



# Improving Japanese Official Development Assistance Quality: Discussing Theories of Bureaucratic Rivalry

*Japanese development aid between export-driven self-interest and a softer, more humanitarian focus*

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Since the end of the 1980s, approaches to Official Development Assistance (ODA)<sup>1</sup> have undergone significant changes within the Japanese aid bureaucracy. In 1992, the Japanese government published its ODA Charter (MOFA, 1992), which marked the launch of a series of reforms of the Japanese ODA system. With the ODA reforms Japan pledged to shift its traditional focus on economic growth and modernisation through large-scale infrastructure development projects towards an increased emphasis on environmental protection, social development, democratization, and other soft issues (Fujisaki et al, 1996-1997).



*A Japanese extensionist participating in a reforestation project in Paraguay. Picture: MOFA's official homepage.*

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

Scholars such as Hook and Zhang as well as Katada analyse Japan's ODA performance in the 1990s in the light of rivalling between the central Ministry of Foreign Affairs (MOFA) and the Ministry of Economy, Trade and Industry (METI). It is, however, a claim of this article that both works tend to oversimplify the complex relationship of actors in the ODA system. This may to some extent be explained by the fragmentation and lack of transparency of Japan's ODA system that makes writing on the subject a difficult matter.

## **A historical outline of Japanese ODA quality**

The new orientation in Japanese ODA partly originates from a general change in approaches to development in the international aid community. The discourse of donor countries and international organizations such as the UN had, since the end of the 1970s, changed from a focus mainly on economic growth and industrialisation as the most important means and ends of development to an emphasis on new and softer issues such as poverty alleviation, democratization, gender equity, and environment.

After assuming an isolated and self-interested stance for decades, Japan began pursuing a more

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<sup>1</sup> Official Development Assistance is defined by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) as grants and loans that are 1) undertaken by the official sector; 2) made with the promotion of economic welfare and development as the main objective, and 3) given on concessional terms of at least 25 percent grant element (OECD 1995: 114). The term 'grant element' is defined by Katada (2002) as "[referring to] the financial terms of aid commitment, which takes into account interest rates, maturity, and grace period (the interval to the first repayment of the principal). The higher the grant element, the closer it is to pure grant" (Katada, 2002: 330).



proactive political and economic role on the scene of international development assistance, mainly through vast increases in the amount of aid. However, the international community laid an increasing pressure on Japan to not only show initiative through allocation of funds, but also to participate more extensively in global issues such as poverty alleviation, environmental protection, and the promotion of human rights. As a result, the Japanese government has pledged to take up a greater international responsibility and improve the quality of its ODA.

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

#### **Geographical distribution**

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

Japan has been widely criticised by both scholars and other donors for its lopsided distribution of ODA. Geographical data are, however, not always reliable indicators of where the interests of a donor country lie. Countries such as France and Great Britain tend to direct their ODA mainly to former colonies and Commonwealth countries, but, since these countries are spread all over the globe, France and Great Britain are not criticized to the same extent as Japan for serving their own interests. Besides, some kind of division of responsibilities and areas of interest has actually taken place in DAC. Here, it seems as if the other member countries, especially the United States, which have strong strategic interests in Asia region, seem to fully

accept and encourage Japan's focus on this region (Hook, 1996: 21; 73).

#### **Sector allocation**

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

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

#### **Japanese interpretations of ODA quality**

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

My analysis of Japanese aid quality goes a little beyond the DAC criteria and include other more 'qualitative' aspects of ODA. I have examined the actual changes that have taken place in Japanese ODA



administration and the practice of ODA officials. My main questions are to which extent the changes in overall policy guidelines have led to an implementation of new development goals, such as gender, poverty alleviation, environment, etc., as well as sensitivity to recipient needs and an understanding of local societies.

Hanabusa's critique of the DAC opens important questions of who is to define the standards of aid performance and, ultimately, what are to be the ideals and objectives of development. Still, based on both the quantitative data provided by DAC and qualitative changes of Japanese ODA that I have studied, my assessment is, in line with many international development organizations and various scholars, quite critical towards the Japanese ODA performance.

### Negative impacts of Japanese ODA on recipients

One of the problems with an emphasis on large-scale technology and infrastructure interventions is that development planners in these areas have not always taken recipient needs or the possible social or environmental impacts of aid interventions into account. Japanese ODA has frequently been used as a means of developing agriculture and forestry sectors in recipient countries in order to secure access to and control over natural resources. (Dauvergne, 1994: 517). This economic self-interest has, in combination with inadequate technology transfers and a lack of understanding of, or consideration for, local cultures, often led to aid interventions that have seriously disrupted the ecological balance and threatened the livelihoods of local people in recipient countries.

In the Limbang District in Sarawak, Malaysia, a logging road constructed in the early 1980s with support from Japanese ODA nearly led to the destruction of the Kelabit and Penan cultures in the area. Extensive logging, which became possible only after the construction of the road, resulted in pollution of the rivers and depletion of the main sources of food for the local inhabitants. (Miller, 1991: 3). The Japanese government has funded projects in India, Brazil, Thailand, and several other countries that have led to



Curt Carremark / World Bank

*Deforestation in Indonesia. Japanese development projects have been criticised for their emphasis on resource-extraction that has caused severe environmental problems in recipient countries. Picture: Curt Carremark (?) / World Bank.*

deforestation and damaged sustainable indigenous agricultural practices (Forrest, 1991: 31; Cameron, 1996).

In an interview, Yasuhiro Shimizu who served as the environmental attaché to USA in 1991 denied that Japanese ODA should be socially and environmentally harmful. Shimizu pointed to the fact that Japanese ODA is request-based and implemented in agreement with recipient governments, stating "when we are asked to help, we help" (Miller, 1991: 3).<sup>2</sup> Widespread public protests in recipient countries, however, do lend support to the critics. In India, locals living along the Narmada River staged a demonstration gathering more than 60.000 people. They were protesting against the construction of a \$ 500-million dam that was partly funded by Japan and had forced tens of thousands to move away from their homes (ibid: 3). Besides, statements like Shimizu's indicate that the Japanese government tends to focus on macro-level negotiations and interventions and ignore the voices of more marginalized members of recipient societies.

The large number of unsuccessful projects has led to a severe criticism of Japanese ODA for showing too little consideration for local society, culture, and commerce and for imposing Japanese values and procedures on recipients (Cameron, 1996: 86). During the 1990s, however, it seems that Japan has become increasingly aware of opposition in recipient countries. Several environmentally harmful projects, e.g., in India and the Philippines, have been cancelled as a result of protests by local NGOs and local groups (Potter, 1994: 202).

### Other donor countries

It is important to keep in mind that Japan is not the only donor country that has shown a lack of understanding of local societies and not appreciated indigenous knowledge and practices in local communities. This blindness towards socio-political aspects of development work has been a general problem of most development institutions and bilateral donors until the 1980s. And, though greater attention today is paid to recipient needs and terms such as 'participation' and 'empowerment' have almost become mantras in international development discourse, the translation of these theories into practice is still largely inefficient<sup>3</sup>.

Some of the other shortcomings of Japanese ODA discussed here are far from unique for Japan. The aloofness and economic selfishness of the Japanese government in the international development community earned Japanese ODA "a reputation into the 1980s of being linked, even more so than other donors

<sup>2</sup> Japanese ODA is allocated on the basis of project proposals that are formulated and submitted by recipients themselves.

<sup>3</sup> There is an extensive body of literature dealing with the problems of integrating issues of empowerment, democratization, and gender, etc more extensively into practice. See, e.g., Jane L. Parpart (2001): *Rethinking Empowerment: gender and development in a global/local world*. London: Routledge.



to self-interest” (Dauvergne, 1998: 3). Difficult as this claim is to test, it is still quite clear that Japan is not the only donor country that has conducted ‘aid imperialism’ (Rix, 1996: 77) through its ODA programme. Most bilateral development assistance is used to serve the commercial or political interests of the donor. Some of the main objectives of the American Marshall Plan in the 1950s were to restore European export markets for American producers and ensure American strategic interests in the region (Degnbol-Martinussen and Engberg-Petersen, 1999).

Today, strategic interests also govern, for instance, Danish ODA allocation. One of the reasons why Danish assistance to Malawi, Eritrea, and Zimbabwe was suspended during the cutbacks in the ODA budget in 2002 was the poor human rights records of these states. However, the incarceration of human rights activist Saad Eddin Ibrahim and six of his employees the same year in Egypt (a major recipient of Danish ODA and an important security factor in the Middle East), did not lead to any sanctions or even threats of sanctions from the Danish government (Hannestad, July 30 2002).

In the conflict over untied aid in the OECD during the spring 1999 the importance of domestic politics and economic interests in the ODA policies of donor countries were very clear. Here, Denmark collided with other OECD members, especially Great Britain and USA that advocated the untying of aid to the poorest recipient countries, such as Nepal and Uganda<sup>4</sup>. Denmark, fearing losses of jobs and public support, was the only OECD member that was openly against the proposal. One of the main reasons for the Danish resistance, however, was the fact that the US government insisted on exempting food relief from the agreement, in order to avoid upsetting American farmers. In 1995, American ODA was at a modest 12 percent of the DAC average (Degnbol-Martinussen and Engberg-Petersen, 1999: 122). Hence, USA would only have to untie an amount of its ODA that in absolute terms was roughly equivalent to that Denmark was to untie (Andersen, May 1999).

#### **A new orientation in Japan’s ODA policy**

In the early 1980s, the Japanese government responded to domestic and international pressure to partake more actively in international burden sharing by increasing its ODA budget substantially. In 1989, partly as a result of the rapid appreciation of the Yen since the mid-1980s, Japan was the world’s largest ODA donor with an US\$ 8,965 million budget (Katada, 2002: 325). The Japanese ODA bureaucracy had become much more sensitive to the agenda of the international aid community and “developed a more assertive, confident, and coherent aid philosophy” (Dauvergne, 1998: 4). Japan assumed a much more progressive role in multilateral development organizations and at international conferences like the 1992 Earth Summit in

Rio de Janeiro. Besides financing the conference and sending the largest delegation (Karasawa, 1997: 78), the Japanese government demonstrated its willingness to participate in the protection of the global environment through a US\$ 700 million increase of its environmental ODA by 1996 (Potter, 1994: 201).

In June 1992, the Japanese government published its ODA Charter, which outlined four principles as the foundation of Japan’s foreign assistance:

- 1) Environmental conservation and development should be pursued in tandem.
- 2) Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
- 3) Full attention should be paid to trends in recipient countries’ military expenditures [...] so as to maintain and strengthen international peace and stability, and from the viewpoint that developing countries should place appropriate priorities in the allocation of their resources on their economic and social development.
- 4) Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country. (MOFA, 1992).

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

#### **New initiatives**

In its 1994 Official Development Annual Report, the Ministry of Foreign Affairs formulated a range of ‘new types of aid’, or new areas of aid interventions. These included, among other things, environmental protection, social development, and HIV/AIDS, as well as cross-sectoral themes, such as poverty alleviation, gender equity, participation, and democratization. The report also introduced the concept of ‘software aid’, defined as funds, training, or advice for “human resource development and institutional building” in the economic and social sectors (MOFA and OECD, 1994).

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

The new Japanese ODA policy led to significant increases in funding of new types of aid, especially to the environment. During the early 1990s, Japanese environmental aid grew quickly, reaching 980 billion

<sup>4</sup> The term ‘tied aid’ refers to development assistance that is tied to purchases and contracting in donor countries in order to ensure the donor some economic return of its ODA.



Yen in 1995 (Dauvergne, 1998: 10). The share of the social sector grew from 17,5 percent in 1992 to 22,6 percent in 1993 of total ODA (OECD, 1995). In 1994, MOFA launched its 'Global Issue Initiative' on population, HIV, and South-South Co-operation (Katada, 2002: 338), followed by pledges the same year of a three billion Yen allocation to these issues before the year 2000 (Fujisaki et.al, 1996-1997: 527).

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

#### **Remaining shortcomings of Japanese ODA**

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

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

Despite the recent promotion of software interventions and new aid areas in Japanese development assistance, it seems that the new ideas are still not entirely integrated in practice. The promotion of humanitarian development objectives has not automatically led to qualitative improvements of the interventions directed at these areas and the allocation of funds to different sectors indicates that there is still a predominant orientation in the Japanese ODA system towards 'hardware' development objectives and solutions, i.e., economic infrastructure and technical solutions. In 1992-1993, after the introduction of new types of aid, the allocation to economic infrastructure fell to 33 percent of bilateral ODA, a reduction of almost 10 percent compared to the 1980s (Katada, 2002:

328). In 1998, however, it had leaped back to 39 percent, nearly twice the amount allocated to the social sector (MLIT). After an almost 10 percent increase from 1982-1983 to 22 percent in 1996-1997, aid to social infrastructure dropped again to 20.2 percent in 1998 (Katada, 2002: 328; MLIT).

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

#### **Japanese ODA and the Asian Crisis**

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

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

#### **The organization and structure of Japan's ODA administration**

Until 1999, Japanese ODA was implemented by two principal bilateral aid agencies, the Overseas Economic Cooperation Fund (OECF) and the Japan International



Cooperation Agency (JICA). Though not officially a part of the ODA system, the governmental Export-Import Bank of Japan (JEXIM) has had a considerable influence on Japanese aid, lending money to foreign governments and companies as well as Japanese companies for FDI. In October 1999, the OECF and JEXIM merged and started operating under the name Japan Bank for International Cooperation (JBIC). The creation of this new aid body has not led to any major changes in Japan's ODA so far (Katada, 2002: 332).



*The Kinali – Sakarya Motorway (Second Bosphorus Bridge) in Turkey built with funding from OECF.  
Picture: MOFA's official homepage.*

Furthermore, 16 ministries altogether administer parts of the ODA budget. The most powerful ministries involved in the decision making process are the former Ministry of International Trade and Industry (MITI), now renamed Ministry of Economy, Trade and Industry (METI), the Ministry of Finance (MoF), and the Ministry of Foreign Affairs (MOFA).

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

#### **The METI and MOFA triads**

The literature on bureaucratic politics focuses largely on two major discourses (Hook and Zhang, 1998: 1052), or 'triads' (Katada, 2002) as essential for the outcome of

Japanese ODA. The METI Triad is supported by the Ministry of Finance and leaders from business and industry and promotes infrastructure interventions and corporate interests. Its rival MOFA that draws on public and international opinion and the discourse of international development institutions to legitimate its position, is in favour of a more humanitarian approach to development assistance (ibid: 338).

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

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

#### **Analytical shortcomings of theories of bureaucratic competition**

As mentioned earlier, Hook and Zhang demonstrate what they see as a great discrepancy between the rhetoric of the Japanese government and its actual commitment to change, building their argument primarily on an analysis of the statistical relationship between funding for traditional and new aid areas. The



authors' assessment of the Japanese ODA reforms is negative: the new aid paradigm was merely a facade that was designed to meet foreign criticism. And, while the international community, due to MOFA's rhetoric, was widely convinced that the quality of Japan's ODA finally was beginning to tally its size, the Japanese government continued its export-oriented, commercial aid policy (ibid: 1051, 1052).

The analysis that Hook and Zhang provide is, indeed, valuable and interesting; yet it does have some flaws. It may be too harsh to interpret the problems of Japan's ODA quality as simply a lack of adherence to the new aid principles, and, on basis of this, reject the emergence of the new aid paradigm as purely rhetorical. As Katada writes,

[...] it is premature to conclude that certain elements of Japan's foreign aid are rhetorical and others are real simply because of the statistical predominance of one over the other. The humanitarian component of Japan's ODA arises from domestic reality as do the mercantilist ones and this domestic reality will support the continuation (and possibly strengthening) of the humanitarian position in the years to come (Katada, 1998: 341).

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

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

#### **Bureaucratic fragmentation: strength or weakness?**

In line with most other theories of bureaucratic politics, Hook and Zhang, as well as Katada highlight the size and fragmented structure of the Japanese ODA bureaucracy as the major obstacle to reform and effectiveness. Arase, however, challenges this interpretation, arguing that the complex decision-making structure of the Japanese ODA bureaucracy is the only reason why the whole system has not collapsed yet:

The answer [to the problem of integrating all relevant ministries into ODA administration and decision-making] was to organize implementing structures such as JICA and OECF that would institutionalize routine modes of interministerial policy coordination. This did not banish conflict between

ministries, but it did introduce an underlying element of stability and structure that framed the conflicts that did occur (Arase, 1994: 191).

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

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

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

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

The tendency to oversimplify the complex relationship between the various bureaucratic, political



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

Given the complexity and lack of transparency of the Japanese ODA administration, providing a balanced and varied picture of the system it is indeed not an easy task, which may be one of the reason why so much literature well into the 1990s still suffer from shortcomings in this respect.

### Conclusion

Scholars studying Japanese ODA in the 1990s seem to agree that the success of the reforms launched in the early 1990s has been quite limited. The literature that I have reviewed mainly explains this with the self-interested, export-driven aspects of Japanese aid, which in some cases have led to serious environmental degradation and social disruption in recipient countries.

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

Reality, however, looks different. The landscape of Japan's ODA bureaucracy is far more complicated than most authors acknowledge, and though the economic agendas of the private sector have, indeed, exerted a great influence over Japanese ODA during its history, differences over the means and objectives of foreign assistance also exist within the faction of business sector actors and aid bureaucrats in the economic ministries. As a result of the dissatisfaction of some corporate leaders with the poor performance of Japanese aid, and its negative impacts on the image of Japan, parts of the Japanese industry and businesses in 1992 recommended reforms of the ODA system that went even further than that of MOFA's ODA Charter.

During the last decades, research on Japanese ODA has been influenced by various stereotypical assumptions and a tendency to over-simplify the complex relationship between the various ministries and bureaus involved in development assistance. This may to some extent be caused by the lack of transparency in the ODA system and its size. Still, some authors have provided useful and interesting analyses that hopefully will inspire further research in years to come.

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