

OFFICIAL DEVELOPMENT ASSISTANCE (ODA) AND JAPAN'S INTERNATIONAL ROLE

Imrana Gul

INTRODUCTION

After World War 2, Japan was an aid recipient for a long time. American aid programs such as Government and relief in Occupied Areas (GARIOA), and Economic Rehabilitation in Occupied Areas (EROA) provided essential emergency assistance and played an important role in helping Japan recover from the confusion and devastation of the immediate post war period. The total amount of GARIOA and EROA aid over the six-year period "between" 1946 to 1951 was two billion dollars, a huge sum in those days. Thereafter capital was introduced from the World Bank (WB) and U.S. Export-Import Bank as well as from private foreign Banks. Loans from the WB began in 1953 and lasted for 14 years until 1966, reaching a total of 860 million dollars. Japan borrowing from the WB ranked second only to India in the early 1960s. To graduate from being an aid recipient and then go on not only to join the aid donors but become the World's largest aid giving country along side the United States is a unique history unparalleled in the annals of aid.

Japan's Official Development Assistance (ODA) began in 1954, when it joined the Colombo Plan and organization set up in 1950 to assist Asian Countries in their socio-economic development. Whilst receiving aids itself in the 1950s from the WB as mentioned above, for the reconstruction of its economy, Japan began the process of delivering aid to developing countries. Since that time, Japan's ODA commitment has increased and expanded yearly. With this expansion there has also been a gradual move to include countries outside Asian countries in Eastern and Central Europe being the most recent additions. Today Japan stands as the top donor in the World in the form of net ODA disbursement and in 1992; it was the major donor in 25 countries. Japan's provision of economic cooperation is based on the concepts of "humanitarian and moral considerations" and the "recognition of interdependence among nations".

The present study/paper aims at focusing on the significance of ODA for Japan's international contributions/role. The first part of paper deals with an overview of Japan's ODA policy, which could also be a reflective of Japan's international role, and recent priority areas of ODA Japan to highlight Japan's international contributions. While second section focuses on some of the issues relating to ODA, and suggestions for the improvement of Japanese ODA for more credible and effective international contributions. And finally some conclusions are drawn.

ODA AND JAPAN'S INTERNATIONAL ROLE

ODA plays a significant role in terms of Japan's international contributions. As a country with strict constraints on what it can do militarily, Japan naturally finds economic cooperation to be an exceedingly an important tool in foreign policy. Thus official Development Assistance (ODA) is one of the most effective measures actually available to Japan. It is undeniable fact that Japan's presence in international society is quite large and other countries look to Japan with great expectations. Japan's share of the world's GDP grew from three percent in 1960 to 14 percent in 1990, and was nearly 20% by 1994. Although its share of world trade (exports) has been stagnant in 90s, however Japan ranked third after U.S. and Germany in the world with nearly 10 percent and continued to run a huge account surplus. When liabilities are subtracted from the assets Japan owns overseas, its net foreign assets have been the world's largest for six consecutive years, and exceeded 100 trillion yen for the first time at the end of 1996. Japan's ODA has been the largest in the world.

As above-mentioned facts indicate, Japan's international presence that looms so large, it is quite natural that its obligations should also be increasing in size. And this is what Japan has been doing, contributing to international community through its ODA. In August 1999, Japan's medium-term policy on official development assistance provides a clear and concert path for Japanese ODA over the next five years. Policy declares that, as the world second largest economy Japan, "shoulders the important responsibility" of contributing to sustainable social and economic development in developing countries. Additionally the points is

made that this a role through which “Japan can win the confidence and appreciation of international community” and that “ODA plays a very significant role in ensuring Japan’s own stability” by promoting “Japan’s best interests, including the maintenance of peace and stability, particularly given Japan’s dependence on imports of resources, energy, food and other basic materials.

Japan possesses a variety of international co-operation instruments. The term official development assistance (ODA) is used to describe grants, technical aid and concessional lending usually coming from the export-import bank of Japan, fall under the rubric of economic cooperation, frequently used by outsiders to describe the full range of Japan’s economic relations with the developing nations. However, among Japanese aid planners; private investment as well is characterized as economic cooperation. Occasionally Japanese aid planners use ODA and economic cooperation interchangeably. There are three main categories of ODA as follows:

- 1) Bilateral grants (grants aid and technical cooperation)
- 2) Bilateral loans (loans assistance, generally known as yen loans)
- 3) Contributions and subscriptions to multilateral donor organizations

Japan has made full use of diverse range of ODA instruments in establishing an accomplished ODA track record of in more than 150 developing countries worldwide. Many recipient countries and their citizen’s value that aid and have expressed sincere gratitude in response. As a recent example, a Japanese photojournalist convicted of causing the death of an airport security guard at Amman airport (due to his negligence, when a cluster bomblet he had taken from Iraq, as a souvenir went off during a luggage security check) was granted a special pardon from Jordan’s King Abdullah 2. This decision by Jordanian king is a clear manifestation of maintaining friendly tie with Japan, a big provider of economic assistance to them. Support from the developing world to Japan in United Nations elections and variety of other international for a results in part from daily cooperative relations between Japan and these countries.

AN OVERVIEW OF JAPAN'S ODA POLICY

As Japan's economy developed and as her international position as a economic power grew, foreign aid became an instrument not simply for supporting the rehabilitation of Japanese economic activity, but began to become an important instrument as well for an embryonic foreign policy that was cautiously seeking ways to express Japan's evolving international economic, political, and security aspirations and responsibilities. In 1950s and through most of the 1960s, Japanese ODA policy was more likely to be an extension of Japan's reconstruction strategy, a strategy that included reconstructing economic relations between Japan and the rest of Asia, than the harbinger of any fundamental alternative views of international order.

The turning point for Japan generally and for ODA policy in particular occurred in the early 1970s when Japan's response to the first oil shock was to revise its ODA policies as well as other fundamental instruments of international relations. These revisions had three important characteristics: (1) they explicitly extended Japanese international economic policy outside of Asia, and the West, (2) they explicitly linked international economic policy with independent international political positions; and (3) they overtly tied international economic cooperation policies to an established but continually evolving concept of "Comprehensive Japanese Security". There was the problem of resources security for Japan, what Japan saw in the oil shock was that to satisfy her resources requirements, to ensure continuing access to the resources Japan increasingly needed, Japan would require a move direct, sophisticated, independent, and global form of participation in international economic and political affairs. To do this, was not only an initiative of official policy, but had to, in fact build on a foundation of growing bilateral economic, political, and cultural contacts----especially in Asia. By 1978, Japan was already the leading bilateral donor in Asia, with most of that aid going to the South East Asian nations in ASEAN.

In the 1980s in reaction to increasing demands from the United States and other OECD members and in pursuit of objectives that were emerging from the experiences of the 1970s (in 70s Japan had to also face "Nixon Shock", thus oil shock was economic shock, while Nixon shock was

political) Japan undertook the globalization of her ODA through a series of “doubling plans”. The 1980s period had three major milestones: the international debt crisis, the Plaza accord, and political change in Eastern Europe. Of necessity Japan had to define its role vis-à-vis the United States and other Western countries in reacting to the debt crisis. Japan was agreed with the need for concerted action on broad strategies to address the debt crisis; however, Japan has generally had problems with that it perceived as proposals from the U.S. and World Bank group to use the debt crisis as a fulcrum for pressure on the economic policies of indebted countries (for example, U.S. sought to link both bilateral and multilateral ODA to agreements by recipients governments to undertake market oriented economic policy reforms. This linkage between aid and the domestic policy strategies of recipient countries was not consistent with Japan’s ODA policy, which had traditionally avoided explicit policy conditionality). Thus the debt crisis required Japan to engage in a different balancing act, with its ODA policy between its obligations to the donor community (and through that to the West) and its own agenda of interests and objectives.

In 1985, the plaza accord, which significantly realigned the major world currencies, its effect for Japan, that the international monetary system acknowledged Japan’s status as a global economic super power. This had two important consequences: First, it significantly increased expectations of what Japan could and would do in its development assistance area. The second consequence was that it brought Japan’s ODA policy in yet closer proximity to areas of friction between Japan and United States. For Japan’s ODA, plaza accord set in motion new kinds of pressures for donor coordination as other donors sought to harness Japan’s capital strength to their own agendas. Conflict developed around U.S. claims that access to contracts under Japanese ODA was effectively closed to American firms. Instead of the “good feelings” from ODA cooperation infusing the trade arena, some of issues from trade arena infected the arena of ODA cooperation.

In the early 1990s, the break up of Soviet Union and the end of Cold War were two important events at international level. And these changes had significant longer-term implications for Japanese thinking about its

international role generally and the roles of ODA policy in particular. However it was the Gulf War that generated the most serious discussion within Japan about her international role since the end of Second World War. It also set off a serious discussion about Japan's relationship with the United States increasingly, for Japan, the question was not how to use aid to "carry her share" in the U.S. relationship or in the relationship with the West generally. This had to remain important, but clearly the issues were turning in a sense back to the roots: what are Japan's international interests? What are Japan's international roles? What mission can and should ODA play to support these interests and roles?

In April 1991, Japan announced a four point ODA guideline that placed emphasis on recipient country performance on democratization and human rights, reduction of military expenditures, reduction of participation in arms trading, and commitment to market oriented economic policies. Was Japan going to become more resolute in its use of ODA for purposes beyond economic issues? The 1991 white paper on ODA made it clear:

The Gulf Crisis and the dramatic reforms in Central and Eastern Europe and the Soviet Union have led to the emergency of a national consensus in Japan that this country's aid should play a more active role in the achievement of world peace, stability, and democratization----- Japanese aid has sometimes been criticized as lacking a philosophical foundation because of Japan's reluctance to trade weapons or be involved in the trading of arms. There have been instances in which Japan's aid activities have been influenced by such factors as democratization movements, and human rights issues in recipient countries. Now a kind of national consensus has evolved as a result of such development as the Gulf crisis and the reform process in Central and Eastern Europe and the Soviet Union. This consensus was reflected in the four point guidelines announced in April 1991. This does not indicate a change in Japan's basic philosophy towards aid. Although Japan intends to continue to give full weight to the cultural, historical, and social circumstances of each country in relation to the actual implementation of aid, in some cases a more resolute stance will be taken.

Weapons are involved in the trading of arms. There have been instances in which Japan's aid activities have been influenced by

Thus this criteria, Which Japan set in 1992 ODA charter also gave clear answer to the objective/question, which has been concerning the lack of adequate attention to political criteria in its ODA policy. There could also be found a relationship between Japan's concept of "comprehensive security" and its ODA policy. Japan's concept of comprehensive security goes beyond the military sense of security with which, by contrast, American foreign aid historically has been closely associated. It also goes beyond the narrow interpretation of economic security. Today, Japan's understanding of comprehensive security extends to recognition that national economic development in poorer and middle income countries and international political stability are corner stones of international trade, access to resources, and ultimately Japan's own well being. Japan's search for comprehensive security as an active participant in the international economy, increasingly has become the underlying motif for Japan's understanding of how ODA shall be used as a foreign policy tool.

RECENT PRIORITY AREAS OF JAPAN'S ODA

The following section is focusing on the recent priority areas of Japan's ODA to highlight Japan's international contributions; what non-military role Japan has been playing and is continue to play to the international community through its economic assistance.

Coexistence with Asia and the rest of the World

Asia is the region with which Japan shares the closet historic, economic, and cultural relations; and because of the depth of these relations, Asia is

such factors as democratization movements, and human rights issues in recipient countries. Now a kind of national consensus has evolved as a result of such development as the Gulf crisis and the reform process in Central and Eastern Europe and the Soviet Union. This consensus was reflected in the four point guidelines announced in April 1991. This does not indicate a change in Japan's basic philosophy towards aid. Although Japan intends to continue to give full weight to the cultural, historical, and social circumstances of each country in relation to the actual implementation of aid, in some case a more resolute stance will be taken.

considered the highest priority region under Japanese Official Development Assistance (ODA) policy.

Asia

As it's mentioned above, Asia has been priority region of Japanese ODA. In fact, during FY 2000 Japanese allocated more than half of its bilateral assistance (US\$ 5.23 billion, approximately 54.8 percent of the total bilateral assistance) to Asia. Japan's ODA policy places particular emphasis on the Association of South East Asian Nations (ASEAN) region, which received 59.2 percent of Japan's ODA to Asia during FY 2000. Rectifying the economic disparities between original and new ASEAN members is particularly important for further consolidating the integration of ASEAN and for advancing regional stability. While providing bilateral assistance, and promoting intra-regional cooperation and South-South cooperation, Japan has provided assistance to the relatively less developed ASEAN members, namely Vietnam, Laos, and Myanmar, in order to support their transition to a market economy from a long-term perspective, and to provide assistance in the social sector, which includes poverty reduction, and basic human needs. For example, in August 1995 Japan initiated the Comprehensive Policy Assistance Survey for Vietnam (otherwise known as the Ishikawa project), which was designed to support Vietnam's transition to a market economy through the formulation of policy proposals. The Ishikawa project, started in August and completed March 2001, was a forerunner to Japanese policy-support-type assistance programs.

Indonesia suffered severe effects from the Asian currency and financial crisis of 1997, and the country is now rebuilding its economy with assistance from Japan and other members of the international community. Recently, there have been signs of an upturn in Indonesia's real economy. At the November 2001 Consultative Group on Indonesia (CGI) meeting, Japan announced that it would extend new ODA loans approximately Yen 41.7 billion in total in order to assist, from middle to long term perspective, the country's efforts to return its economy to a stable path and achieve further growth. Furthermore, to expand the range of bilateral dialogue concerning Indonesia's important policy issues, Japan will

help efforts by the African countries themselves and of partnership from the international community in supporting those efforts. Japan also co-organized the TICAD Ministerial-level Meeting in December 2001 in preparation for TICAD 3. Specifically, in accordance with the pledge to provide approximately yen 90 billion in grant aid to education, health, and medical services, and water resources sector over the next five years announced at the 1998 TICAD 2 meeting, Japan had provided yen 53.2 billion in such aid to African countries by December 2001. To date, that assistance has afforded educational opportunities to approximately 310,000 African pupils and provided safe water to approximately 2.7 million African.

RESPONSE TO GLOBAL PROBLEMS.

Japan's ODA charter 1992, recognizes that it is important for developed and developing countries to cooperate in tackling global problems, such as environment and population, and that Japan will support efforts being made by developing countries to overcome these problems. Japanese ODA's response to global problems is as follows:

The fight against Infectious and Parasitic Diseases

Infectious diseases like HIV/AIDS that spread beyond national boundaries have severely impacted upon the health and work capacity of people in developing countries, and these disease now poses a serious impediment to development. Based on that understanding, Japan has positioned health care as priority field in its Official Development assistance (ODA) policy. During 2000, Japan allocated U.S. \$ 2.22 billion, or approximately 16 percent of its ODA, to the health care field.

During 2001, the international community engaged in active discussions concerning infectious disease control-for example, at the Africa summit on HIV/AIDS tuberculosis and other Related Infectious Diseases, which was held in Nigeria in April; at the UN General Assembly special session on HIV/AIDS in June; and at the Genoa Summit in July.

implement the Economic policy supporting Team for Indonesia, comprising academic experts and government officials.

Additionally, during his January 2002 visit to several ASEAN countries, Prime Minister Junichiro Koizumi, proposed, as future-oriented cooperation, the initiative for Development in East Asia (IDEA) Ministerial Meeting in order to review the role of ODA in the economic growth of East Asia and to consider future development strategies and cooperation in East Asia. Meanwhile, Japan conducted a review of its ODA China given the harsh economic and fiscal conditions in Japan, the changes in China's development and diverse critical views in Japan on ODA in recent years. In October 2001, Japan announced the economic Cooperation program for China, which is intended to make Japan's ODA to China more efficient and effective. This new program will be a guide line for Japan's ODA to China over approximately five years hereafter.

In South Asia, Japan had suspended all new yen all new grant aid (except for emergency and humanitarian assistance and grant assistance for grassroots projects) to both India and Pakistan because of the nuclear weapons tests the countries conducted in May 1998, in accordance with the ODA charter. However those measure were discontinued in October 2001, following the terrorist attacks in the United States from a comprehensive view point, taking into account the progress that both countries had made in the nuclear non-proliferation field, their support of the international coalition against terrorism.

Africa

Africa has the highest percentage of people living in absolute poverty, and it faces many other grave issues as well, including conflicts, infectious diseases, and cumulative foreign debt. Japan has actively strived to improve those conditions, and provided U.S. \$ 969 million in ODA to African countries during 2000, which accounted for 10.1 percent of total Japanese bilateral aid for that yet.

Japan has twice hosted meetings of the Tokyo International Conference on African Development (TICAD), which advocated the importance of self-

At the UN General Assembly special session on HIV/Aids, former Prime Minister Yoshiro Mori explained Japan's approach, including the significance of the Okinawa Infectious Disease Initiative (IDI), and announced that Japan had provided approximately US \$ 700 million in concrete support based on the IDI. Those efforts are highly regarded by other UN members. Japan subsequently announced that it would contribute US \$ 200 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), based on an agreement reached at the Genoa summit along with other major donors including the U.S., and Italy.

Global Environmental Issues

In the 1950s and 1960s Japan experienced a spate of serious pollution problems typified by Yokkaichi asthma and Minamata disease, but was some how able to overcome them. Against the background of these experiences, the Japanese drew up an Action Program to Arrest Global Warming in October 1990, it also responded positively to the international agreements and in 1993 enacted the Basic Law on the environment pollution, Japan has built up a store of technologies to control pollution and the expertise in using them. This technology and know how have become a powerful weapons in Japan's overseas cooperation efforts in the fight against environmental pollution.

Japan has also been working out a clear course of action that gives priority to environmental issues in the aid areas. The Official Development Assistance (ODA) charter 1992 cites conservation of the environment as one of its fundamental concepts and makes the harmonization of the environment and development its primary guiding principal. At the earth Summit in 1992, Japan had announced its intention to provide between 900 billion and one trillion yen in environmental ODA over a five-year period. And this goal was reached in 1995, a year ahead of scheduled. Similarly, Japan has been providing support in the form of yen loans for reforestation plans in many countries around the world.

Efforts for Poverty Reduction

Japan has been joining hands with the international community in its efforts for poverty alleviation. The United Nations sponsored World Summit for Social Development held in 1995 called for the elimination of poverty by the early 21st century and urged all nations to take concert steps towards that goal. In 1996 the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) unveiled a strategy entitled "Shaping the 21st Century: The contribution of Development Cooperation" (commonly known as the "DAC New Development Strategy"). This document set a specific numerical target: cut the percentage of people living in extreme poverty at least by half by 2015.

Japan's ODA charter asserts in its statement of principles that "from a humanitarian viewpoint, the state of poverty in the developing countries can not be overlooked". Similarly, the "ODA Medium Term Policy" released in August 1999 designates "support for poverty countermeasures and social development" as a key priority. In this policy, the government reaffirms its commitment to providing direct aid to the poor in such areas as basic education, healthcare, and medical services, and WID/gender. It also pledges to continue offering support to developing countries in bolstering their ability to formulate and implement policies for alleviating poverty and in instituting system designed to attain the same goal.

The regional conflicts, which have erupted in various parts of the world since the end of the Cold War, have in many cases plunged people into poverty. On the other hand, the poverty itself can, and in some instances, has been a contributing factor to war. Hence providing aid to reduce poverty has come to be recognized more than ever as a crucial step in peace building. For that reason, the Japanese government has in recent years adopted the concept of "global human security"--- an all-embracing concept that stresses protecting each individual's life and livelihood. Inspired by the concept, Japan is determinedly tackling such direct threats to human survival as mines, drugs, and HIV/AIDS, as well as providing aid to socially disadvantaged groups including the poor, women, and children, who are the worst affected when economic crisis strikes.

SOME ISSUES/ EXAMPLES RELATING ODA

Recently, there is a rising concern regarding the reforms in Japanese ODA system. There are some, who advocate complete overhaul of the ODA system starting from the redefining of mission statement in the light of a long-term strategic vision, incorporating the views of different segments of the Japanese administration and society. Similarly the organization to be entrusted with the achievement of the objectives should be newly established learning from the past practices.

This section aims at focusing on some of the issues relating to ODA, through it is a gigantic task covering various aspects and all the history of Japanese ODA, therefore, a simplified approach based on the view of the Japanese media reports regarding ODA in the past six months is adopted and then suggestions for improvement are made in the light of the issues/examples raised by the media.

Humanitarian aid and Politics

Through, separating humanitarian assistance from politics is a widely accepted norm in today's international community; however, the society for promotion of Japanese diplomacy, a private organization in the recent past came under fire for providing food aid to North Korea. The basis of criticism was political (like abduction of Japanese, development of weapons of mass destruction) and had nothing to do with the poor and ordinary North Korean citizens.

Post Conflict Assistance

Main emphasis of the Japanese ODA has been on post conflict reconstruction and refugee relief. Recently, in Japan, debate has been active within the government about postwar Iraq; reconstruction, and refugee relief. However, the suffering of common people during the conflict is a matter of great concern as well. The important things into provide maximum humanitarian relief during a conflict. Doing so would boost Japan's evaluation in the eyes of international society. Moreover, the government policy sets a rigid safety standard for the dispatch of JICA

personnel. While sending people when war is going on, could be a more useful contribution in post war work.

ODA and Foreign Policy

There have been some conflicting questions about the ODA and its consistency with the foreign policy. For example, how to provide humanitarian aid to poor people of countries with which Japan has no diplomatic relations? Moreover, ODA charter is arbitrarily interpreted by the MOFA. For example, when USA launched an attack on Afghanistan in 2001, Japan resumed ODA to Pakistan that had been frozen in protest of its nuclear weapons development. However, in the case of Chinese nuclear tests in 1995, grant aid was resumed only when china assigned the CTBT.

Interference

In the conference about rebuilding of Afghanistan in Tokyo, MOFA did not invite a NGO, reportedly disliked by then foreign minister, Miss Tanaka. According to the new law, under which JICA has been given a corporate status, JICA is required to consult with the MOFA and related government officers and get their approval before it can delegate NGOs to run the projects. Thus, there is a growing skepticism whether JICA can really maintain its independence without government interference? The grass-roots technical cooperation, a program run by JICA through NGOs, could be effected due to the liking and disliking of ministry officials. Moreover, there are inconsistencies in other NGOs related programs such as grass-roots grants aid and NGO subsidies, where no consultation is required.

Commitment to Democracy

Japan also promotes democratization through ODA. Nigeria's aid was suspended in 1993 due to military take over. However, in the case of Pakistan this rule was not fully invoked. Moreover, China is a special case in this regard, which is also a major arms exporter as well. Also the Japanese ODA system does not have the adequate intellectual infrastructure to ensure this aspect.

ODA Charter

It has been pointed out that current ODA charter, which requires that environmental concerns, military abuse, democratization, and market orientation of the recipient countries be considered in providing bilateral ODA. However, they might be used as an excuse for cutting aid to some countries. They also lack concrete contents for solving specific development problems or improving the global economic system.

Transparency

ODA programs are funded by Japan's taxpayers, and as such, are backed by the understanding and cooperation of the Japanese public. For this reason, it is essential that steps should be taken to improve the transparency of ODA due to scandals of MOFA officials. Yen loan kick-back scandal in the Philippine in the past showed the tip of iceberg.

Policy Decisions

The Japanese assistance is characterized by large-scale infrastructure projects such as bridges, dams, highways, airport port facility and etc. Some ODA projects have been implemented based on policy decisions that do not take into consideration the needs of local residents in the area of the project of recipient countries. This makes life more difficult for poor segments of the society. The Japanese press has increasingly focused on the Japanese aid, exploring projects that have been mismanaged and projects with negative social and environmental impacts. Some news papers have also criticized the Japanese aid program for being too closely connected to American strategic interests.

Inconsistency in External Policies

There has been great concern that despite its huge economic size and the status of the largest ODA donor, Japan has not succeeded in establishing clear long-term national objectives in either trade or ODA policy. As a result, the two policies are often mutually inconsistent. For example, Japanese ODA places much emphasis on industrial promotion in low-

income countries; however, certain Japanese ministries oppose this type of ODA, because increasing competitiveness of developing countries will mean trouble for Japanese industries such as agriculture, food processing and garments.

SUGGESTIONS FOR IMPROVING JAPAN'S ODA

There is no question about the positive/constructive contributions of Japan in terms of ODA to the international community, as discussed above in section one. And recipient countries have lot of respect for Japan. However, while focusing on vision for future, structure of ODA set-up, clarity of objectives and consistency, transparency and participation of general citizens, Japan could improve its ODA system and could have more solid and effective International contributions. Some suggestions are made to improve Japan's ODA system, while keeping in view some of the issues raised above.

ODA Policy Reform

The emphasis of ODA policy should be shifted from quantitative expansion to qualitative improvement. While setting quantitative target on assistance expenditure, the government priority tends to be how to spend the sum, rather than on seeking ways and means of formulating better policies and implementing effective assistance programs. It is therefore strongly advisable that the government should abolish its ideas of setting up the quantitative target on assistance expenditure. Rather the government should formulate and disclose concrete measures to raise efficiencies and quality of assistance program. Moreover, the policy should on the basis of a long-term strategic vision.

Administrative Reform

International cooperation must be established and implemented under the fundamental national policy towards diplomatic policy and foreign economic policy. Within such national policy, ODA must be clarified as the most important and each must be coordinated under one government body. Concrete measures in this regard could be as follows:

Simple Structure

Current ODA administration is very complex (composed four ministries/agencies handling yen loan programs, 19 ministries/agencies in total if all technical assistance programs are included). All of them are involved in policy formulation and implementation without proper coordination. There are no such comparable complexities around the world. It could be utmost importance to design one specific ministry that should formulate all assistance policies.

Policy Implementation

One agency could be designated to implement all assistance programs. All assignments and budgetary measure on ODA related sections within 19 government agencies, as well as OECF and JICA must be thoroughly reviewed and regrouped under one agency. All other government sponsored assistance related organization should also be under scrutiny of the government jurisdiction for their tasks, cutting down the cost, and review reason of their existence. The current structure is based on program classification such as loan, grant and technical assistance. However, the new agency should have a structure on regional basis and implement bilateral and regional assistance programs.

Specialized Staff

The Japanese aid program has lesser staff as compared to other donors. The newly established agency must have its own recruitment and stag management capabilities. It must be able to recruit staff members from variety of resources to ensure effective policy implementation. Training of recruited staff members should be intensely conducted. The agency should also initiate staff exchange programs with outside institutions in order to upgrade technical capabilities of its professional staff members.

Greater role of the Private Sector

For quite sometime, development has been the act of the government. However, needs of developing countries are expanding and there is a limit

on what the government can achieve within its own jurisdiction. Meanwhile, accumulation of know-how and expertise on the side of private sector has become large enough. The government, therefore, must think about the new ways of division of labour on the development assistance. The government should actively utilize the expertise, knowledge, personnel and money of private sector if it wants to raise efficiency and spillover effects of its assistance programs. NGO movement in Japan has gained strength and could prove as an asset for Japan's ODA if appropriate relationships between NGOs and the aid bureaucracy could be developed.

Involvement of Larger Japanese Public

The Japanese public must clearly recognize that assistance for developing countries will have direct bearing on their lives. The Japanese people should be asked to take time to consider how assistance program could be better administered. The government should implement assistance involving a greater source of interested Japanese public.

Disclosure of Information and Transparency

The government must compile a comprehensive database containing a variety of ODA information including content of projects. The Internet should also be utilized as one of the possible means of disclosure. In order to ensure transparency, the external auditing should be introduced in all schemes of economic cooperation.

Evaluation Systems

Japan has, of course, been engaged in evaluation of its ODA programs for many years. However, in order to improve the quality of ODA, Japan should refine its evaluation systems.

Further, evaluation should be more diversified and broader in scope. They should examine whether initial goals have been met, gauge such factors as environmental or social impact, and determine whether aid has had any positive macroeconomic impact on growth in recipient countries.

Additionally, it will be necessary to utilize the evaluation feedback in future.

Relaxation is Standards

Relaxation in standards to send its people to troubled areas, “during a conflict” where international agencies are already at work, could enable Japan to attain a stature of high importance in the field of relief activities.

CONCLUSIONS

After the Second World War, Japan followed a development path and eventually earned a status of an economic super power, through the self-reliance of the Japanese people was the primary force behind that achievement, how ever assistance from the international community was also instrumental, specially, during the early reconstruction years. Thus Japan whilst receiving aid itself in the 50s from World Bank, began the process of delivering aid to developing countries. Since that time Japan’s ODA commitment has increased and expanded yearly. Since 1980s, Japan has given ODA high national priority and devoted it self to enlarging its ODA programs. In fact, Japan has been the world’s top donor of ODA in value terms for several years. Through many Asian countries have registered impressive economic gains, Japanese ODA was instrumental in helping lay essential infrastructure and other ways set the stage for their economic take off. Japanese ODA also has an extensive track record of success in Latin America and Africa.

Currently Japan’s ODA is giving high priority to the global problems; infectious and parasitic disease, global environmental issues, and poverty, etc., while realizing that these problems are of extremely grave nature, and they directly threaten the lives of people and the economic and social foundation of developing countries.

Overall Japan’s record in the ODA field has functioned as a key asset in helping it a trustworthy and honored position in the world community. In fact, ODA is one of the most important dimensions of Japan’s involvement in foreign affairs, and, is a mirror reflection of Japan and its people in the

eyes of international community. ODA in spirit and practice is an expression of Japan's will, ability, and character as a member of international community. The government should do everything in its power to ensure that quality ODA is available to recipient countries, while, introducing reforms in its ODA system; improving the institutional capacity of ODA operations to respond to the diverse needs of recipient countries, strengthening the public-private partnership, and increasing transparency and broad participation of Japanese citizens in ODA operations, Japan could provide more solid foundations to its ODA system and would be contributing more effectively to the international community.

REFERENCES:

- (1) Akira, N. and Yasutami, S., *The Economic of Development Assistance*, 1999, LTCB International Library Foundation, Japan
- (2) Koppel, B. M. and Orr Jr., R. M., *Japan's Foreign Aid: Power and Policy in a New Era*, 1993, Westview Press Inc., USA
- (3) Ohno, I. And Ohno, K., *Global Development Strategy and Japan's ODA Policy*, 2002, GRIPS Developemnt Forum Discussion Paper
- (4) <http://www.mofa.go.jp/policy/oda/reform>
- (5) Cook, C. M. and Beaudry-Somcynsky, M., *Japan's System of Official Development Assistance*, 1999, Stylus Publishing, USA
- (6) Kawai, M. and Takagi, S., *Japan's Official Development Issues and Future Directions*, World Bank Working Paper--- International Economics, 2001
- (7) <http://www.keidanren.or.jp/english/policy>
- (8) *Japan's ODA Annual Report*, 1999, Edited by Economic Cooperation Bureau, MOFA, Japan.

-
- (9) Kenichi Ohno, East Asian Growth and Japanese Aid Strategy, Grips Development Forum, 2003.
 - (10) Ministry of Foreign Affairs. Japan's ODA 1991 White Paper on ODA. English Summary Tokyo Ministry of Foreign Affairs, 1992
 - (11) Japan's Official Development Assistance and an Analysis of macro-economic effects of aid, Juncigi Hasegawa, centre for international affairs, Harvard University, 1989.
 - (12) The Asahi Shimbun, January 29, 2003
 - (13) The Asahi Shimbun, February 20, 2003
 - (14) The Asahi Shimbun, February 20, 2003
 - (15) Japan Times, June 18, 2003.