as an outlier alongside an apparently more homogenous aid practice. While most major donors aspire to aid best practice principles, such as the Paris Declaration, few, if any, attain these standards and there is substantial variation across Western actors themselves (including, for instance Italy and Greece as well as the USA). Interestingly, these actors have not been criticised as heavily or consistently as Japan or China for these shortcomings. In any case, it is more realistic to view donors as much more varied and disaggregated in their aid practice, with points of both convergence and divergence. As is the case for many donors, Japan tends to perform better and worse according to different criteria. As the DAC Peer Review (OECD 2010b: 63) notes:

*'Japan is at the forefront of donor efforts in implementing some aspects of the aid effectiveness agenda – such as capacity development and triangular cooperation – while taking a more cautious approach with others, such as the use of pooled funding and its approach to division of labour amongst donors. Japan is eager to ensure that, while seeking to make its aid more effective and achieve development results, it is still able to retain its distinctive Japanese approach.'*

### **3.2) Emerging donors**

The international assistance community is becoming increasingly plural with the rise of new donors such as Brazil and Korea and the growing influence and impact of economic powers like India and China, which have been giving aid for several decades but have largely remained outside the OECD DAC framework. Private foundations such as the Bill & Melinda Gates Foundation and other forms of development finance such as vertical funds for health and climate change have proliferated. Some of these new donors may also challenge the notion of an international 'consensus' on aid architecture and effectiveness, opening the way for more varied aid patterns (Morten Jerve 2007). The emergence of these new donors has the potential to provide greater choice for recipient countries. However, this proliferation of development actors and vehicles can also lead to increased donor competition, fragmentation of efforts and reduced aid effectiveness and accountability (Morten Jerve 2007). As the donor marketplace continues to get more crowded, it seems essential for development actors to identify their distinctiveness and value-added, but without relinquishing the need to cooperate with others in order to build synergies and make the overall aid system more coherent and effective. What implications does this have for Japanese aid?

China, in particular, raises important challenges and opportunities for Japan's aid programme. While Japan has been the leading development force in Asia, the rise of China implies that Japan no longer has or can claim to have a monopoly over the "Asian model" of development. China has also made considerable in-roads in Africa, which is challenging to Japan as it too is attempting to build its presence in that region. From a Japanese perspective, this growing competition coming from China can be unsettling given that China has been a major recipient of Japanese aid since relations between the two countries were normalised in the early 1970s (Leheny and Warren 2010). Indeed, within Japan, aid to China has become a politically sensitive issue and is highly contested, with concerns that it should benefit Japan at least as much as it benefits China (Leheny and Warren 2010).

While it is not within the scope of this paper to conduct a full comparative analysis of Japanese and Chinese aid, there appear to be some areas of similarity that may provide opportunity for future collaboration. Like Japan, China focuses heavily on infrastructure projects, works with recipient governments as their main partner, and prefers (visible) bilateral engagement over coordination with other donors (Morten Jerve 2007). China's aid bureaucracy is also structured in much the same way as Japan's, meaning that ODA of both states must satisfy a variety of agency interests (Morten Jerve 2007) (see Section 2). In both Japan and China, a lot of the impetus behind ODA is also commercially driven.

Of course, these similarities are also balanced by a range of significant differences, but it is perhaps because of the shared characteristics in particular that China, like Japan, has been subject to considerable criticism from the development community, including not only the DAC but also international NGOs and others engaged in assessing the quality and impact of international development assistance. Some have suggested that China is now where Japan was a few decades ago, with the difference that Japan belongs to the DAC, and it is from this perspective that observers from both inside and outside the Japanese government perceive that there may be room for collaboration rather than just competition with China. As one of the oldest and very few non-Western/European members of the DAC who has often found itself in a minority position, Japan is uniquely placed to play a critical bridging role between DAC and non-DAC donors, giving it distinctive value as a 'trusted intermediary', and Japanese officials have expressed that Japan is particularly eager to engage with China on this basis.

India also offers some similarities to Japanese aid that might be the basis for greater dialogue between the two countries. Indian aid, for instance, focuses on projects, regional recipients, and technical assistance. India is also a large contributor to the UN, and spreads its aid programmes across several ministries (Morten Jerve 2007).

As for Korea, Japan played an instrumental role in advising that country as it transitioned from an aid recipient country into a donor, and it provided considerable expertise in the setting up of the Korean ODA structure. Not surprisingly, Korea's aid model looks very similar to Japan's as a result of this engagement. Both countries are moving towards stronger coordination of ODA and both have signed up to international principles of good donorship, while Korea has very recently also joined the OECD DAC.

All four of these countries, Japan, China, India and Korea, subscribe to aid policies based around the principle of non-interference (Morten Jerve 2007). They also all struggle with a domestic opinion that either lacks awareness or is sceptical of ODA as international altruism' (Morten Jerve 2007: 8). These, and other, shared constraining factors might provide the basis for a new aid partnership that promotes an alternative model of development to that propounded by the largely Western DAC donors. Nurturing such partnership is important because it can increase the negotiating space and options for recipient countries. As discussed above, Japan is well placed to contribute to this as a 'trusted intermediary', and it has begun to undertake different initiatives on this front. This includes the promotion of a tripartite dialogue with China and Korea on development and wider economic issues. However, so far this collaboration remains challenging because it has been difficult to coordinate given different interests and also diplomatic tensions, especially with China.

## 4. Clarifying the ‘value-added’ of Japan’s ODA

The analysis carried out in this report has sought to explore the history and evolution of the Japanese development assistance model, looking at some of the features that make it distinct from the mainstream community and some of the challenges and opportunities that the emergence of new donors may present. The discussion has highlighted some of the challenges and limitations that Japan’s ODA confronts. Equally, however, it has identified characteristics of Japan’s development model that suggest important strengths. This section seeks to extract these from the discussion above and reflect upon them in more detail to understand how Japan can (continue to) add value to the quality and effectiveness of international development assistance. Japan’s areas of comparative advantage/value-added include its size, its own developmental experience and evolution as a donor, its positioning within the aid system as part of the donor establishment yet having a distinct voice and unique perspective on development, its sustained focus on crucial areas of support over time, and its innovative and pioneering work on critical areas of the international development agenda. These distinct characteristics are discussed in turn below. However, it is also essential to keep in mind that the progress that Japan has made on each of these remains uneven, and it will require sustained effort and commitment from Japan to fully capitalise on the potential they offer.

### *A Major Player*

- **Japan is a leading donor in terms of its overall ODA and as such brings substantial resources to the table.** As discussed in this report, from 1989-2001 Japan was the world’s largest bilateral ODA donor in dollar terms and considered the ‘aid superpower’ (Lancaster 2010: 29). However, since 2001, as a result of the Asian financial crisis and rising levels of government debt in Japan, there has been a downward trend in ODA spending continuing until 2008 (Arase 2005; JICA 2011). Still, in 2008 Japan was the fifth largest DAC donor, and, despite economic contraction, Japan continued to provide bilateral ODA to more than 140 countries from 2005 to 2010 (OECD 2010b). Nevertheless, it is worth pointing out that, despite being a top donor in terms of the amount of its ODA, Japan’s efforts in relation to its national income has always remained below the DAC median, and significantly below the target of 0.7 percent of GDP (Arase 2005), which Japan has officially endorsed. And, as has been discussed in this report, there are also some concerns about the quality of Japan’s ODA that need to be addressed.

### *An Empathic Partner*

- Japan’s own history as an aid recipient and its remarkable transformation into an advanced developed country have given **Japan a particular sensitivity and understanding in its engagement with other recipient countries that is based on first-hand experience.** Japan tends to enjoy very good relations with the recipient governments it provides assistance to, especially in Asia, and this relationship is based on trust, respect, and a degree of humility. Several commentators mentioned that, at least in the Asian context, Japan engages with recipients in a much less patronising manner than its Western counterparts, and this is a quality that is valued at the country level.

### ***A Trusted Intermediary***

- Japan's status as one of the oldest members of the DAC but also one that has a different perspective (see next bullet) means that it is particularly well positioned to **act as a bridge between the more traditional DAC donors and emerging or newer donors**. As noted earlier, Japan has worked closely with Korea and has provided considerable technical capacity and expertise. Japan has also shown an interest in engaging with China on the aid effectiveness agenda, and this is a role that has also been appreciated within the DAC. Whether China is interested in this is a different question, but at least there is potential for Japan in this area.

### ***A Distinctive Voice***

- **Japan's ability to hold its own and voice a difference of perspective within the DAC**, especially as one of its longest-standing, non-Western members, is also important. The fact that Japan does not always do things in the same way as other DAC donors is positive in that it helps to highlight that there is no single "right" way to approach development and as such it offers a wider set of options from which developing countries can choose. For instance, in the area of education, if Japan were to follow the lead of other DAC donors, it would have to shift its focus away from higher education and vocational training towards primary school education, which would remove resources from an area that is crucially required to address key capacity needs in the developing world but that is largely neglected by mainstream donors. Interestingly, representatives from recipient governments have praised Japan (as well as its main competitor China) for not bowing to international pressure to balance its focus on infrastructure with more governance and social sector reforms. Of course, there is also a perception among several commentators that Japan has not used its dissenting voice as effectively as it could within the DAC, and that it could exert greater leadership in showing how and why a difference of development approaches can prove essential in the promotion of development.

### ***A Steady Supporter***

- **The steadiness, continuity, and long-term perspective of Japan's focus on the "hardware" of development** has been unique among donors and has proven crucial in ensuring that infrastructure and agriculture don't fall off the radar screen of international development assistance. From the 1990s onward, as the majority of (DAC) donors shifted their attention to other (and by all accounts extremely important), "softer" areas of engagement, especially in terms of governance and the social dimensions of development, Japan received considerable criticism from the international development community for continuing to prioritise these two sectors. But as development trends and fads come and go, other DAC donors have recognised belatedly that infrastructure and agriculture remain essential as a foundation to promote development, and a renewed focus on these "hard" areas has become evident among donors over the past few years (see e.g. World Bank 2009). While Japan cannot claim to be taking a comprehensive approach to development, it can make a solid argument for its niche role in an important (and often overlooked) aspect of development in relation to rebuilding infrastructure and promoting agricultural development.

- **A focus on Middle Income Countries (MICs)** has equally ensured that such countries continue to receive needed assistance as most DAC donors focus their ODA on poorer countries as part of their commitment to poverty alleviation. Again, such an approach has received criticism from other DAC donors for lacking sufficient focus on the poorest countries, and Japan has responded by providing increasing levels of support in such settings (especially in Africa). But overall, Japan's engagement with MICs has been important and meaningful, and in the case of Asia in particular, there seems to be general agreement that it was also instrumental in supporting highly successful development in Bangladesh, Vietnam and even China.

### ***An Innovative Leader***

- Curiously, while Japan is not necessarily as good when it comes to the **processes** of managing and coordinating aid, which is what the DAC seeks to do, it has proven quite innovative when it comes to the **substance** of development. In effect, Japan has been at the cutting edge of some of the leading issues in development, including:
  - **Japan has been at the forefront of South-South and triangular cooperation**, which has become a key topic of interest in the DAC agenda. Its efforts in this area have been pioneering and go well ahead of the Accra Agenda for Action (OECD 2010b). Japan is in the leading position in terms of engaging the emerging donors, especially Asian countries such as Malaysia, Singapore, and Thailand (MOFA 2010b). Japan has also strengthened its ties and has implemented South-South cooperation and learning with emerging new donor countries of the Latin America as well, including Chile, Brazil, Argentina, and Mexico, and it is providing third-country training and dispatching experts from third countries to other countries in Africa and Asia as well as Latin American and Caribbean region (see Box 1 for an example).
  - **Japan has been engaged in “beyond aid” efforts, which the DAC has now started to focus on, for a very long time.** Especially in (East) Asia, Japan has for decades emphasised other tools and policies aside from aid to promote development, and its ODA has been closely linked with its trade and investment strategies (see discussion in Section 1.2 especially). In this respect, Japan has also brought an internally coherent approach to the different areas of its engagement with partner countries (diplomatic, developmental, commercial, etc). Again, Japan historically has gotten criticised by other DAC donors for what they perceive as its commercialised approach to ODA, but the merits of making some of these linkages in domestic policymaking and to look beyond aid have been increasingly recognised.
  - **Japan is a leader in the field of global and regional efforts on disaster risk reduction and management**, drawing from its own knowledge and expertise as a country that itself is greatly exposed to natural disasters. Capacity development is an integral component of its disaster reduction activities. Japan's assistance in this area has largely focused on Asia, but it is looking to increase support to other regions, especially in disaster-prone countries in Africa. JICA provides both hard and soft infrastructure support, and its focus is especially on building partner country capacity to assess risks and on prevention. (OECD 2010b).
  - **Japan has also been a pioneer of the Human Security** agenda spearheaded by the United Nations, especially under the guidance and leadership of JICA's President Madame Ogata (See Box 4). Yet, as noted, this agenda remains misunderstood among many key players in the international assistance community, and Japan probably needs to exert greater international leadership in this area, as well as in engage in more sustained efforts to implement the agenda within Japan's ODA.

## 5. Concluding reflections

This report has sought to analyse the evolution of Japan's ODA from a historical perspective, to look at some of the defining features of Japan's model of development, and to explore whether and how this model fits within an international development system that is increasingly crowded and ever changing. The analysis suggests that Japan's development model is deeply rooted in the country's own history and transformation from an aid recipient to one of the leading economies of the world. This model is distinct in many ways, and sets it aside from the "mainstream" model that is embedded in the OECD DAC and the aid effectiveness agenda. The unique qualities and characteristics of Japan's ODA have led to considerable criticism from the established donor community about what is perceived as the poor quality and lack of poverty focus of the country's assistance. In an effort to assuage such criticisms and demonstrate that it is a committed member of the international community, Japan has engaged since the 1990s in considerable efforts to align more closely with emerging international norms and guidelines while preserving its distinctiveness, which has not always been easy. Yet as this report has sought to show, while Japan's model of development may have some important weaknesses and limitations, it also has some key strengths that have helped to bring value to the international development agenda (or that have the potential to do so).

Perhaps one of the biggest indications of the effectiveness of Japan's ODA is the dramatic economic transformation it has contributed to in the Asia region, especially when compared to the considerably more disappointing track record that the donor community in general has achieved in Africa after similar decades of engagement. Of course, this raises a series of important questions: as Japan itself seeks to establish a more significant presence in Africa, can its model be transplanted from Asia to Africa relatively untouched and prove as successful in the latter setting? And are the development and, especially, governance issues that the two regions face comparable? The issue of governance in particular may not have been especially problematic in Asia, where many of the recipient countries have had relatively strong institutions in place and have been able to exert considerable leadership of the development process. It may be a more fundamental challenge in Africa, especially in fragile states, and Japan will surely need to develop its experience in governance in order to effectively tackle the particular challenges this poses in the African context. These are the questions that this project will seek to address during Phase Two of this research project, which will focus on contextualising the value added of Japanese assistance in Africa, and identify the key challenges it may face and adjustments it might consider.

Tellingly, it is the opinion of many of those who contributed to this report that a large number of the strengths of Japan's ODA continue to go unrecognised at both the national and the international level beyond a small set of involved stakeholders, if they are in fact recognised at all. Part of the challenge here is that, as has been explained, ODA has remained a rather bureaucratic domain in Japan and, aside from business, there is no natural "pro-international development" constituency inside Japan. This raises the question of whether and how the Japanese government can raise the public profile of its ODA, perhaps by making it more participatory and inviting a broader set of actors and stakeholders to get involved. In addition, while Japan argues in different international development fora that there is a lot to recommend in its model of development, observers have suggested that it has failed to develop the evidence-base for such claims convincingly and consistently, or to share and communicate such evidence and analysis among a broad audience (including not only other donors but also civil society), both within and outside Japan. A few commentators also noted that, if Japan does have an alternative model of development to offer, it may need to be more proactive in defining it within the OECD DAC and beyond. Ways in which Japan may begin to increase the profile of its ODA in this way are discussed in the third and final phase of this project.

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## APPENDIX A: Project Terms of Reference

### PHASE ONE – Locating Japan’s ODA within a crowded, shifting marketplace

This part examines the history and evolution of Japan’s ODA to date, in an effort to extract / identify its contemporary value within a rapidly changing development landscape. The major question it seeks to answer is:

- What is the value add of Japan’s development model compared with other major donors?

Answering this question will involve answering a number of more focused ‘minor’ questions, including:

1. What do we mean by a development ‘model’ or approach and how does it relate to a country’s ODA policy?
2. What are the most common characteristics of development models shared across the donor community?
3. What are the defining features of Japan’s contemporary ODA /development model, and how / why have these changed over the last few decades?
4. What is the relation between Japan’s ODA and Japanese culture, and what implications might this have for the former’s propensity for change?
5. Who are the most comparable donor agencies to JICA in terms of their development model / ODA policy, and who are the most different?
6. How is Japan’s ODA currently viewed / appreciated by other key stakeholders (e.g. donors, western media, international NGOs), as compared with their closest counterparts?
7. How will Japan’s ODA and/or development model be affected by the rise of Brazil, Russia, India and particularly China as emerging economies / donors?

This element of the research is designed to *raise awareness* about the history and contemporary value of Japan’s ODA, and will target audiences including:

- Japanese Government - Ministry of Foreign Affairs
- JICA HQ
- JICA Overseas Offices
- Other Bilateral and Multilateral Donors / Government Agencies
- International NGOs
- United Nations Agencies
- Japanese Embassies
- Japanese & Foreign Media / Academic Institutions

It is anticipated that the methodology supporting this element of the project will include desk research (e.g. comparing OECD DAC Peer Reviews), telephone / face-to-face interviews with academics and officials, and case studies / success stories from JICA’s information database.

## **PART TWO – Applying the strengths of Japan’s ODA within an African context**

This part examines how the distinctive value of Japan’s ODA can be practically applied to meet some of the contemporary and emerging challenges facing African countries. The major question it seeks to answer is:

- What has been the value add of Japan’s contribution to African development to date, and what areas, issues, populations or programs should it concentrate on going forward in cooperating effectively with other key stakeholders?

Answering this question will involve answering a number of more focused ‘minor’ questions, including:

1. What has been Japan’s strategy for ODA to Africa so far, and what have been the key influencing factors behind this approach?
2. What have been some of the key success stories in Japan’s assistance to Africa to date, and what have been some of the major barriers to success?
3. Which donors appear to have had greatest success in providing sustainable, effective assistance to Africa, and how has this been achieved?
4. What are the key priorities that are / will be driving the work of other major donors providing ODA to Africa over the next ten years?
5. Avoiding duplication and recognising its distinctive strengths, what areas, issues, populations, programs or methods might be most appropriate for Japan to focus on in providing ODA to Africa over the next ten years?

This element of the research is designed to be *policy-oriented* and *practically focused*, and will target audiences including:

- Japanese Government - Ministry of Foreign Affairs
- JICA HQ and JICA Overseas Offices
- Other Bilateral and Multilateral Donors / Government Agencies
- International NGOs
- United Nations Agencies
- Japanese Embassies
- Japanese & Foreign Media
- Japanese & Foreign Academic Institutions
- TICAD V Working Groups and Conference delegates in 2013

It is anticipated that the methodology supporting this element of the project will include desk research, telephone / face-to-face interviews with academics and officials specialising in African development located in-country and around the world, and case studies / success stories from JICA’s African database.

## **PART THREE - Positioning Japan's ODA as a leader in its field**

This part contextualises the research within the United Kingdom to examine how the findings from the previous two research elements can be used to enhance the public recognition and status of Japan's ODA within an increasingly competitive marketplace. The major question it seeks to answer is:

- What is the best way for Japan to enhance its profile and influence in the development field to remain a leader despite the emergence of new players?

Answering this question will involve answering a number of more focused 'minor' questions, including:

1. What are the most common perceptions / misconceptions among development stakeholders in the UK regarding Japan's ODA?
2. How might Japan best quantify / understand the gap between the size of its ODA contribution and its perceived contemporary public recognition worldwide?
3. What have been the implications of this gap in shaping Japan's ability to influence development policy and practice at the highest international levels?
4. How have / do donors similar to Japan maintain public profile and influence relating to their ODA, both domestically and abroad?
5. Using the example of the UK media, what are some of the relationships, resources and models of interaction that might successfully enhance the profile and influence of JICA in this region?

This element of the research is designed to be *policy-oriented* and *practically focused*, and will target audiences including:

- Japanese Government – Ministry of Foreign Affairs
- JICA HQ
- JICA Overseas Offices – particularly those in UK, USA and France
- Other Bilateral and Multilateral Donors / Government Agencies
- International NGOs
- United Nations Agencies
- Japanese Embassies
- Foreign Media – particularly those organisations based in the UK

It is anticipated that the methodology supporting this element of the project will include desk research, telephone / face-to-face interviews with UK-based journalists, academics and officials specialising in international development.

## **APPENDIX B: List of Interviewees for this report**

Naoko Arakawa, Education Programme Specialist, UNESCO (Cambodia)

Karin Christiansen, Publish What You Fund (UK)

Masato Hayashikawa, OECD (Paris)

Takata Hirohiko, Chief Representative, JICA Timor-Leste Office

Penelope Jackson, OECD (Paris)

Kimiaki Jin, JICA UK Office

Rinko Jogo, OECD and formerly at JICA HQ

Naoyuki Kobayashi, Senior Advisor and Director for Development Partnership Division, Operations Strategy Department, JICA HQ

Ken Okaniwa, Director, Japan Information and Cultural Centre (JICC), Japanese Embassy in the UK

Yumiko Yasuda, Researcher, University of Dundee (Scotland, UK)

Debbie Warrener, freelance consultant, Japan-UK relations, international development (former Policy Advisor, Donor Relations - Japan, DFID)