

## JAPAN CHAIR PLATFORM

April 20, 2010

**The Unheard Giant: Japan's Missing Voice in the ODA Debate**

A. Maria Toyoda

Japan's voice in the official development assistance (ODA) debates regarding aid effectiveness and quality is proportionally minute relative to the preponderant importance of Japan's aid in terms of size, impact, and future consequences for developing countries. This lack of voice, joined with a shrinking national budget for aid, will further undermine the utility of Japan's main foreign policy tool, ODA. Japan should contribute more to the international debate on ODA with scholarship on aid quality that seeks to identify causal links between aid and outcomes as opposed to the conventional focus on motives. Increased attention to the results of Japanese aid could help the government develop new criteria to strengthen policy and reset world opinion of Japan's past and current aid practices, a prerequisite for Japan to restore its status as an ODA power.

**Critiques of Japanese Aid**

Japan's recent efforts have been to justify its diminishing aid budget by calling for quality instead of quantity. But, its efforts are hampered by the fact that Japan's ODA program, since its inception in 1945, has been the subject of international disapprobation. Scholars of aid have alternately condemned Japanese aid as lacking a philosophy, deficient in altruism, or mercantilist. Japan's own officially expressed aid philosophy, and statements by top politicians, such as Taro Aso—who in 2006 averred that Japan's ODA should be used to strengthen ties between Japan and countries “with the same interests and aspirations as Japan”—does nothing to radiate warm and fuzzy feelings about its aid program. Consider, even with the revision of its ODA Charter in 2003, which affirmed the need to combat terrorism and conflict, poverty and inequality, and support environmental sustainability, a key statement of philosophy in that document maintained that ODA to developing countries was predicated on Japan's dependence on international trade and energy and food resources from other countries.

However, while Japan's own presentation of its aid program does nothing to answer its critics, it is worth trying to disentangle expressed or assigned motives from intent and outcome. This is especially important in light of scholarly work being done in the last couple of decades that empirically question the results of some of the “best practices” espoused by the international aid community and the indeterminate nature of investigations that seek to make connections between economic growth and a number of factors related to the implementation of aid programs.

**Focus on Outcomes, not Motives**

Research in ODA focuses broadly on two themes. One theme focuses on the output of aid policy, which is its effectiveness in eliminating poverty or driving economic growth, and doing it ethically, equitably, and with special consideration for the worst off. The second major theme is that of determinants of aid, or what drives donors to give aid. Researchers who focus on the latter questions often focus on motive, but their commonly used methods rely heavily on its connection to outcome. Motives are the reasons for doing something. Intent is the hoped-for aim or outcome. Realized outcomes might be disconnected from motives or primary or actual intent. In other words, less-than-altruistic motives notwithstanding, the outcome may still satisfy higher ideals such as poverty reduction. Not surprisingly, several studies that have looked specifically at Japanese aid determinants find multiple motives. Chan (1992) concludes that Japan supports public goods, such as system support for allies, and finds that narrow economic interests are not a key motive in its aid program (and this is a study that predates

many reforms that Japan has made to its ODA).<sup>1</sup> Katada (1997)<sup>2</sup> finds that recipient need is a motivating factor in Latin America, but finds in a later study (2002)<sup>3</sup> that Japanese ODA exhibits “schizophrenic” characteristics of multiple motives. Tuman, Emmert, and Sterken (2001), in contrast, find that Japanese aid did support some economic interests, though recipient need was also a major factor.<sup>4</sup> A later study, Tuman and Strand (2006),<sup>5</sup> finds regional variations in motives: human rights and democracy seem to be important motivating factors for aid to African countries, but not elsewhere, for example.<sup>6</sup>

Assigning motives to any political act is always a tricky business. Investigators often have to rely on “revealed” motives based on their observation of the outcome or must impute motive based on a process tracing of policy making. (Reliability of these guesses can be improved through interviews and case studies, but few of these are done in political science these days because they are relatively costly.) It is even more difficult when multiple actors with differing motives are involved in decisionmaking.

The domestic climate for Japanese ODA is very difficult. The aid budget is likely to be cut further as Japan’s fiscal and domestic debt problems intensify. Public support for ODA has been falling for years following reports of scandal, and the emphasis in the media on unpopular recipients such as China, but it is worst in the business community. If the intent of current Japanese aid is to foster narrow economic interests, it is not doing a very good job of it. Despite these setbacks, Japan’s aid is still considerable when put in comparative perspective. It is the largest and most significant bilateral donor for many countries. Its grant aid alone (for which Japan receives almost no praise in international development circles) still outstrips that of most donors and until the mid-2000s was larger by a third than grants made by all of the countries that make up the acclaimed Nordic Group. Japan is also administratively efficient if this is measured in terms of administrative costs relative to grants or gross disbursements.

Japan’s critics point to concerns about its emphasis on infrastructure over poverty reduction or institutional support and regional bias toward better-off Asian countries. They also point to its initial reluctance to engage in sweeping debt relief, its lackluster support of the Millennium Development Goals, and its unwillingness to impose conditions on governments that are deemed irresponsible, corrupt, or authoritarian. These appear to be valid criticisms in that they seem to give an accurate picture of motive (or, more precisely, lack of motive). However, recent scholarship on many “good aid” practices is beginning to cast doubt on their effectiveness or even their causal relevance. Let me note a few things that may yet turn out to be arguments in favor of the Japanese way of ODA.

Financial support for infrastructure is sorely lacking in many parts of the world, and few bilateral donors are willing or able to provide it. The inherent political and economic risks of project finance discourage private participants unless there are state guarantees. Japan is one of very few such guarantors and providers of large-scale bilateral financing. Debt relief for the poorest countries in the world has not worked out the way many donors had hoped. Many countries that were forgiven bilateral and multilateral official loans in the recent past are already in debt again, in deeper levels of debt, and in debt to lenders that do not add the value of monitoring and evaluation, as do many official donors. Finally, conditionality, as some recent studies show, has little to no impact on countries in terms of improving their economic or political performance.

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<sup>1</sup> S. Chan, “Humanitarianism, Mercantilism or Comprehensive Security? Disbursement Patterns of Japanese Foreign Aid,” *Asian Affairs* 19, no. 1 (1992): 3–17.

<sup>2</sup> S.N. Katada, “Two Aid Hegemons: Japanese-American Interactions and Aid Allocations to Latin America and the Caribbean,” *World Development* 25, no. 6 (1997): 931–945.

<sup>3</sup> S.N. Katada, “Japan’s Two-Track Aid Approach: The Forces behind Competing Triads,” *Asian Survey* 42, no. 2 (2002): 320–342.

<sup>4</sup> J.P. Tuman, C.F. Emmert, and R.E. Sterken, “Explaining Japanese Aid Policy in Latin America: A Test of Competing Theories,” *Political Research Quarterly* 54, no. 1 (2001): 87–101.

<sup>5</sup> J.P. Tuman and J.R. Strand, “The Role of Mercantilism, Humanitarianism, and Gaiatsu in Japan’s ODA Programme in Asia,” *International Relations of the Asia-Pacific* 6 (2006): 61–80.

<sup>6</sup> These and other studies rely on pooled cross-sectional time series data that are analyzed in linear regression models that are fitted using ordinary least squares. The dependent variable is often some variation of Japanese ODA amounts, and a number of independent variables representing motives, most commonly mercantilist, humanitarian, or security motives. The conclusions of these studies are derived from the significance (and sign) of these independent variables. But the models cannot disentangle whether these variables do indeed signify motive or outcomes disconnected from motive or intent.

## Redirecting the Debate about Japanese Aid

Why is this of any consequence? Much of the current debate about ODA is about what constitutes good aid and how to steer donors toward improving aid allocation and implementation policies and practices. This means a focus on intent (good outcomes) and not necessarily on motive (which may be national prestige, moral approbation, etc. from being recognized as a good global citizen). Unfortunately, even if we get donors to make aid decisions based on good intentions, these intentions may not necessarily translate into the outcomes we all desire. The causal lines between certain types of aid and desired outcome are disputed. But scholarly debate on this subject has been fruitful in many ways and has led to a reorientation in how we study the effects of aid. One example is the turn to methods such as random trial experimentation, which promises micro-level findings that may one day lead to more generalized knowledge about what works.

For Japan, the consequences also include an opportunity to reset world opinion about its past and current aid practices by urging that the spotlight should be placed on outcome rather than motive or even intent. But its policymakers must realize that its continued relevance as an ODA power is seriously being undermined by continued slashing of its aid budget. Japan's ODA partners, including policymakers in the United States, must insist that Japan demonstrate heightened aid quality, rather than using the quality issue as a veil to obscure the inevitable quantitative cuts.

A new Japanese voice in the aid debates would be very welcome. Japanese researchers and aid officials should contribute to the empirical evidence on aid quality. They can and should use the current reassessment and soul-searching happening in international development circles to start making a case for the emphasis of outcome over motive. The work of its scholarly community is needed in this venture to identify the causal linkages between aid and outcomes. This is especially important since Japan's politicians, major business associations, and officials seem incapable of putting a positive face on ODA for either the domestic or international audience.

*A. Maria Toyoda is associate professor and chair of the Political Science Department at Villanova University, as well as a Japan policy fellow with the CSIS Japan Chair. In 2008, the Japan Chair, in collaboration with the Japan Foundation Center for Global Partnership, instituted the Japan Policy Fellowship Program, an initiative to strengthen links between U.S. scholars of Japan and various stakeholders in the Washington, D.C., policy community.*

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