

Chapter 7. A Japanese Approach to International Cooperation

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Section 1: Introduction

After World War II, a system of international cooperation emerged in order to help less developed countries to develop their economies and societies.

This system was later formalized as official development assistance, or ODA, in the 1960s.

Japan became a major ODA provider by the 1970s, was the world's top donor during most of the 1990s, and today, although no longer the No.1 donor, Japan remains a major player in this domain.

The objective of today's lecture is to take a retrospective look at this policy tool of the Japanese government for international cooperation.

I believe that there are some particularly informative aspects of Japan's ODA that make it worth examining.

First, it is a program of international cooperation by of a country of a non-European country origin that succeeded in modernizing itself for the first time in history.

Japan was a poor, basically agrarian origin country in the late 19th century.

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However, ever since it started to modernize itself after the Meiji Restoration or the Meiji Revolution that started in 1868, the country has made all kinds of deliberate efforts to create a liberal, democratic, and prosperous state, which Japan is today.

Ideas and values formulated through such experiences of Japan of its transition from a developing country to a developed country are inevitably embedded in Japan's international cooperation.

The second reason that I believe makes Japan's international cooperation worth looking at is that it has been generally successful.

Most observers seem to agree that Japan's ODA has been one of the more successful cases among similar ODA programs provided by various donors, proof of which can be found in the fact that the consistent and major recipient countries of Japan's ODA, that is Asian countries, have become the world's engines of economic growth.

Asia's success is of course a result of the efforts of the governments and peoples of these countries, but it is clear that Japan's cooperation has helped to lay the foundation for such development.

For these reasons, we can expect that a study of Japan's international cooperation might provide us with an opportunity to gain some insights into what is needed and what has actually worked to accelerate a country's economic and social development.

Let us now have a look at how Japan has collaborated been cooperating with its partner countries through its bilateral ODA programs.

Section 2: Overview of Japan's ODA

First, I would like to present some basic information about Japan's international cooperation through ODA.

The beginning of Japan's international cooperation can be traced back to 1954, when Japan joined the Colombo Plan, an international organization aimed at promoting cooperation among developing countries.

Thereafter, starting in the 1960s, Japan steadily increased its international contributions through ODA, and especially with its spectacular expansion in the 1980s, it became the world's top ODA provider in 1989, and it maintained this position through most of the 1990s.

Today, it is ranked around 4th or 5th place in the world in terms of the net ODA volume.

Now, why does Japan provide ODA?

The ODA Charter of 2003 states that it is “to contribute to the peace and development of the international community, and thereby to help ensure Japan’s own security and prosperity.”

Although we live in a new era, the principal goal of international cooperation remains unchanged; international cooperation contributes to building a secure and peaceful international community and it can also benefit Japan in various ways, for example, by activating the country’s economic and social activities, and by developing relationships of friendship and trust with many countries and peoples.

The major partners in Japan’s ODA are Asian countries.

This is due to Japan’s close diplomatic, economic, and other relationships with these countries.

However, disbursements to other regions of the world have been increasing, and today, Asia’s dominance over other regions of the world is no longer as overwhelming as it was before.

For example, for grants, a type of ODA instrument, the region receiving the largest amount in recent years has been sub-Saharan Africa rather than East Asia or South and Central Asia.

As I stated earlier, most observers seem to agree that Japan’s ODA has made significant contributions to developing countries, especially to Asian countries.

A piece of information that supports such a view can be found in a survey conducted by Japan’s Ministry of Foreign Affairs in 2018.

It reports that 65% of the respondents chose Japan as the country that has contributed the most to the development of the ASEAN member countries over the last 50 years.

International cooperation, including ODA, has also contributed to forging favorable bonds with peoples all over the world.

This can be seen in the many encouraging messages and words of condolences Japan has received at times of natural disasters, such as the Great East Japan Earthquake and Tsunami in 2011.

Section 3: The History of 60 Years of Japan’s ODA

Japan’s international cooperation policy has been undergoing continuous change over the last few decades, in alignment with the changing international and domestic environments.

In the 1950s, the main objective of international cooperation was to heal relationships between Japan and Asian countries that were wounded during the war, and to help Japan to be accepted back into the international community.

Japan had to pay war reparations, and to those countries that waived reparations, it provided economic cooperation in the form of “quasi-reparations.”

International cooperation was also used as an instrument to spur Japan’s post-war economic recovery, as increasing its exports to Southeast Asia was viewed as central to Japan’s economic survival at that time.

It is worth remembering that when Japan was starting its international cooperation, the country was still an aid receiver.

War-devastated Japan received huge amounts of humanitarian assistance from the international community after the war.

Japan also benefited enormously from the loans of the World Bank, with which Japan was able to develop its basic infrastructure, including the expressway linking Tokyo and Nagoya, and the Tokaido Shinkansen, otherwise known as bullet trains.

After this period, international cooperation was used for a variety of policy needs.

In the 1960s, when the Japanese economy was starting to grow rapidly, international cooperation was used to support this growth.

The 1970s saw major changes in Japan’s international cooperation policy in response to a series of external shock, such as the soybean shock and the oil shock in 1973, after which ODA began to be used in ways to reduce the country’s vulnerability in food and energy security.

In 1975, Japan was accepted as a member of a summit meeting of developed countries held in Rambouillet, France, and thereafter, Japan used its ODA to fulfill its responsibility as a developed country.

The 1980s was an era when economic frictions between Japan and the United States intensified.

Being unable to make military contributions to international issues because of its self-imposed constitutional restrictions, Japan turned to ODA as a means of international cooperation to bear a greater burden in international issues in line with its growing economic weight.

Driven by such motives, Japan rapidly increased its volume of ODA until at last, in 1989, it

became the world's topmost ODA provider.

The 1990s was not only an era when Japan was the largest ODA provider, but also an era when Japan made a lot of efforts to reshape its ODA programs and improve their quality.

The 1992 ODA Charter started off a series of significant reforms, including the drafting and revision of major aid policy papers, the refinement of project management tools, and the development of guidelines for environmental and social concerns.

Operation-wise, support to countries in transition to a market economy increased after the fall of the Berlin Wall. In 1993, the Tokyo International Conference on African Development also called (TICAD) ushered in a gradual shift in regional focus to Africa from Japan's traditional Asian development partners.

Later in the decade, when the Asian Currency Crisis hit the area in 1997, Japan mobilized a massive ODA and non-ODA resources to rescue the neighboring Asian countries.

Japan retained its top-donor's position for most of the 1990s, but starting in 1998, Japan's ODA volume started to come down, due mainly to the long-lasting economic slowdown after the burst of the bubble economy in the early 1990s.

Efforts continued, however, to reform the ODA administration system, marked most importantly by the establishment of the new Japan International Cooperation Agency, or JICA, in 2008.

With this reform the new JICA became able to provide technical assistance, ODA loans, and grants aid 'all under one roof,' and this helped to streamline decision making processes and coordination across various assistance modalities.

If we look at the most recent developments in the decade of the 2010s, since the re-emergence of the Liberal Democratic Party's administration in 2013, it seems that the government is trying to attach a new meaning to ODA.

Such moves are apparent in that ODA has been clearly positioned in the National Security Strategy in 2013 and the subsequent adoption of the Development Cooperation Charter in 2015.

We will get back to the recent changes in international cooperation later in the lecture.

Section 4: Characteristics of Japan's International Cooperation

As we have seen, Japan's ODA has continuously changed in the course of the last few decades in order to fulfil different functions.

However, despite such constant changes, there have been some consistencies in Japan's ODA policy and practices.

Four features seem to stand out.

The first two have to do with the objectives of cooperation, and the latter two, with the style of cooperation.

The first feature has to do with how to define the objective of cooperation.

From its earliest days, Japanese international cooperation was aimed at supporting the economic takeoff of partner countries or, in other words, aimed at helping recipient countries to "graduate" from aid dependence, and ultimately to reach a position of self-sufficiency where economic growth provides the needed domestic resources to sustain public and private investment.

In the view of the Japanese aid practitioners, this could only be accomplished by laying the foundations: human resources, infrastructure, and institutions.

Thus, Japanese ODA was used primarily for these three purposes.

Each of these objectives was viewed as complementary in efforts to encourage private, direct investment.

This aid–investment nexus model proved to be effective in Asia, where a number of Japan's partner countries have in fact successfully "graduated" from foreign assistance.

This vision on development and on development cooperation was rather different from the view of the Western donors, many of whom tended to take international cooperation as an act of charity.

Some critics even used to say that Japan's commitment to building infrastructure and human capital was an outcome of Japan's mercantilist motives behind its ODA to Asia, but I believe that the view misses the point.

Rather, it should be understood as a reflection of an intuitive understanding of the key factors of economic success, derived first from Japan's own modernization process after the Meiji Revolution, and second from the more recent post-war period of economic reconstruction and development.

With this vision, Japan has been consistently implementing projects aimed at supporting human resource development, the provision of infrastructure, and institutional development.

Let us have a look at some examples of such projects.

A good example of a human resource development project can be found in Singapore, now a highly developed country in Southeast Asia.

Behind the country's rapid economic growth was a nationwide effort for productivity improvement, and that effort was supported by Japan.

Starting in 1983, Japanese experts worked together with their Singaporean counterparts, implementing the Singapore Productivity Improvement project, which laid the foundation for the country's subsequent spectacular productivity improvement and steady economic development.

There are many flagship infrastructure projects.

Among them today, I would like to share with you the case of a road construction project in Nepal, a road commonly called Sindhuli Road, a segment of the route linking the country's capital city of Kathmandu and India.

The project started in 1996 and, after twenty years of very challenging construction work, was completed in 2015.

Constructed under the grant assistance of the Japanese government, this 160-kilometer highway has not only reduced travelling time between cities in Nepal and India, but it has helped the villagers living along the road to improve their livelihood by improving their prospects for market-oriented agriculture.

A subject related to the objective of international cooperation is the kind of policy instruments used in cooperation, as different objectives demand different policy tools.

Japan has provided massive amounts of concessional loans in addition to grants and technical cooperation.

These loans have been mainly used to support the development of infrastructure in (partner countries).

This approach was quite different from that of many of the mainstream aid donors in the West, who which generally argued that grants, rather than loans, should be the primary tool of international cooperation.

However, we cannot simply presume that grants are superior to loans.

With grants, the recipient often ends up with only a limited amount of the financial resources offered, which are often insufficient to meet the huge demand for infrastructure development.

The development of infrastructure that has laid the foundation for today's Asian countries'

development today would not have been possible without the massive financial resources made available by Japan's concessional loans.

And the value of public concessional loans remains valid even today.

While it is widely agreed obvious today that the private sector should play the leading role in infrastructure development, it is also obvious that private sector loans alone will not be able to take care of the huge demands of infrastructure development.

A good example of the third pillar of Japan's cooperation, institution building, is its support in the development of legal systems.

In the early Meiji era, when Japan embarked on its journey toward modernization, significant efforts were made to look to Europe and the United States in order to learn how to develop its own modern legal systems, while making sure that such systems would preserve the country's distinctive values and culture.

As a result of this process of trial and error that lasted for decades, the Meiji Constitution was promulgated in 1889, followed by the enactment of the Civil Code in 1896 and the Commercial Code in 1899.

With these new legal structures in place, the process of Japan's law-based nation building was initiated.

This experience gained during the Meiji period brought about Japan's attitude toward its assistance in legal systems development, which was: "If you just push one country's legal system on another, it will not take root."

It is based on this philosophy that Japan has been working together with many partner countries in developing their legal systems.

While Japan's ODA has been centered on supporting the partner countries' efforts toward economic takeoff, it was not directed exclusively toward economic development.

Japan also cherished a philosophy that what matters most, after all, is the welfare of individual human beings.

Based on that conviction, Japan started to advocate for the concept of human security starting in the late 1990s.

This concept was officially adopted in the 2003 revised ODA Charter, and ever since, Japan has been implementing a number of projects that cater to the fundamental needs of the vulnerable or the poorest people, including those living in countries affected by conflicts.

One example is Confidence-Building project in Srebrenica in Bosnia and Herzegovina, a

project that JICA has been implementing since 2006.

Due to the country's tragic conflicts between 1992 and 1995, in Srebrenica, both of the two ethnicities, i.e., Serbs and Bosniaks, lost family members and their properties.

What JICA did was to support these war-torn communities in boosting actions that would help rebuild the confidence between the two ethnicities, mainly through the restoration of agriculture.

The project experts made sure that the residents could become economically self-sufficient, and that peoples of different ethnic backgrounds, who had been hostile to each other, could increase their communication and exchanges, forging better inter-ethnic relationship.

As I have stated a couple of times, embedded in Japan's international cooperation is the country's own experience that it has accumulated over the centuries.

From a very long-term point of view, the history of Japan's development can be seen as one of adopting knowledge and technologies from abroad, and then adapting them to suit the contexts of the country, to improve them or to create something better or something new.

In the ancient and medieval times, Japan adopted many things from China, and in the modern period since the mid-19th century, it has learned a lot from Europe and the United States.

However, throughout the process, not only did Japan adopt advanced skills, knowledge, and technologies but (it) also adapted them in ways that allowed it to develop its own skills, knowledge, and technologies, which collectively and over the centuries, has led the country to where it is today.

I therefore contend that the tacit conviction about the importance of such learning processes commonly held in Japanese society has been at the core of Japan's international cooperation.

The emphasis on the "self-help efforts" and the "ownership" of developing countries in the process of their development, seem to have their origin in this history of Japan's own development.

A good example of cooperation that fully exhibits the spirit of "adopt and adapt" is the case of legal systems development we referred to earlier, where efforts were made to help create new legal systems, referring to, but not by copying, other countries' legal systems.

Another example is the group of projects that attempted to introduce maternal and child health care handbooks, or MCH handbooks.

This MCH handbook system started in Japan in the early part of the 20th century, and has been instrumental in improving the country's maternal and child health care status before, during and after World War II.

Outside of Japan, this system was first introduced in Indonesia in the 1990s at the request of the Indonesian government, and has come to be used extensively across the in Indonesia.

With its effectiveness proven, the MCH handbook system has been widely introduced in more than 40 countries, including the 25 countries being supported by JICA.

Throughout the process of introducing and disseminating the handbook system, Japanese experts working on the projects have always taken meticulous care to ensure that the projects do not simply end up imposing the original Japanese system, but that each country develops a system that is truly adapted to the local contexts.

Japanese experiences shared through its international cooperation are not only experiences of success, but also include those of failures.

One such example is an experience of environmental pollution that Japan suffered from severely suffered from in the middle of the 20th century.

Bitter experiences of the Minamata disease, a disease that caused tragic deaths and disabilities due to poisonous water discharge, are shared with experts of partner countries through JICA's training programs in order to ensure that similar mistakes will not be repeated in countries trying to achieve rapid industrialization.

Similarly, Japan has been active in sharing experiences of reconstruction after natural disasters.

Some municipal governments that have been affected by natural disasters are showing strong enthusiasm in sharing their experiences with foreign countries and their municipalities.

Finally, I would like to talk about another characteristic of Japan's international cooperation, and that is how it views the roles of government.

Japan's policy was to deal and engage with the governments of partner countries with due respect, even at times when their capacity or legitimacy seemed somewhat questionable.

This contrasts with some donor countries and organizations that tended not to engage with or sometimes would even bypass such governments.

For example, in selecting cooperation projects, Japan has generally made it a rule to wait

and see until requests for cooperation projects are made, assuming that the government is in the best position to define the country's development objectives and articulate their needs.

Japan also differed from some other donor countries in the belief that the government has roles to play in facilitating the market mechanism and industries, and industrial development.

In other words, Japan was more sympathetic to the idea of state involvement or interventions in industrial development than many international organizations and Western countries, which subscribed to the idea that basically unregulated, laissez-faire, or free-market policies are capable of solving most economic and social problems.

Based on these views and beliefs about government's roles, and based on its own experience, Japan has undertaken many projects aimed at enhancing the capacity of governments to formulate various policies and development strategies, including development master plans of various sorts.

One of the earlier examples of such projects was one initiated in Viet Nam, which is now generally remembered as the "Ishikawa Project" in honor of the late Dr. Shigeru Ishikawa, who led the project.

In the 1990s, as the Doi Moi policy, a free-market oriented economic reforms policy, was beginning to get on track, the government of Viet Nam was trying to examine the future direction of its transition to a market-oriented economy.

Viet Nam requested Japan to provide suggestions from a different point of view than that of Western countries or the Bretton Woods Institutions.

Against this background, the Ishikawa Project started to provide concrete and strategic recommendations to deal with various issues raised in the transitional process of the economic system, greatly contributing to facilitating the process of the Vietnamese transition toward a market-oriented economy.

So far, we have discussed the four characteristics of Japan's international cooperation that I believe have shaped it.

Today, the international development community appears to be coming around to share these values and objectives.

First, there is now a broad consensus on the importance of economic growth and the need to put an end to aid dependence.

Second, the human security concept is strongly embodied in the Sustainable Development

Goals, or SDGs, of the United Nations, which clearly demands that no one should be left behind.

Third, the importance of learning is also emphasized in various places including the SDGs, which states, in its goal 17, that the world is more interconnected than ever, and improving access to technology and knowledge is an important way to share ideas and foster innovation.

And fourth, as for the role of government, again, it seems that there is a broad consensus among policy makers around the world that governments must proactively take facilitative roles in order for countries to develop markets and industries.

Section 5: Ways Forward: Japan's International Cooperation in the SDGs Era

Having looked at the major characteristics of Japan's ODA, let us now briefly examine what it will look like in the coming years.

It is very likely that international cooperation activities around the world, including those of Japan, will change with the advent of the SDGs.

Global developmental challenges are evolving, and the international community is now committed more than ever to tackling emerging global issues such as climate change, promotion of the rule of law, food and natural resource security, disaster prevention, and anti-terrorist activities.

International cooperation in the SDGs era will be increasingly carried out by various new stakeholders and actors, especially in the private sector.

Accordingly, the functions of ODA will likewise change in such a way that it will work more as a catalyst to bridging various actors within and across countries and sectors.

This will likely include functions to facilitate cooperation among developing countries, which is generally known as South–South cooperation or triangular cooperation.

If we now turn our attention to Japan, indeed there are many problems, such as the aging population, depopulation of rural areas, and shortages of manpower, just to name a few.

It would then be natural to assume that Japan's international cooperation of tomorrow will aim more toward addressing these domestic challenges while, at the same time, continuing to address the challenges it has been addressing up to the present.

In other words, a kind of cooperation that can create a “win-win situation” for both

Japan and the world is called for.

This spirit is vividly articulated in the 2015 Development Cooperation Charter.

Section 6: The JICA Development Studies Program (JICA-DSP)

Finally, I would like to talk about the JICA Development Studies Program, JICA-DSP, which was launched in 2018.

The hypothesis behind this program is that the history of Japan's development and Japan's international cooperation could offer a rich body of experience that leaders of the developing countries may wish to refer to.

In fact, Japan, starting as a developing country in the late 19th century, has successfully modernized itself, while largely maintaining its traditional culture and values.

Moreover, as we have seen today, Japan has been supporting its partner countries with considerable success through its ODA programs, following a highly consistent set of principles reflecting its own historical experiences.

However, unfortunately, these implicit principles were not articulated by scholars and practitioners as an explicit Japanese approach to the role of in economic development.

Thus, the idea of the JICA-DSP is to look back at Japan's various development experiences and develop them into graduate-school-level programs on development by critically examining them, conceptualizing them, and comparing them with experiences of other countries.

This kind of exercise to look back on Japan's experiences, along with the experiences of other countries, will surely contribute to the diversification and deepening of our knowledge on development and on effective international development cooperation.