



Where can Japanese Official Development Assistance add value?

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Key points

- Japan's model of development assistance – based on particular principles, modalities, areas of engagement, and partners – distinguishes it from mainstream donor trends
- There are real opportunities for Japanese ODA to add value to the international system, where it can play to its distinctive strengths
- To realise this potential, Japan needs to communicate its model and engage in international policy debates more proactively

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Japan has an impressive history as a leading international donor, particularly in parts of Asia. Yet in the second decade of the millennium, the country finds itself at a crossroads as it faces the challenge of a more complex global financial system with powerful new players.

Against this backdrop, the UK Office of the Japan International Cooperation Agency (JICA) commissioned a study from ODI in 2011 entitled 'Informing the Future of Japan's Official Development Assistance (ODA)' to inform future ODA policy discussions within the Japanese government and beyond.

The study addressed this overarching issue in three different phases. Phase One analysed the history and evolution of the Japanese development assistance model and sought to extract its (potential) value added. Phase Two focused on Japan's engagement in Africa, while Phase Three explored the question of how Japan can enhance its profile and influence in the development field to remain a leader. Individual reports were prepared for each phase (Rocha Menocal et al., 2011; Wild et al., 2011a and 2011b, respectively).

This Project Briefing synthesises the main findings and key messages that emerged from this research. It highlights areas where Japan has something distinctive to offer and where it has the potential to add substantial value to international development efforts in a new global context.

What shapes Japanese ODA?

Japan was the biggest donor of foreign assistance between 1991 and 2000, and remains among the top five donors today. It also offers a distinct model of development assistance, rooted in its own history and remarkable transformation from a war-torn and heavily aid-dependent country to one of the most advanced economies in the world (Rocha Menocal et al., 2011).

Japan's aid, like that of other states, is motivated by a variety of interests. Historically, commercial and business interests have been key drivers of Japanese ODA, based on the notion that there should be 'mutual benefits' from aid investments. Japan has also used its ODA as a diplomatic tool to extend its power and influence within the international system, an area where it has had few other tools to deploy (military capacity having been restricted by its post-war Constitution).

Within Japan, ODA has been a largely bureaucratic domain, with limited interest from, or involvement of, other stakeholders. Aside from business and commercial interests, ODA has lacked a clear domestic constituency. This contrasts with the UK, for example, where there has been considerable civil society engagement with development issues in recent years, especially among non-governmental organisations (NGOs), and where a range of groups have played important roles in helping to build public support for international development (Wild et al., 2011a).

Japan's ODA structure is complex, although there have been recent efforts to streamline, including through the creation of a more significant and autonomous 'new JICA'. Yet the management of ODA remains hierarchical and centralised, with relatively little authority devolved to the field level.

A Japanese model of development assistance

There is a distinctive Japanese model of development assistance, which is based on the country's own history and experience. This model translates into particular principles for aid, as well as choices on modalities, thematic and geographic areas of work, and partners, that distinguish Japan from mainstream donor trends within the OECD Development Assistance Committee (DAC) framework (Rocha Menocal et al., 2011; Wild et al., 2011b).

Principles

Japanese ODA is founded on the core principle of non-intervention, which guides much of Japan's foreign affairs thinking. This approach emphasises the concept of self-help, considered fundamental to Japan's own development transformation, and this leads in turn to a more hands-off style of aid delivery than is common among DAC members. Japanese aid has fewer political conditionalities and is intended to be request-based, requiring the participation (and, in principle, the ownership) of government counterparts. While these principles draw from Japan's experience as a donor in Asia, they have also shaped more recent engagement in Africa.

Modalities

Japan relies on loans rather than grants to channel its ODA. While this is particularly the case in Asia, a significantly higher proportion of aid has been in grants in Africa. Japanese aid is generally projectised and less programme-based in all countries and regions of engagement. This is driven partly by the imperative to ensure that Japanese ODA remains visible. As with some other donors, including those within the DAC, Japanese aid remains tied in key respects, including the use of technical cooperation and procurement.

Areas of work

An important – and distinctive – characteristic of the Japanese development model is its sustained and long-term thematic focus on infrastructure, industrial production and agriculture as engines of growth. More recently, Japan has tried to diversify its focus towards other areas, including fragile states and human security. However, in practice this has been a bigger feature of policy discourse than of programming.

Unlike other DAC donors, Japan retains a large focus on middle-income countries. It also has very broad coverage, reaching more than 140 countries. Geographically, Japanese ODA has been concentrated in Asia. Japan remains a comparatively small player in Africa, although it has increased development assistance for Africa over the past decade and made a commitment to double its aid to the region in 2008.

Partners

At the bilateral level, Japan engages almost exclusively with recipient governments, rather than with NGOs or other actors outside the state. In addition, Japan has tended not to work jointly with donors, although there have been recent efforts towards greater coordination.

Japan's ODA within the international landscape

Japanese aid and its influence appear to be at a crossroads. The aid landscape has become more

crowded, with the emergence of powerful new players like China and India. So Japanese ODA is subject to increasing competition and Japan's influence as the 'Asian representative' within high-level international forums is more likely to be challenged.

Within the OECD DAC itself, Japan has long been viewed as one of the more passive members of the official donor 'club', reluctant to follow general DAC trends in thinking about aid effectiveness, and yet not proactive enough in proposing alternatives. The Japanese aid approach has also been criticised by parts of the mainstream donor community on the grounds that Japanese ODA lacks a sufficiently strong poverty focus; is too focused on the hardware of development without due concern about software issues (i.e. governance and institutions); is not programmatic enough; and is too tied to Japan's own commercial interests (Rocha Menocal et al., 2011).

There is also a prevailing perception that Japanese ODA is not well coordinated with that of other donors (within and beyond the DAC). According to some of our interviewees, there is resistance to the concept of aid harmonisation, especially at high levels within the Japanese aid structure. This reflects increased scepticism about 'Western' arguments on aid effectiveness and concerns about reduced traceability of funds, as well as fears about reducing the profile of the Japan as a donor. The 'go it alone' approach has worked well for Japan in Asia, where it has historically exerted considerable influence as a regional leader. However, it may prove more challenging in Africa, where Japan remains a relatively smaller player in a crowded donor landscape. There is reportedly growing awareness among JICA staff at field level about the importance of greater coordination and collaboration, particularly in processes of scaling up assistance and in avoiding duplication.

It is important to note that some of the criticisms mentioned here are applicable not only to Japan but also to other donors. A number of DAC members have continued to tie their aid, and, in general, harmonisation and coordination remains an ongoing challenge for donor practice (OECD, 2011). There is also growing evidence that prevailing donor norms and approaches are being questioned as the aid landscape becomes more diverse and fragmented. Increasingly, there is a plurality of models and approaches to development assistance, making it important for Japan to situate itself appropriately within this changing landscape.

Making more of Japan's distinctive contribution

In the current global context, there is a real opportunity for Japan not only to offer a different model of assistance but also to provide a distinct and proactive perspective on main trends among DAC members. More could be made of the principles informing Japanese ODA, with special attention to Japan's role as:

- **A steady supporter.** In terms of its relationships with recipient countries and its sectoral focus, Japan's ODA has shown remarkable steadiness over the years. This continuity of approach has withstood the tendency of other donors to follow changing fashions. In particular, the long-term investment Japan has made in infrastructure and the productive sectors, as well as in higher education, unique among donors, has proven crucial in preventing these important issues from falling off the radar of international development assistance. This focus on infrastructure (as well as agriculture and higher education) has been especially valued in Africa.
- **A distinctive voice.** A distinctive feature of Japanese ODA has been its emphasis on the lessons derived from Japan's own development transformation, as well as support for the transfer of more general lessons from the East Asian development experience to Africa. This may offer an approach different to those promoted by others within the DAC, for example where policy lessons and advice have drawn on Western 'best practice' that is often ill-suited to the realities of many developing countries. The fact that Japan does not always do things in the same way as other DAC donors underlines that there is no single 'right' way to approach development and this has offered developing countries a wider set of options.
- **An empathetic partner.** Japan is seen as having a particular sensitivity, humility and understanding in its engagement with other recipient countries, which may be linked to its own history as an aid recipient. This emerged strongly both in general and in the African context, for instance through the Tokyo International Conference on African Development (TICAD). TICAD, spearheaded by Japan, brings together development partners and African leaders to discuss the challenges and priorities for development in the continent. Empathy has also been an important component of Japan's support for South-South cooperation, an area in which the OECD has referred to Japan's efforts as 'pioneering'.
- **An effective implementer.** As Yanagihara (1998) has argued, the Japanese approach to development may be characterised as an 'ingredients approach', focused on field-level engagement and supporting the relevant institutions that can realise change at the local level. This is in contrast to the 'framework approach' of other DAC members, which is more focused on high-level (or upstream) policy frameworks (GRIPS, 2008). This is borne out by examples of Japanese practice in Africa that emphasise building field-level engagement (often over long timeframes) and prioritise the implementation of specific projects of support, where other DAC donors have tended to focus predominantly on national-level policy engagement, including through programmatic aid.

Can Japan capitalise on its distinctive approach?

Remarkably, there is a general perception that little is known and understood about Japan's ODA and the approach that underpins it. At times, criticisms of Japanese aid reflect misperceptions, and there is little appreciation of how its distinct model might help to make a difference to the effectiveness of development efforts more generally. Japanese ODA has, historically, been a key foreign policy tool, used as a form of investment and a manifestation of economic power and global leadership. Yet, according to observers, there has been too little effort in the UK and beyond to consolidate and learn from the Japanese development model, and to consider where it can best contribute to development debates (Rocha Menocal et al., 2011; Wild et al., 2011 and 2011b).

In order to realise the potential value-added of Japanese aid, the analysis of this study suggests that Japan should engage in more deliberate efforts to communicate its model. This might include capturing and sharing relevant lessons from Japan's own development experience and other development progress in Asia. more effectively and systematically. To date, there has not been enough thorough consideration of how these lessons can be applied appropriately to many African contexts – and what some of the prior conditions might be.

More broadly, Japan has some distinctive perspectives on aid harmonisation, for example calling for complementarity *and* diversity to allow for some commonality of aid policy and instruments but also for a meaningful division of labour to reflect agencies' inherent differences (GRIPS, 2008). Yet, it is not seen as an international leader in setting out new agendas and approaches. JICA programmes and experts, for example, are recognised as having particular strengths at the field or community level, particularly in terms of their in-depth implementation experience, but they are rarely seen as effective in communicating this at the national policy level (see Yoshida (2011) for a discussion of the education sector).

Thus, in general, our research revealed a strong sense that Japan could invest much more in engaging in policy debates. As suggested by our analysis, despite differences in context (with the UK, for instance, having an active pro-international development constituency largely missing in Japan), lessons could be drawn from the UK government's investments in both policy expertise and in support for research and evidence. Over a period of time, such investments have made the UK Department for International Development (DFID) one of the more influential members of the DAC (Wild et al., 2011b). JICA UK's commissioning of this research project and the dissemination of its findings could represent a meaningful step in that direction.

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Project Information:

This Project on 'Informing the Future of Japan's ODA' was commissioned by the JICA UK Office in 2011 and was carried out by a team of ODI researchers (Alina Rocha Menocal, Leni Wild, Lisa Denney and Matthew Geddes with support from David Booth). The study, which consisted of three distinct but complementary phases, reviewed relevant literature as well as quantitative data from the OECD-DAC Creditor Reporting System (CRS) database, and was supplemented by a select number of interviews with development professionals from JICA and a range of other relevant organisations and institutions, including other donor agencies, civil society organisations, and academics.

Full details of the project, including the different outputs that were produced, can be found on the ODI website at: www.odi.org.uk/work/projects/details.asp?id=2457&title=japan-official-development-assistance-oda. ODI also hosted an event with JICA UK in July 2011 to present the findings from the first phase of the project. All available presentations can be found at: www.odi.org.uk/events/details.asp?id=2705&title=future-japans-oda-defining-donor-identity-crowded-marketplace.

The above materials are also available on the JICA UK website (www.jica.go.jp/uk/english/index.html) and the JICA Research Institute website (<http://jica-ri.jica.go.jp/index.html>).



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