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The Policy Recommendations
on
“Japan’s ODA in the 21st Century”

Drafted by

Atsushi Kusano, Tsuneo Sugishita, Kazuhiko Ozawa, Teruhiko Fukushima

and

Signed by

Hisao Kanamori, Kenichi Ito and 85 Other Members of the Policy Council

of

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The Policy Recommendations

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“Japan's ODA in the 21st Century”



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The Purport

Japan's official development assistance (ODA) is now approaching a major turning point.

Firstly, the Hashimoto Cabinet has announced across-the-board spending cuts to lower Japan's fiscal deficit and has reduced the FY1998 ODA budget by 10% from the previous fiscal year. As Japanese society ages, it would be unreasonable to expect the same steady growth in ODA that has continued since the 1980s. While the public has generally supported ODA as a "good thing", this support is not so strong that it could withstand a drop in current living standards. Public opinion has also been swayed greatly by media coverage, some of which exhibits a deep-rooted distrust of Japan's ODA. Consequently, news of even a 10% budget cut has been met with telling indifference.

Secondly, despite the weakened yen and the fact that payments to international development organizations were not completed by year-end 1996 (due to circumstances at the recipients' end), Japan did manage barely to hold on to the title of top ODA donor worldwide, but with the announced budget cuts it is possible that Japan will now have to pass the crown on to another country (this ranking has always depended on budget trends in other donor countries, though, and there remains the question of quality versus quantity).

Thirdly, Japan and other donor countries have increasingly turned inwards, and as ODA budgets are reduced, the poverty in developing countries will only grow worse. Of the 5.7 billion people on this planet, 80% live in developing countries and as many as 1 billion are in such dire straits that day-to-day survival is difficult.

Fourthly, the Developmental Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) released a report in 1996 entitled "Towards the 21st Century: Contributing through Development Cooperation" describing the aim of development as "improving the lives of all

people" and setting out numerical objectives such as that of reducing the newborn/infant death rate to one-third its present level by 2015. The Japanese government has very actively taken up these proposals.

Hence, ODA is encountering numerous constraints just as developing countries require an even greater volume of assistance, but Japan is only one example of a donor country seeking fiscal balance and trying to reduce ODA spending that does not produce short-term and direct benefits for its own populace.

Given this situation, should Japan shut its eyes to the poverty of the developing countries, place top priority on domestic welfare and its own economic development, and cut its ODA budget? Or, regardless of the cabinet appointed, should Japan ignore fiscal structural reform, no doubt a key policy issue, and do whatever necessary to ensure ODA budgeting, stressing only the diplomatic importance of ODA?

The answer is neither. Over its forty-year history, ODA, together with participation in UN peacekeeping operations (PKO), has emerged as a major and indispensable foreign policy measure. However, because it has thus far been blessed with a steadily rising budget, there has been no pressing need to stop and make a careful and comprehensive review of what has been done and what results have been achieved. In this sense, the unprecedented headwind now blowing against the proponents of ODA may, looked at another way, indeed provide a unique opportunity to re-examine the past and ponder the future. Should Japan's fiscal situation continue to deteriorate, a worse-case scenario might see the government having difficulties finding even basic funding for ODA; consideration must also be given to the onset of an aged society. Thus, this is an issue which one cannot avoid viewing from the perspective of fiscal structural reform. Nevertheless, there is certainly no point in being overly pessimistic regarding the current situation. Even with a reduced budget, there are without doubt numerous ways in which Japan's ODA can achieve even greater results which will merit praise from developing countries and indeed all countries and help give a visible face to Japanese foreign policy. For instance, Japan might cooperate even more actively with those countries of Asia whose economies have taken off bolstered by yen-denominated loans and other such assistance from Japan. Japan and these Asian countries should

systematize a framework for making full use of the experiences gained through assistance from Japan to developing countries in providing future assistance, perhaps one means of opening up a new path that would not constitute a significant fiscal burden.

Based on the above views, we offer the following 14 policy recommendations.

March 5, 1998

Signed by:

[Head of the Task Force]

Atsushi Kusano

[Members of the Task Force]

Tsuneo Sugishita*

Teruhiko Fukushima*

Kazuhiko Ozawa*

[Chairman of the Policy Council]

Hisao Kanamori

[Vice Chairman of the Policy Council]

Kenichi Ito

[Members of the Policy Council]

Kazuo Aichi

Yutaka Akino

Masaya Fujimura

Hajime Funada

Masahiko Furukawa

Hitoshi Hanai

Shunsaku Hashimoto

Hirotarō Higuchi

Wataru Hiraizumi

Yoshikatsu Hironaka

Hiroyuki Hosoda

Isao Ichikawa

Tsuneo Iida

Toyoaki Ikuta

Eiichi Imagawa

Takashi Imai

Kuniko Inoguchi

Takashi Inoguchi

Hidekazu Inoue

Koichiro Ishii

Eisei Ito

Tatsuji Ito	Kazumasa Iwata	Ikuo Kabashima
Fuyuko Kamisaka	Fuji Kamiya	Hirohisa Kato
Hiroshi Kato	Akio Kimura	Shinichi Kitaoka
Tomoyuki Kojima	Tadateru Konoe	Shumpei Kumon
Tatsuro Kunugi	Daizo Kusayanagi	Teruhiko Mano
Toshiharu Morii	Ryohei Murata	Shigeto Nagano
Masahisa Naitoh	Isao Nakauchi	Shoh Nasu
Satoshi Niibori	Akira Nishio	Kanji Nishio
Eijiro Noda	Tomomitsu Oba	Toshiaki Ogasawara
Hiroshi Ohki	Eiko Ohya	Masao Okonogi
Takayuki Osanai	Hiroji Ota	Takanori Sakai
Masahiro Sakamoto	Tomohisa Sakanaka	Masamori Sase
Atsuyuki Sassa	Seizaburo Sato	Hidetake Sawa
Tadahiro Sekimoto	Katsumi Sezaki	Motoo Shiina
Toshiyuki Shikata	Haruo Shimada	Ichiro Suetsugu
Yoshio Suzuki	Yukio Suzuki	Koki Tada
Soichiro Tahara	Sanae Takaichi	Tamotsu Takase
Ichio Takenaka	Tadae Takubo	Toshiro Tanaka
Yasumasa Tanaka	Tadao Uchida	Kimio Uno
Katsuhiro Utada	Akio Watanabe	Susumu Yabuki
Masayuki Yamauchi	Taro Yayama	Haruki Yoshida
Yasuhiko Yoshida		

(In alphabetical order)

* Non-members of the Policy Council of The Japan Forum on International Relations, Inc., but Members of the Task Force of the said Policy Council.

The Policy Recommendations

1. [Facing Squarely the Current Fiscal Crisis and the Urgent Need for Fiscal Structural Reform and Enacting Fundamental ODA Reform] *The Hashimoto administration decided in April 1997 to reduce the FY1998 ODA budget by 10% from the previous year as part of its efforts towards fiscal structural reform and not to permit any budget increases during the subsequent two-year fiscal reconstruction period (the Fiscal Structural Reform Bill based on this decision was passed in November). Spending on public works projects, often criticized as wasteful, was cut by 7% and an especially severe look was taken at ODA. With the rapid devaluation of the yen, Japan's ODA fell to US\$9.44 billion in calendar year 1996. Though Japan was still able to retain its title as the world's top ODA donor, it is possible that budget cuts will force Japan to cede its top ranking to another country (this ranking has always depended on budget trends in other donor countries, though, and there remains the question of quality versus quantity). The urgency of budget tightening in ODA and other areas bespeaks the possibility of even deeper cuts in future ODA budgets if no action is taken now. In this sense, therefore, there is no escaping from the reality of the current circumstances, and it is more important than ever to move ahead positively with structural reform of ODA. With ODA joining national defense as one of the few exceptional areas which have received larger and larger budgets, sufficient attention has not always been given to improving efficiency and thoroughly reviewing the effectiveness of activities in order to diversify further the "menu" of ODA options. The present moment offers a good opportunity to reassess from the standpoint of the Japanese taxpayer the significance of ODA in Japan's foreign policy and the principles on which it has been distributed.*

Japan should temporarily suspend country-specific ODA and boldly confront the present difficulties by carrying out nothing less than a thorough inspection of all ODA activities.

The Hashimoto Cabinet in April 1997 made clear its intention to adopt a firm policy of holding down spending in all expenditure categories, including ODA, in implementing fiscal structural reform. The Cabinet decided to reduce the FY1998 ODA budget by 10% from the previous year and not to permit any budget increases during the subsequent two-year fiscal reconstruction period (the Fiscal Structural Reform Bill based on this decision was submitted at an extraordinary session of the Diet and passed at the end of November with the approval of a majority from the ruling three-party coalition). The ¥10 trillion public works projects budget (FY1997 general account), often criticized as wasteful, was cut by 7% and an especially severe look was taken at ODA.

These measures were adopted in response to the worsening fiscal deficits of the central and local governments, together amounting to over ¥500 trillion, the largest among all the developed countries; additionally, in light of forecasts that in the not-too-distant future more than 20% of Japan's population will be 65 years of age or older, it is unlikely that the ODA budget will anytime soon enjoy the steady growth that it saw from the 1980s to the mid-1990s. In this regard the following must be pointed out. Why was it that ODA's 10% budget cut was larger than that for public works spending? The reasons are not necessarily obvious, but if this decision was made because ODA offers less immediate and visible benefits than other policy expenditure items, then it must be said that policy makers have taken an excessively short-term view of national interests.

Due to delays in payments to international development organizations and the rapid devaluation of the yen, Japan's ODA expenditures for calendar year 1996 fell to US\$9.44 billion. It is possible that the announced budget cuts will force Japan to cede to another country its top donor ranking (measured in absolute dollar amounts) that it has held for the past five years, though this will also depend on the spending levels of other donor countries. Though there is little point to being overly fixated on claiming the No. 1 spot, especially as quality may be more important than quantity,

but at the same time the title of top ODA donor is no small coup for Japan's foreign policy.

The urgency of budget tightening in ODA and other areas bespeaks the possibility of larger fiscal deficits and even deeper cuts in future ODA budgets if no action is taken now. In this sense, therefore, there is no escaping from the reality of the current circumstances, and it is more important than ever to move ahead positively with structural reform of ODA and rally the support of taxpayers. The Fiscal Structural Reform Bill has already been passed by the Diet and the ODA budget cuts have been approved. ODA joined national defense as one of the few exceptional areas which have received larger and larger budgets from the 1980s to the present because it has been thought a suitable means of contributing to the international community and of recirculating the government's operating surplus back into developing countries. The rising value of the yen during this timespan has meant a remarkable growth in dollar terms.

Against such a backdrop of steady budget increases, sufficient attention has not always been given to improving operational efficiency and thoroughly rooting out wasteful spending in order to diversify further the "menu" of ODA options. An expanding budget allowed Japan's ODA to respond to new demand regardless of any lack of procedural review. Now that the budget is finally being cut, the present moment offers a good opportunity to look back over ODA's achievements thus far and to fundamentally reform its structure and implementation. This is also an ideal time to reassess from the standpoint of the Japanese taxpayer the significance of ODA in Japan's foreign policy and the principles on which it has been distributed; this might indeed be deemed a call for government accountability. Japan should have the courage to temporarily suspend country-specific ODA, thoroughly examine all ODA activities, and implement a policy of reform that might serve as a model for fiscal structural reform throughout the government.

2. [Giving Due Credit to Japan-style ODA] *Overall Japan's ODA has achieved a considerable number of positive results. Certainly there may be some truth to the charges that ODA has been too sweeping and that there have been failures, but through combining items from a varied "menu" of options such as loans,*

grants, and technical cooperation, economic development and improved social welfare have been realized in developing countries in Asia and elsewhere. This has been verified not only by declarations made by the governments of Japan and these developing countries but also by macroeconomic statistical research. The accomplishments of Japan's ODA can be seen just by examining how often developing countries have taken advantage of Japan's popular technical cooperation projects that combine equipment provision with technical training and its yen-denominated loans for waterworks infrastructure, electrification, irrigation and other projects. Another reason for the acclaim given to Japan's ODA is that the government has continued to offer yen-denominated loans which emphasize supporting the self-help efforts of developing countries and are not, like the grants of most other donor countries, restricted to specific uses. Japan's ODA has been particularly effective in the countries of Asia, where economic growth has increased the size of the middle class and helped expand educational opportunities. Once again the achievements of Japan's ODA deserve recognition.

Overall Japan's ODA has achieved a considerable number of positive results. Certainly there may be some truth to the charges that ODA has been too sweeping and lacking in modulation. There have also been failures and, because much of the media coverage of ODA seems to treat these isolated instances as illustrating overall failure of Japan's ODA, a rather negative image has at times been planted in the minds of the general public. However, this "failing to see the forest for the trees" is not only contrary to the truth but may even be harmful in that it might turn the public's attention away from the most important issue facing the world at present, supporting the self-reliance of developing countries. Indeed, in recent "Letters to the Editor" columns in several newspapers, Japan's ODA has been denounced as "simple-minded diplomacy" and some have even voiced the extreme opinion that Japan should suspend all such aid in the face of the current fiscal crisis.

Hence, there is an urgent need to give credit where credit is due; Japan can be justifiably proud of the achievements of its ODA. Because the amount of grants (donations) is less than that of repayable assistance (yen-denominated loans), there

is a low grant element (an index showing the "softness" of assistance to developing countries) in Japan's ODA, and this fact has unfortunately given the short-circuited impression that such ODA might not be an appropriate form of assistance. However, it is this diverse menu combining loans, grants, and technical cooperation that distinguishes Japan-style ODA from that provided by Western countries.

In addition to the high praise lavished on Japanese assistance by government officials in developing countries, macroeconomic statistical research has also pointed to the fact that such assistance has helped bring about economic development and improved social welfare in Asian and other developing countries. Yen-denominated loans, an item not on the menus of other donor countries, have been especially well-received by recipient countries as a uniquely Japanese form of bilateral assistance, and they have played a major role in infrastructural improvements such as waterworks facilities, electrification, irrigation and other such socially important sectors in developing countries. Technical cooperation projects, combining equipment provision with technical training, have become especially popular among Japan's ODA programs, and "South-South cooperation," to which Japan has devoted so much effort, has been lauded as being more suited to the needs of developing countries. Japan has continued to offer yen-denominated loans and not, like most other donor countries, attached overly restrictive conditions on its donations because Japan has stressed the need to assist in the self-help efforts of developing countries.

In Asia, which has received the bulk of Japan's ODA, economic growth has moved ahead and in a positive direction, evidenced by an increasingly large middle class and greater educational opportunities. By contrast, in Africa, which receives assistance principally in the form of grants from Western European donor countries, a number of countries are still plagued by widespread poverty. Indeed, the recognition given to Japan's ODA internationally was the reason for Japan being chosen by a wide margin over other candidate countries to serve as a non-permanent member of the UN Security Council. The Chinese government among others have even gone so far as to make official statements attesting to the important role of Japan's yen-denominated loans in their economic management. It is once again time to give due recognition to the achievements of Japan's ODA.

3. [Redefining the Concepts and Principles of ODA] *The not insignificant triumphs of Japan's ODA owe much to the efforts of small groups of dedicated ODA personnel, the good fortune of a steadily expanding budget, and the ability to respond for the most part to new needs. In light of the severe fiscal situation at present, the concepts and principles of future ODA activities must be reconfirmed and bold decisions made even as greater consideration is given to assigning priorities that accord with overall policy judgments. A set of ODA guidelines was established in 1992 that pointed out the need for a humanitarian standpoint, stability and economic development in developing countries, and global environmental protection, and the fundamental idea expressed therein of using ODA to support self-help efforts and "good governance" in developing countries remains valid even now. An ODA policy based on this idea will win for Japan the trust of the international community. However, the ODA Four Principles - the development and/or manufacture of weapons of mass destruction, trends in weapons import/export, human rights conditions in recipient countries, and efforts towards democratization - should be regarded as no more than items meriting general consideration. Japan should dispense ODA from a more diplomatic and strategic standpoint, as sweeping application of these principles to each and every country will rob Japan of its foreign policy flexibility. The ODA Guidelines state that ODA "will be provided after an overall assessment of the recipient country's requests, economic and social conditions, bilateral relations, etc.," and the Japanese government currently maintains an ODA policy towards China and Cambodia, both of whom have been the target of much criticism regarding human rights, that differs clearly from that declared by the West. To make this step even explicit, the ODA Principles might be prefaced by the remark "Emphasis will be placed on bilateral relations between Japan and the country in question." We propose adding one more principle in the interest of taxpayers - "Attention will be paid to a country's record of using ODA in any form of political corruption" - to prevent assistance funding from being diverted into the pockets of government officials in the developing countries.*

The not insignificant triumphs of Japan's ODA owe much to the efforts of small groups of dedicated ODA personnel, the good fortune of a steadily expanding budget, and the ability to respond for the most part to new needs in Africa, Palestine, the former Soviet republics of Central Asia, etc. In light of the severe fiscal situation at present, the concepts and principles of future ODA activities must be reconfirmed and bold decisions made even as greater consideration is given to assigning priorities that accord with overall policy judgments.

A set of ODA guidelines was established in 1992 that aim for economic development while conforming to fundamental ideas laid out therein - a humanitarian standpoint, the importance of stability and economic development in developing countries to world peace and prosperity, global environmental protection, and a role for Japan corresponding to its standing in the international community to ensure overall prosperity - and the policy expressed in these guidelines of using ODA to support self-help efforts and "good governance" in developing countries remains valid even now. As the second of these ideas, i.e., the importance of stability and development in developing countries to world peace and prosperity, is a difficult one for the general public to grasp, however, we propose that this be expressed more directly: "Given the interdependence of members of the international community, poverty and social instability in one country can easily affect other countries, and thus it must be recognized that stability and development in the developing countries is crucial to the peace and prosperity of the world as a whole."

An ODA policy based on these concepts will earn Japan the trust and respect of the international community. As ODA involves the investment of public funds, though, the results of ODA must appear in a form readily apparent to the public. In other words, Japan should dispense ODA from a more diplomatic and strategic standpoint. However, the ODA Four Principles - preventing the use of ODA for military purposes or in international conflicts, carefully monitoring trends in the development and manufacture of weapons of mass destruction as well as weapons import/export, encouraging efforts towards democratization, and assessing human rights conditions in recipient countries - should be regarded as no more than items meriting general consideration.

Should these principles be applied uniformly to each and every developing

country, despite their extreme diversity in political, economic, and social circumstances, Japan might well lose its foreign policy flexibility. This might also lead to the unfortunate situation of assistance targetting the poorest classes in the developing countries being suspended, projects already underway being cut off in progress, and all of the investments made up to that point, in funds, commodities, and effort, going for naught; the waste which was to be eliminated would instead grow. Adjusting the relative weights of loans, grants, and technical cooperation makes it possible to direct recipient countries in a positive direction along the lines of these principles, while inflexible application of these same principles will halve the benefits provided by Japan-style ODA. The ODA Guidelines state that ODA "will be provided after an overall assessment of the recipient country's requests, economic and social conditions, bilateral relations, etc.," and the Japanese government currently maintains an ODA policy towards China, Cambodia, and Myanmar, all of whom have been the target of much criticism regarding human rights, that differs clearly from that declared by the West. ODA thus not only serves as diplomatic leverage but is also a major topic of negotiations in trying to encourage the recipient country's government to move in a more positive direction. As one possible approach, the ODA Principles might be prefaced by the remark "Emphasis will be placed on bilateral relations between Japan and the country in question." We propose adding one more principle in the interest of taxpayers - "Attention will be paid to a country's record of using ODA in any form of political corruption" - to prevent assistance funding from being diverted into the pockets of government officials in the developing countries.

4. [Boldly Confronting the Current Situation in the Developing Countries and Developing More Active and Effective Assistance] *How many Japanese people are aware of the following facts? Of the 5.7 billion people on this planet, more than 1 billion are confronted with such absolute poverty that day-to-day survival is difficult; in addition, the income ratio of those in the highest income bracket to those in the lowest has widened over the past thirty years from about 30:1 to 60:1. Given these circumstances, the OECD DAC in May 1996 released*

a new development assistance strategy in "Towards the 21st Century", which set out numerical objectives such as that of halving the number of those in abject poverty by 2015. This means that even greater efforts, and larger financial donations, will be asked of donor countries. Since the end of the Cold War, however, the developed nations of the world have been holding steady or reducing their assistance budgets. While fiscal structural reform is without doubt an issue of great urgency, a certain level of funding is needed for economic development and improved social welfare in the developing countries, and any rapid decline in this funding must be checked. To do so, the Japanese government must not simply stress the need for assistance and ask for a greater ODA budget, but instead should begin searching for more effective methods of using a fixed amount of ODA, including demanding greater self-help efforts from developing countries.

Per capita gross national product (GNP) in the developed countries is about \$20,000 - \$30,000, a statistic inspiring proclamations that we are headed for an "Age of Leisure Consumption". At odds with this view is the fact that more than 1 billion of the 5.7 billion people on this planet live in such absolute poverty that day-to-day survival is difficult. Furthermore, the income ratio of those in the highest income bracket to those in the lowest has widened over the past thirty years from about 30:1 to 60:1. People living in poverty in sub-Saharan Africa numbered 184 million in 1985 and 216 million in 1990, and this figure is forecast to grow to 340 million by the year 2000. Average lifespan in the region remains at about 51 years, and per capita GNP is a mere \$500 or so. Compounding this problem is the rampant spread of AIDS. In sub-Saharan Africa alone nearly 15 million people are HIV-positive or have full-blown AIDS, and this is beginning to have a serious impact on the composition of the productive population.

In light of these tragic circumstances, the OECD DAC in May 1996 released a new development assistance strategy in "Towards the 21st Century", which set out numerical objectives to be achieved by 2015 such as halving the number of those in abject poverty, reducing the newborn/infant mortality rate to one-third of 1990 levels, and reducing to one-fourth the death rate of expectant and nursing mothers. This

means that even greater efforts, and larger financial donations, will be asked of donor countries. In the least among less-developed countries (LLDCs), national budgets themselves are often precarious and in many instances do not even provide enough to meet the most basic needs of their people. Waterworks, irrigation facilities, educational facilities, hospitals and other medical facilities, and similar basic human needs (BHN) -related infrastructure are still far from adequate. In many areas, including this type of humanitarian assistance, government and public finance organs may have major roles that cannot be performed by the private sector.

With the Cold War between the US and the Soviet Union over and the developed countries burdened with enormous fiscal and trade deficits, however, a shift in priorities in favor of domestic policy has become observable. "Assistance fatigue" has prompted the US and Europe, too, to reduce their ODA budgets; the US has been cutting its ODA since 1992, while France, Germany, the UK, and Canada have capped their ODA budgets. It is also true that taxpayers in donor countries have lost their patience with the absence of development despite major injections of assistance, with the frequent ethnic conflicts, and with corrupt military regimes in the developing countries.

This is not to say, however, that solving these problems is as simple as suspending all development assistance. A certain level of assistance is crucial for economic development, improved social welfare, and the prevention of domestic political disorder in these countries, and any rapid decline in assistance budgets must be checked. A complete suspension of economic assistance would likely be followed by accelerated poverty in Africa and South Asia, political instability, the intensification of ethnic and tribal conflicts, sharp increases in the number of refugees, an expansion of Islamic fundamentalism, and other even larger disasters that would threaten the sustained development of the entire world system.

Of course, there are limits to the physical capabilities of even the developed countries, and hence simply seeking greater ODA expenditures on the basis of the usefulness of assistance serves no purpose. As will be repeatedly pointed out in other recommendations, the government should examine this issue from the standpoint of the taxpayer and determine how to most effectively utilize a limited ODA budget.

5. [Confirming the Contributions That ODA Makes to the Development of the International Economic System] *Japan as a developed country has a humanitarian and moral duty to cooperate in the economic growth of developing countries and should endeavor to further enhance flexible emergency humanitarian assistance. Even more important is recognizing the absolute necessity of ODA in maintaining and expanding the free and open international economic system. During the post-WWII Cold War, Japan achieved economic recovery after receiving large amounts of assistance from the US, and loans from the World Bank were used to build up infrastructure - including the Tomei Expressway and Kurobe Dam #4 - and spur economic development, enabling Japan to meet the conditions for participating in the free trade system. In helping the economies of the developed countries take off so that these countries can share in the benefits of economic interdependence, perhaps nothing is more important than improving infrastructure and personnel training by priming the pump with public funds to draw in private sector trade and investment. This will ultimately lead to greater stabilization of the free and open international economic system and will prove useful in improving social welfare around the globe. In view of its scarce natural resources, Japan should reconfirm its view that the stable development of a free trade system is important.*

Japan as a developed country has a humanitarian and moral duty to cooperate in the economic growth of developing countries but even more important is recognizing the absolute necessity of ODA in maintaining and expanding the free and open international economic system. It must not be forgotten that Japan itself was a veritable developing country during the early part of the postwar period, and the fact that this same Japan achieved rapid economic growth and has today grown into an economic superpower attests to Japan's enjoyment of the blessings of a free trade system, allowing it to receive high quality supplies of needed resources, raw materials, and food from overseas via the most inexpensive routes and to export Japanese products freely to overseas markets.

Leaving the free and open international economic system to take its own course,

though, will keep the weak forever weak. Even so, the collapse of the communist systems and planned economies in the Soviet Union and Eastern Europe illustrates the absence of any other options to replace the liberal economic system, and indeed China, Vietnam, and the other socialist countries of Asia today seek to participate in this system. It is ODA that is expected to help "fill in" the pitfalls of the free trade system.

Japan's postwar history testifies to the necessity of ODA in helping developing countries achieve economic take-off. In the immediate postwar period, the US provided large amounts of grant assistance through Government Account for Relief in Occupied Area (GARIOA) funding to a Japan still suffering from the ravages of war, saving the Japanese people from severe food shortages, while Licensed Agencies for Relief of Asia (LARA) goods provided from countries around the world saved children shivering in the cold. This aid permitted Japan to gather its strength and, having succeeded in recovering its economic health thanks to the self-help efforts of the Japanese people as well as loans from the World Bank, Japan began to make improvements - the Tomei Expressway and Kurobe Dam #4 are but two examples - to its fragile infrastructure, a serious hindrance to economic growth, and meet the conditions for participating as a full partner in the free trade system. Today's prosperous living conditions were built upon such assistance.

In helping the economies of the developing countries take off so that these countries can share in the benefits of economic interdependence within a free and open economic system, perhaps nothing is more important than improving social and economic infrastructure, personnel training, and technology transfer by priming the pump with public funds to draw in private sector trade and investment. This will ultimately contribute to further development of the international economic system built on the free trade system and will prove useful in improving social welfare around the globe. As globalization of the economy continues, the poverty of developing countries and the accompanying social instability which manifests itself as progressing economic deterioration, widespread epidemics, and extensive drug abuse have an adverse impact not only on the countries in question but also on the world as a whole, including the developed countries. For Japan, having so few natural resources, the principal requisite for enjoying the benefits of a free and open

economic system, i.e., the stability of the international community, has life-and-death significance. For example, if some of Japan's searoutes were closed off due to social or political instability in one or more developing countries, its economy would be struck immeasurably hard, something already proven during the first Oil Crisis. History has given us many instances where social and political instability have been the cause of domestic poverty, and where efforts to combat poverty have worked to prevent political instability. Japan as an economic superpower has a duty to endeavor through ODA to maintain the international economic system, community property, and this will in the end profit Japan itself. Japan should once again recall the true meaning of the proverb "Charity is a good investment."

6. [Actively Using ODA to Serve the Nation's Interests] *Japan contributes to the economic development and improved welfare of the developing countries through ODA to secure markets for its own goods and because Japan, as a country of scarce natural resources, depends on developing countries in Asia, the Middle East, Africa and Latin America which are rich in natural resources such as petroleum. To maintain friendly relations with these regions and to ensure a stable supply of energy and resources, assistance that takes into account Japan's foreign policy considerations is essential. The same can be said regarding the security of maritime transport routes. Japan emphasizes global issues such as the environment (global warming, freon gases, etc.), AIDS, and drug abuse in its ODA, and it often serves not only global interests but national interests as well to convince developing countries, whose attention is focused mainly on economic development, to pay heed to these issues as well; a good example of this might be the policies that China has adopted to deal with the acid rain arising from coal-fired electric power generation. Japan should, therefore, once again realize that the livelihood of people living in developing countries which receive ODA and that of the Japanese people are closely connected.*

Japan contributes to the economic development of developing countries and the improved welfare of the international community through ODA to secure markets

for its own goods and because Japan, as a country of scarce natural resources, depends on developing countries in Asia, the Middle East, Africa and Latin America for many natural resources such as petroleum and natural gas. Japan's economic development has arisen from a pattern of trade whereby it imports raw materials, processes them and adds value, and then exports these products to earn foreign currency.

To see how Japan has benefited from free trade, let us examine several indicators. Firstly, the developing countries account for approximately 45% of Japan's total exports and 49% of total imports (as of 1993), a high level of dependence compared with the US and especially the EU, with its substantial intraregional trade. Japan is also extraordinarily dependent on developing countries for resource and energy imports, including natural rubber, bananas, and eels (100%), petroleum (98%), liquefied natural gas (85%), copper ore (64%), and iron ore (50%). If such imports were to be suspended, the fragile Japanese economy would collapse instantly. Hence, to maintain friendly relations with these regions and to ensure a stable supply of energy and resources, ODA that takes into account Japan's foreign policy and strategic considerations is essential.

As has been touched on, ODA is of considerable importance in ensuring sealane security, i.e., the security of maritime transport routes. This would not present a problem if Japan, like the US, had a well-balanced military force with global power projection capabilities centered on nuclear-powered aircraft carriers to secure its national interests (as well as those of its allies), but this is not a feasible approach for Japan given domestic constraints and the likely reaction of neighboring countries. This is not to say that a defenseless and fragile structure can firmly secure for Japan its national interests. At the very least, strategic assistance in preparation for likely contingencies should be provided to those countries in the vicinity of major transport routes to Japan such as the Malacca, Lombok, and Hormuz Straits.

For example, should free navigation of the Lombok Strait be blocked for some reason, iron ore imports from Australia, which supplies 40% of Japan's iron ore, would be dealt a severe blow. As during the Oil Crisis, transport vessels will be forced to detour through the Strait of Malacca or along the east coast of Australia, increasing transport costs considerably and adversely affecting the Japanese

economy. Japan should make active use of its ODA to avoid this worst-case scenario.

Provisions must be urgently made to satisfy intermediate- to long-term energy demand, and supply sources diversified to ensure a stable supply of resources. Japan should place priority on ODA to Siberia and the region around the China Sea and should create an environment in which it can actively participate in resource exploitation. The Eurasian continent is enormously promising not only as a market but also as a treasure-house of natural resources, and the valuable seabed resources in and around the China Sea merit joint exploitation. Furthermore, should access to energy and food resources be restricted further, there may be considerable hazard in terms of both price and supply in depending too much on the US. Strategic provision of ODA to Siberia and the countries around the China Sea would serve as a risk hedge in this regard.

Japan emphasizes global issues such as the environment (global warming, freon gases, etc.), AIDS, and drug abuse in its ODA, and it often serves not only global interests but national interests as well to convince developing countries, whose attention is focused mainly on economic development, to pay heed to these issues as well; a good example of this might be the policies that China has adopted to deal with the acid rain arising from coal-fired electric power generation. ODA will help the Chinese, as well as people in neighboring countries such as Japan who would certainly be affected, in containing the environmental damage.

7. [Utilizing ODA for Diplomatic and Strategic Ends] *Japan has few diplomatic measures available to it and ODA is, along with PKO, one of the most effective. However, to arrange an all-round menu of options, ODA must be utilized from a more diplomatic and strategic standpoint while continuing to be used to support efforts towards economic self-reliance. In having Japan's ODA reflect its foreign policy, the policy itself is naturally important, as is the establishment of foundations that will enable this policy to be implemented. The Economic Cooperation Bureau of the Ministry of Foreign Affairs, which is currently organized by function (loan aid, grant aid, etc.), should be reorganized by target region. When deemed necessary on foreign policy grounds, a certain amount of*

funding should be set aside to allow the government to respond flexibly to problems in a particular country and to global issues such as the environment and AIDS (though earmarking funds is meaningless without the clear political will to put the funds to proper use). Assistance of this type must serve larger national interests - including national security - and global interests. While there is no need to imitate the US and conduct 30-40% of bilateral relations within an overall foreign policy context, assistance unequivocally provided on the basis of foreign policy considerations will receive more active support from the Japanese public than is currently seen.

Japan has few diplomatic measures available to it for maintaining and expanding its national interests, but among these ODA is, along with PKO, one of the most important and both should be actively employed. The US\$13 billion of financial support provided to the multinational coalition in the Gulf War failed to earn Japan much acclaim from the international community, and it has only been since the passage of the International Peace Cooperation Act in 1992 to meet the need for personnel contributions that Japan has begun to earnestly participate in UN PKOs. Japan's record in this regard is short and, given that it has been limited to rear echelon support, is not quite up to international standards. In absolute dollar terms, Japan has held the title of world's top ODA donor for five consecutive years to (calendar year) 1996 with its varied menu of yen-denominated loans, grant aid, and technical cooperation. Nevertheless, there are many structural reforms that must be carried out and, above all, to arrange an all-round menu of options, ODA must be utilized from a more diplomatic and strategic standpoint while continuing to be used to support efforts towards economic self-reliance.

It must not be thought, however, that strategic considerations have thus far been completely ignored in providing ODA. During the Cold War, Japan opposed the Soviet invasion of Afghanistan by increasing its ODA to Afghanistan's neighbor Pakistan and took over from the US in increasing assistance to the countries of Latin America. These actions, though, were more responses to US requests than independent policy decisions by the Japanese government. Still, although the Japanese government expressed opposition to China's underground nuclear testing

from 1995 to 1996, it emphasized its political and economic bilateral relations with China, on the one hand suspending all grant aid except for humanitarian assistance such as that for combating polio while on the other continuing to provide yen-denominated loans. This might be termed a decision based on foreign policy considerations but, unfortunately, the government has not yet sufficiently explained several points nor has it made clear its objectives to Japanese taxpayers.

What we wish to stress here, however, is that it is important, when providing assistance in line with foreign policy and strategic objectives, to establish foundations that will enable these objectives to be pursued. In other words, Japan's foreign policy must adopt an appropriate stance towards the country/region in question (as one might expect, the appropriateness of this stance itself is an issue, but discussions on this point exceed the scope of these recommendations) when providing such assistance, and a mechanism is needed to reflect this policy in ODA decision-making and implementation. To this end, the Economic Cooperation Bureau of the Ministry of Foreign Affairs should maintain closer contact with regional bureaus such as the Asian Affairs Bureau and the Middle Eastern and African Affairs Bureau and should change its current function-based structure - the Loan Aid Division, the Grant Aid Division, the Technical Cooperation Division, etc. - into one based on geographical regions.

When deemed necessary on foreign policy grounds, a certain amount of funding should be set aside to allow the government to respond flexibly to problems in a particular country and to global issues such as the environment and AIDS (though earmarking funds is meaningless without the clear political will to put the funds to proper use). This assistance will be of an entirely different dimension than that used by powerful politicians in the past for self-aggrandizement when visiting recipient countries, "facade" aid of monumental proportions that exceeded the imagination of ODA administrators. Assistance of this type must serve larger national interests - including national security - and global interests. While there is no need to imitate the US and conduct 30-40% of bilateral relations within an overall foreign policy context, assistance unequivocally provided on the basis of foreign policy considerations will receive more active support from the Japanese public than is currently seen.

8. [Reviewing and Restructuring Vested Interests] *In Japan's ODA budget, as with domestic public works projects, there can be seen a tendency towards fixed shares for individual budget items. Studying the details of ODA budgets since FY1981, one can find almost no change whatsoever in the ratios of funding for technical cooperation, grant aid, and payments to international organizations, and it thus appears that ODA policy decisions have had little impact on the budgeting process. As the choices of specialists to be dispatched to developing countries are left to individual ministries/agencies, a similar tendency can be discovered in the funding ratios for individual budget items in the projects budget of JICA, which is organized vertically by sector (agriculture/fisheries, construction, etc.). Future budgeting should cut horizontally across ministry/agency jurisdictions, and funding should be allowed in accordance with the priorities and policy decisions of the Ministry of Foreign Affairs. Nearly 50% of all technical cooperation funding is assigned to the technical cooperation budgets of ministries/agencies other than JICA, and vested interests have clearly staked their claims to this funding, which lies beyond the control of the Ministry of Foreign Affairs. Similar vested interest structures exist in recipient developing countries, too. In Asia, the Philippines and Indonesia are among countries which continue to receive from 5 billion to more than 15 billion yen each year in grant aid. Though this might fly in the face of foreign policy considerations, guaranteeing a certain amount of ODA every year will cause countries to lose any desire to help themselves and will indeed lessen their "sense of gratitude" for Japan's assistance. Steps must be taken to ensure that grant aid will not necessarily go to the same countries year after year. A thorough review of the structure of ODA and a searching inquiry into vested interests will offer lateral support for structural reform in other policy areas and will likely contribute to fiscal structural reform throughout the government.*

What comes to mind for the majority of Japanese when Japan's ODA and vested interests are mentioned together is the close relationship reported by the media between politicians and bureaucrats in developing countries and Japanese corporations in connection with ODA projects. Such cases should in fact not occur,

but there can be no denying that in past they have. Japanese taxpayers today are looking far more closely at ODA matters, though, and trying something similar now would entail a very large political risk. More emphasis should be given to the following issues.

In Japan's ODA budget, as with the oft-criticized domestic public works projects for road and fishing/farming village improvement, there can be seen a tendency towards fixed shares for individual budget items. Studying the details of ODA budgets since FY1981, one can find almost no change whatsoever in the ratios of funding for technical cooperation, grant aid, and payments to international organizations. For example, the budget share of the Japan International Cooperation Agency (JICA) has barely changed, from 15.31% in FY1981 to 16.14% in FY1991. While it is true that the absolute size of JICA's budget grew during this period, a rise of only 0.83% over the past 16 years shows that ODA policy decisions have had little impact on the budgeting process.

As the choices of specialists to be dispatched to developing countries on behalf of JICA are left to individual ministries/agencies, a similar tendency can be discovered in the funding ratios for individual budget items in the projects budget of JICA, which is organized vertically by sector (agriculture/fisheries, construction, etc.). Nearly 50% of all technical cooperation funding is assigned to the technical cooperation budgets of ministries/agencies other than JICA, and vested interests have clearly staked their claims to this funding, which lies beyond the control of the Ministry of Foreign Affairs. In addition to the difficulties of uncovering the truth about this situation because of the lack of public access to all information, the individual issue format (e.g., the environment) creates an extremely high level of inefficiency because such issues straddle the authority of multiple ministries/agencies. This situation must be quickly rectified to enable ODA to be managed in accordance with diplomatic and strategic principles. Future budgeting should cut horizontally across ministry/agency jurisdictions, and funding should be allowed in accordance with the priorities and policy decisions of the Ministry of Foreign Affairs. To this end, the issue of how to systematically include ministries/agencies other than the Ministry of Foreign Affairs into the ODA structure must be resolved.

Similar vested interest structures exist in recipient developing countries, too. In Asia, the Philippines and Indonesia are among countries which continue to receive from 5 billion to more than 15 billion yen each year in grant aid. Though this might fly in the face of foreign policy considerations, guaranteeing a certain amount of ODA every year will cause countries to lose any desire to help themselves and will indeed lessen their "sense of gratitude" for Japan's assistance. Steps must be taken to ensure that grant aid in the form of "facade" assistance or expensive machinery does not necessarily go to the same countries year after year; naturally humanitarian aid should be excluded from such consideration.

Yen-denominated loans have thus far been given out chiefly in Asia and, like grant aid, have been concentrated in a small number of countries, including China and Indonesia. In these particular cases, the results of diplomatic and political consideration are apparent but, assuming that a similar policy will continue in future, the significance and effectiveness of such a policy must be explained very clearly to the taxpayers.

A thorough review of the structure of ODA and a searching inquiry into vested interests will offer lateral support for structural reform in other policy areas and will likely contribute to fiscal structural reform throughout the government.

9. [Promptly Designing Full-scale Country-specific Development Assistance Programs] *ODA implementation on the basis of clear-cut policy decisions will require the drafting of comprehensive development plans that cover economic, social, and political factors in each target country/region, which should be done after an overview of all ODA activities has been conducted and the vested interest structure made transparent. These plans should take into account investment by private sector corporations and NGO activities and be designed with the participation not only of ODA personnel and academics but also of private sector individuals as well as parties from the recipient country and foreign specialists; a periodic review of these plans should also be carried out. The Ministry of Foreign Affairs has already completed such a plan for Vietnam. JICA and OECF independently prepare country-specific assistance plans, but more comprehensive country-specific development assistance plans that take*

into account organic connections between loan aid, grant aid, and technical cooperation (as well as private sector activities) must be promptly drafted. Having access to such country-specific development assistance plans will help avoid duplication of effort by other organizations, public or private, when offering assistance. Funding for drafting assistance plan proposals and other such "intangible" aspects of ODA has long been inadequate, despite the fact that the intermediate- to long-term success of ODA requires such backup support.

ODA implementation on the basis of clear-cut policy decisions will require the drafting of comprehensive development plans that cover economic, social, and political factors in each target country/region, which should be done after an overview of all ODA activities has been conducted and the vested interest structure made transparent. ODA projects to spur economic development and improve social welfare in more than 150 developing countries are presently grouped into five or six categories - such as "least among less-developed countries", "low-income countries", "low-to-medium income countries", and "high income countries" (DAC classifications) - and aid given fairly uniformly to all those countries that fall within a certain category; this format is in and of itself a problem. To offer the most efficient and best quality of aid may require, to put it in extreme terms, 150 separate aid policies for these 150 different countries.

Comprehensive country-specific development plans must not simply focus on the formulation, decision-making, and implementation of ODA proposals, but should also take into account investment by private corporations and the activities and support of non-governmental organizations (NGOs). Consequently, these plans should be designed with the participation not only of ODA personnel and academics but also of private sector individuals as well as parties from the recipient country and foreign specialists; a periodic review of these plans should also be carried out.

The Ministry of Foreign Affairs has already completed a plan for Vietnam that includes the aforementioned aspects and is reportedly working on plans for several other countries as well. Country-specific assistance guidelines have been announced for 21 countries - including Indonesia, Thailand, China, the Philippines, Malaysia,

and Mongolia - and, while there are no notable errors in these guidelines, there are also no key pieces of information or analyses offered therein on which to base concrete proposals or policies. Once again it should be stressed that it is impossible to make in-depth studies of requests by recipient countries if one does not have an accurate understanding of the obstacles to structural development presented by vested interests in those countries and their traditional political, economic, and social systems. That an insufficient number of country-specific plans have been drafted thus far is likely due to the fact that Japan's ODA has been essentially provided in accordance with the requests of developing countries. Certainly, placing emphasis on these requests does avoid the issue of imposing the donor country's values on the recipient country but, on the other hand, it makes one question just how far Japanese assistance has been altered to conform with these requests. With ODA budget cuts now a reality and substantial funding increases very unlikely in the foreseeable future, the Japanese government should actively propose intermediate-to long-term development plans for recipient countries.

Even after the plans are drafted there are still problems to be addressed. One is how to effectively utilize the information gathered. A major weak point in Japan's data management has been the tendency by ministries/agencies to hoard carefully gathered information, and a system should be designed to allow anyone interested in ODA to freely and easily access this information. At the same time, accumulating data through periodic reviews of country-specific plans is essential for an up-to-date understanding of circumstances in recipient countries. Access to the government's country-specific development assistance plans will prevent duplication of effort by other organizations, public and private, which are planning to provide assistance to one or more of these countries. ODA support tasks carried out back at the "home front" have generally been regarded with extreme apathy by the Ministry of Finance, which controls the ODA purse strings, but the Japanese government should understand that these invisible and intangible operations very much determine the success or failure of Japan's ODA.

10. [Adjusting the Assistance Menu] *ODA budget cuts and the importance of coordinating ODA efforts with international needs dictate that adjustments be*

made to the existing menu of options. These would involve the government withdrawing from those areas in which the private sector is sufficiently active and designing comprehensive assistance plans for individual countries, and as general concepts the following points should be noted. In addressing the most significant issue facing the developing countries, i.e., the lack of trained personnel, the focus should be on technical cooperation, and grant aid for "facade" construction should as far as possible be avoided except for the areas of education, health care, and the environment. Technical cooperation, which has typically been concentrated in the fields of agriculture and construction, should instead be dedicated to the "software" side of legal, economic, financial, and traffic safety systems, supporting efforts to create an environment that facilitates participation by developing countries in the international system. Yen-denominated loans should especially target the countries of Indochina (e.g., Vietnam) and Latin America, while assistance to countries such as Thailand, the Philippines, and Indonesia whose economies have already gotten off the ground should be limited to underdeveloped regions, environmental matters, and areas where a private sector response is not feasible. For the least among less-developed countries of Africa and those former Soviet republics now making the transition to market economies, a model country will be chosen to whose economic infrastructure Japan will contribute by offering assistance in formats (e.g., no-interest loans) where preconditions are easier to meet. Bilateral assistance will be given priority over ODA provided via the World Bank, the Asian Development Bank, and other international economic development organizations. Furthermore, cooperation with NGOs will be strengthened.

In light of the difficult budget circumstances now confronting ODA, adjustments will naturally have to be made to the existing menu of options to address international assistance needs such as global environmental protection. As is well known, fiscal limitations will undoubtedly tighten as the burden borne by Japanese taxpayers during the rapid transition to an aged society grows. The economy is not enjoying the steady growth it once did and Japan can no longer

afford to strew generous assistance around the world. However, adopting a Western style of humanitarian assistance that mainly targets the poorest countries would be to deny the worth of Japan-style assistance through yen-denominated loans, grants, and technical cooperation that has achieved such considerable results in Asia thus far.

Given these budget constraints, implementing the most effective ODA will first require the government to entrust to the private sector all of those areas in which the private sector can provide assistance and instead work to complement private sector activities; there are certainly quite a few matters which the private sector can appropriately address. If everything was left to the private sector, however, then those areas most likely to produce a profit would be given priority and consequently the improvement of infrastructure in outlying districts and efforts in areas of endeavor outside the principal interests of the private sector would suffer. There is, then, still a great need for development assistance from the government. The private sector might, for example, be willing to undertake construction of an electric power plant, but the creation of a power distribution network that may not be directly profitable would be a case requiring ODA.

Secondly, country-specific assistance plans are needed as databases in order to clearly establish this division of roles. In accordance with the concepts outlined above, Japan's ODA menu should be narrowed to further enhance its efficiency.

- (1) The greatest emphasis should be placed on technical cooperation aiming at training capable personnel, the key element in supporting economic development in developing countries.
- (2) All grant assistance for "facade" construction, with the exceptions of facilities for education, health care, and environmental protection, should be eliminated.
- (3) Technical cooperation, which has typically been concentrated in the fields of agriculture and construction, should instead be dedicated to the "software" side of legal, economic, financial, and traffic safety systems, supporting efforts to create an environment that facilitates participation by developing countries in the international system.
- (4) Yen-denominated loans should especially target the countries of Indochina (e.g., Vietnam and Cambodia) and Latin America, while assistance to countries such as Thailand, the Philippines, and Indonesia whose economies have already gotten

off the ground should be limited to such areas as underdeveloped regions and environmental matters.

- (5) ODA distribution through international economic development organizations such as the World Bank and the Asian Development Bank should be reduced and priority given instead to bilateral assistance from Japan to the recipient country.
- (6) Japan should provide lateral support through financial and technical cooperation for South-South cooperation between Asian newly industrializing economies (NIEs) and Association of South-East Asian Nations (ASEAN) on the one hand and the countries of Africa on the other.
- (7) Japan should further its cooperative relations with NGOs, non-profit organizations (NPOs), and local authorities, and should diversify its assistance formats so that ODA can be finely tuned to the needs of recipient countries.
- (8) For the least among less-developed countries of Africa and those former Soviet republics now making the transition to market economies, a model country will be chosen to whose economic infrastructure Japan will contribute by offering assistance (e.g., no-interest loans) whose preconditions are easier to meet.

The designation and assistance of a model country will indirectly promote the self-help efforts of neighboring countries, thus leading to economic development and improved social welfare of the region as a whole. Ghana, for example, has introduced a multiple party system and held parliamentary elections under the Rawlings administration, earning the country high praise from Japan and Western donor countries as an example of a country successfully making the transition from a military regime to a civilian administration; assistance to Ghana was given greater priority and aid poured in from many directions. Although still ruled by a military regime, Nigeria, having seen the success of its neighbor Ghana, has begun moving down the road towards democratization in anticipation of greater assistance from the West. Hence, a successful example of assistance can have a positive impact on neighboring countries and over the long term, countries will voluntarily strive to meet the conditions for receiving ODA.

11. [Cooperating with the Countries of Asia to Extend Japan-style ODA Worldwide]

The ultimate objective of Japan's ODA is enabling the developing countries to

prosper without further assistance from the developed countries, permitting Japan to bring to a satisfactory end its efforts as a donor country. While achievement of this objective still lies far in the future, many Asian countries such as South Korea, Singapore, Malaysia, Thailand, and Indonesia have achieved some degree of economic progress, though there do remain large disparities among individual countries. Of the three pillars of Japan-style ODA - namely, yen-denominated loans, grants, and technical cooperation - the benefits of technical cooperation have been most clearly manifested in South-South cooperation, a mechanism by which recipient countries have contributed to other developing countries. The time has come for Japan and the other countries of Asia to utilize their know-how and jointly discuss on a regular basis the future course of assistance to Asian and non-Asian developing countries, determining how best to incorporate the strengths of Japan-style ODA in South-South cooperation (including other menu options) and how to improve such ODA to achieve even better results. Japan should exhibit leadership in this matter and actively approach other countries regarding participation in such meetings. This will help point the way towards success for ODA based not on Western aid principles but on the experiences of Asian countries who have already moved beyond the status of developing nation.

The final aims of ODA are economic growth in the developing countries of the world, assured survival for their people, and an environment in which people can fully employ their reason, sensibility, and capacity for action. While achievement of these aims still lies far in the future, many Asian countries such as South Korea, Singapore, Malaysia, Thailand, and Indonesia have achieved a respectable level of economic growth, though there do remain some disparities among individual countries. Supporting this development, in addition to self-help efforts on the part of the recipient countries, has been the basic stance of Japan-style assistance laid out in the ODA Guidelines of aiding these self-help efforts in developing countries. The idea of not allowing these countries to become overly dependent on assistance, but rather using assistance as leverage to demand greater efforts from the beneficiary country in creating the foundations whereby it can achieve development through its

own power, is one rarely seen in traditional Western-style assistance, and even the OECD DAC, with some persuading from Japan, has finally confirmed the importance of self-help efforts in its May 1996 report "Towards the 21st Century".

Japan's ODA comprises the three pillars of yen-denominated loans, grants, and technical cooperation, and it is doubtful that the results achieved thus far would have been as remarkable if even one of these had been missing. One only need take a brief look at irrigation, waterworks, and electrification projects in Indonesia and Thailand to see how much yen-denominated loans have contributed to Asia's economic development, and we wish to emphasize here that Western donor countries have not used ODA for the improvement of economic infrastructure.

"South-South cooperation" (joint assistance among developing countries) is another unique scheme for technical cooperation of which Japan can be proud. This involves passing the benefits of assistance provided by Japan to partner countries such as South Korea, Indonesia, and Malaysia further on to the least among less-developed countries in Asia and Africa. Important in this scheme is the transfer of Japanese technology and systems via the initial recipient, sometimes with value added, to second and third countries. Japan's well-known health center system, for example, plays an important role in primary health care, but such a system does not exist in the West. However, the merits of this system have been conveyed via Thailand, which was provided technical cooperation in the 1980s and in which a health clinic system modeled on Japan's has been established, to Indonesia, the Philippines, Myanmar, and Vietnam. Technology transfer from countries somewhat similar in their level of development to the least among less-developed countries is usually much smoother than technology transfer directly from Japan, another of the merits of South-South cooperation.

The time has come for Japan and the other countries of Asia to utilize their know-how and jointly discuss on a regular basis the future course of assistance to Asian and non-Asian developing countries, determining how best to incorporate the strengths of Japan-style ODA in South-South cooperation (including other menu options) and how to improve such ODA to achieve even better results. Asia has many potential donor countries such as South Korea, Singapore, Indonesia, Malaysia, and Thailand, and several of these countries have already begun providing

assistance, primarily to Africa. There have been discussions on the importance of assistance from the standpoint of inter-regional cooperation within the existing framework of the Asia-Pacific Economic Community (APEC), too, and promoting Japan-style assistance (which is supported by Asian countries) in cooperation with potential donor countries in this region will provide a good opportunity to make Japan's presence felt. Japan should exhibit leadership in this matter and actively endeavor to host economic assistance cooperation conferences. This will help point the way towards success for ODA based not on Western aid principles such as OECD DAC's "improving the grant ratio, and increasing aid in the BHN area" but on the experiences of Asian countries who have already moved beyond the status of developing nation.

12. [Thinking Positively of Establishing an ODA Organic Law] *The Diet has often taken a negative view of establishing an ODA organic law in the belief that excessive Diet involvement in ODA affairs would hinder the creation and execution of ODA policies, and indeed this concern still troubles the Diet. ODA now requires participation by the general public, however, and given that broad public understanding is essential to future ODA developments, disregard of calls for the Diet, the elected representatives of the people, to become more involved could actually encourage distrust towards ODA. An ODA organic law should be established, with the only absolute condition that it be broad and general, and vigorous debates on ODA conducted in the Diet so that the more Diet members become accurately informed about Japan's ODA. This would better serve the intermediate- to long-term interests of the country. The ODA organic law should contain a basic strategy that would provide a major direction for Japan's ODA, and it need not go so far as to covering such matters as the details of annual assistance plans. The Diet is currently involved in ODA through budget deliberations and decisions, but debates tend to concentrate on peripheral matters such as how assistance organizations should be managed rather than on core issues such as what Japan's overall assistance policy should be. Drafting a broad ODA organic law will necessarily promote constructive discussions and improve the transparency of Japan's aid policy. At*

the same time, the Diet should together with the administration become more active in examining and evaluating post-project reports.

The establishment of an ODA organic law has been debated from a multitude of directions. In past debates, many in the Diet have taken a negative stance toward becoming overly involved in the implementation of ODA, offering the example of the US Congress' excessive interference in the operations of the US Agency for International Development (USAID) that led to a paralysis of the agency's functions. As assistance policy decision making and implementation in pursuit of diplomatic and strategic aims must be flexible, the key argument of those opposed to such a law is that the establishment of an ODA organic law requiring the consent of the Diet on every detail will lead to dysfunctional diplomacy. Those of this mind continue to express this concern.

ODA now requires participation by the general public, however, and given that broad public understanding is essential to future ODA developments, calls for the Diet, the elected representatives of the people, to become more involved and for greater transparency in the decision making and implementation process cannot be ignored. Continuing to oppose the establishment of a broad ODA organic law might very well create unnecessary doubts regarding ODA among both Diet members and the general public. In pursuing fiscal structural reform the Hashimoto Cabinet has reduced the ODA budget by 10%, and it should be recalled that there were no clear policy discussions conducted in advance on this cut or on the reasons behind it within either the Cabinet or the ruling coalition. One could view this as a case of the Diet, having no opportunities to discuss the matter systematically, only finding it possible to enact such a substantial cut by making its policy decisions behind closed doors.

On the other hand, there has been a consensus in the recent foreign policy guidelines of the Hashimoto Cabinet and in the final report of the latest administrative reform council on the fact that ODA is a major pillar of Japanese foreign policy. Speaking very generally, the Diet should exhibit a much stronger interest in the contents of an ODA organic law rather than remain negative towards the whole idea of establishing such a law. Having a greater number of Diet members

who are accurately informed on Japan's ODA would also better serve the intermediate- to long-term interests of the country.

The Diet is currently involved in ODA through budget deliberations and decisions. However, there are no debates in the Diet focused principally on ODA, and discussions tend to concentrate on peripheral matters such as how assistance organizations should be managed rather than on core issues such as what Japan's overall assistance policy should be. The establishment of an ODA organic law will provide the foundations for constructive discussions on Japan's assistance policy and foreign policy. The government could also take advantage of such an opportunity to spell out to the Japanese people the achievements and difficulties of Japan's ODA. One result of the passage of an ODA organic law might be the emergence of a louder call for unifying ODA policies.

An ODA organic law must, of course, be broad and general, and the following points should be borne in mind.

The ODA organic law should offer no more than a basic strategy and primary direction for Japan's ODA and should not go so far as to cover such matters as the details of annual assistance plans nor should it provide opportunities to intentionally hinder the operations of policy proposal and implementation organs. It would be enough for this ODA organic law to define what role Japan should play within the international community in the 21st century, and it should clearly state that ODA is to be used for playing this role. Designing an ODA organic law that covers every single detail and that requires numerous checks to be carried out before administrative tasks can be performed, given the present state of the Diet, would lead to excessive interference with ODA administration by the legislature, and hindering ODA's progress could mean that JICA and the Overseas Economic Cooperation Fund (OECF) would follow in the footsteps of USAID.

In addition to an ODA organic law, the Diet should strengthen ODA oversight by conducting post-project assessments in accordance with the ODA organic law. Unlike advance assessments, post-project studies do not slow ODA implementation and careful post-project studies by Diet members would be beneficial in enabling oversight of the entire project cycle.

13. [Organizing an International Assistance Agency and Constructing a Highly Transparent ODA System] *While many Japanese do recognize the necessity of Japan's ODA, they also feel that it lacks transparency, perhaps the fault of its complex mechanisms. Yen-denominated loans fall under the auspices of four ministries/agencies - the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of International Trade and Industry, and the Economic Planning Agency - and are actually issued through OECF, grants are provided by the Ministry of Foreign Affairs, technical cooperation is offered through the Ministry of Foreign Affairs and JICA, and a considerable number of ministries and agencies supply personnel and/or are engaged in ODA policy decision making and implementation. Though a certain level of operational efficiency is maintained, the whole appears overly complex and indeed incomprehensible from the outside. The policy making process cannot be made more transparent without substantially overhauling the current organization, and perhaps the best method of doing so would be to unify the various policy design organizations and to permit much greater public access to information. The concluding report of the latest administrative reform council recommended in its final proposal that the central government structure be halved - the newly organized government to have a Prime Minister's Office and 12 ministries/agencies - and such a restructuring would provide an unequalled opportunity to integrate policy making functions. The present "4+19" system of ministries would disappear in such a restructuring, and we propose that an International Assistance Agency be created thereafter as an external organ of the Ministry of Foreign Affairs. Control of ODA activities, which currently spans 19 ministries/agencies, will be centralized under the Ministry of Foreign Affairs, making it easier to offer assistance consistent with diplomatic and strategic aims and ultimately increasing the transparency of the decision making process. Although not generally well known, greater public access is allowed to ODA information than for many other policy matters and periodic reports are submitted to the Diet, including the names of companies contracted to carry out ODA-related projects. Fears of an adverse impact on diplomatic relations with*

recipient countries, however, have meant that very little information on the policy making and implementation processes has been made public. The Cabinet has submitted a Freedom of Information Act to the 1998 regular session of the Diet, and taxpayers will likely begin calling for more active measures to be taken to ensure transparency. The government should as far as possible respond to the needs of the Japanese public while taking into account relations with recipient countries.

While many Japanese do recognize the necessity of Japan's ODA, they also feel that it lacks transparency. There are several possible reasons for this, but two of them are particularly important. The first is the complexity of the domestic policy making and implementation processes, and the second is public "impatience" that derives from not being able to directly observe those projects carried out overseas by recipient countries.

Both of these are major problems, but of the two, perhaps the former can be more easily corrected by adequate effort here in Japan. Because the menu of Japan's economic cooperation - including yen-denominated loans, grants, and technical cooperation - is so much more varied than those of other donor countries, the methods for providing this assistance are correspondingly complex. The policy decision-making process is further complicated by the fact that yen-denominated loans fall under the auspices of four ministries/agencies - the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of International Trade and Industry, and the Economic Planning Agency - and that 19 ministries/agencies are involved in technical cooperation. In recent years, these ministries/agencies have taken over a majority of the tasks connected with technical cooperation that should rightly be the responsibility of JICA, the organ established for the purpose of providing such assistance. The slots of specialists dispatched overseas to assist in technical cooperation have become permanent posts through which personnel are rotated by their respective ministries/agencies, and determining where and why particular decisions are made is extremely difficult.

The policy making process cannot be made less complex without substantially overhauling the current organization, and perhaps the best method of doing so would

be to unify the various policy design organizations and to permit much greater public access to information. The concluding report of the latest administrative reform council recommended in its final proposal that the central government structure be halved - the newly organized government to have a Prime Minister's Office and 12 ministries/agencies - and such a restructuring would provide an unequalled opportunity to integrate policy making functions. The present "4+19" system of ministries would disappear in such a restructuring, and we propose that an International Assistance Agency be created thereafter as an external organ of the Ministry of Foreign Affairs. Control of ODA activities, which currently spans 19 ministries/agencies, will be centralized under the Ministry of Foreign Affairs, making it easier to offer assistance consistent with diplomatic and strategic aims and ultimately increasing the transparency of the decision making process.

It is often difficult, too, to see exactly how Japanese contributions provided via international organizations such as the World Bank and the Asian Development Bank are utilized and, if Japan is to pursue a consistent aid policy, reducing the contingent of personnel sent from other ministries/agencies to the headquarters of these organizations will necessitate dispatching a greater number of personnel from the Ministry of Foreign Affairs.

In providing assistance, however, increasing the diversity of personnel to be posted will in fact lead to greater transparency in the policy decision-making process. JICA and OECF now have rather complex organizations and should be promptly simplified; in addition to organizational streamlining, recruiting personnel from NGOs, private corporations, and a variety of other sources for overseas assignment would provide to outside observers a cross-sectional view of the workings of the JICA and OECF organizations overseas.

The recruitment of outside personnel thus far has been limited to engineering specialists and those from a few other specialized fields, but assigning NGO personnel to the management of local offices and gaining their cooperation will help allay the public's suspicions about ODA being run from behind closed doors. Though indeed personnel should be recruited from a variety of sources, personnel affairs should be integrated under and managed by the Ministry of Foreign Affairs.

The key issue is erasing the "impatience" felt by the public; projects carried out

overseas will remain opaque as long as too much focus is placed on the traditional definition of ODA as "assistance between governments". The Japanese government should be prepared to resolve questions or doubts, even if this entails "interference" in the recipient countries' domestic affairs, by asking the governments of these countries what it should ask and by requiring what it should require. A reliance on requests from recipient countries to steer ODA policy makes it difficult to see the process at the proposal formulation stage, and the Japanese government should become active in making proposals based on full-scale country-specific assistance plans.

Although not generally well known, greater public access is allowed to ODA information than for many other policy matters and periodic reports are submitted to the Diet, including the names of companies contracted to carry out ODA-related projects. Fears of an adverse impact on diplomatic relations with recipient countries, however, have meant that very little information on the policy making and implementation processes has been made public. The Cabinet has submitted a Freedom of Information Act to the 1998 regular session of the Diet, and taxpayers will likely begin calling for more active measures to be taken to ensure transparency. The government should as far as possible respond to the needs of the Japanese public while taking into account relations with recipient countries.

14. [Securing the Necessary Personnel for ODA Implementation and Promoting Greater Public Understanding] *Even with a reduced budget, Japan's ODA can still be made more effective and given a visible face if a large pool of personnel can be secured who are enthusiastic about helping developing countries, who have specialist expertise, and furthermore who have an interest in a wide variety of areas, including foreign policy. Steps should be urgently taken through development education to train personnel who will be able to provide on-site technical guidance in developing countries. A system should also be constructed to actively recruit present and retired employees from private corporations; a rich pool for recruiting might also be found among the ranks of NGOs, who possess trained "development professionals". The government must immediately improve the inadequate basic infrastructure for NGO activities,*

including appropriate fiscal and tax systems. Such direct efforts will encourage public participation in NGO activities and hence increase the number of people who have a deeper understanding of the tragic circumstances in developing countries. Greater information should be provided to, and views exchanged with, Diet members and bureaucrats, who do not always have an accurate understanding of the facts. Consideration should also be given to a framework for increasing interest in developing countries as a whole and for teaching students at the junior high and high school level the importance of ODA. In light of the mass media's crucial role in informing the public about ODA, exchanges should also be maintained with media organizations. This proposal is one that will require steady effort and manpower, and its success depends entirely on whether the Cabinet does indeed view ODA as a key pillar in Japanese foreign policy and whether it has the courage to cut funding for more wasteful budget items.

To make Japan's ODA even more effective and to give it a visible face within the confines of a limited budget, it is critical to have access to a large pool of personnel who are enthusiastic about helping developing countries, who have specialist expertise, and furthermore who have an interest in a wide variety of areas, including foreign policy. Development education should be used to train personnel who understand well the serious circumstances that confront developing countries today and the numerous issues that create these circumstances and who are willing to endeavor to remedy the situation, and it is also necessary to train personnel who can be dispatched as specialists to developing countries and who have a passion for providing on-site technical guidance that meets the dictates of local circumstances. There have been some instances where the government or government-related organizations have dispatched specialists who were not necessarily the best people for the job required, prompting an expression of dissatisfaction from the recipient country.

To overcome this situation, a system should be constructed to actively recruit present and retired employees from private corporations and the government should work in even closer cooperation with NGOs and actively support their activities;

early passage of the NPO Bill would be very helpful in this regard. One must understand from the outset that the roles of the government and of NGOs are fundamentally different.

Japanese NGOs have a shorter history and relatively less experience than their counterparts in the West, and many of them have rather precarious fiscal foundations, but among them have appeared some groups who have created support systems very well suited to the needs of recipient countries and who are working very energetically. If a large number of NGO personnel can be turned into "development professionals", then local people will come to appreciate the Japanese presence even more and their welfare will be greatly improved. A greater number of ordinary Japanese citizens participating in NGO activities would also mean an increase in the number of people who have an understanding of the true circumstances in developing countries and who enthusiastically embrace the opportunity to attempt to resolve their problems. Communities which can assemble a large number of self-reliant and flexible people will have a valuable asset at hand for caring for elderly persons and for carrying out relief operations during disasters. As a result, participation in developing country assistance at a local level may also increase.

Despite the fact that the issue of ODA for developing countries is an important one for Japan, not all of the Japanese public correctly understand this issue. Greater information should be provided to, and views exchanged with, Diet members and bureaucrats, who also do not always have an accurate understanding of the facts. As the awareness and interest of taxpayers towards ODA continues to grow, it has become more important than ever to encourage interest in developing countries as a whole at the junior high and high school level and to have the young people who will govern Japan in the next generation understand the importance of ODA, and a framework should be created to allow them to actively take part in activities designed to help address problems in developing countries. The mass media also has an enormous impact on public understanding, and regular exchanges between media and ODA personnel would help ensure objective reporting on ODA and situations in developing countries as well as spark a public debate on ODA issues.

The Japanese people have overcome a great number of difficulties since the end of WWII to build the prosperous society they enjoy today. Even given the numerous

domestic problems facing Japan now, one can count on finding people willing to take up the struggle of economic development in the developing countries. This proposal is, however, one that will require steady effort and manpower, and its success depends entirely on whether the Cabinet does indeed view ODA as a key pillar in Japanese foreign policy and whether it has the courage to cut funding for more wasteful budget items.

Appendixes

1. Policy Council Members Who Signed Recommendations

[Task Force]

Atsushi Kusano	Professor, Keio University
Tsuneo Sugishita*	Deputy Editor, The Yomiuri Shimbun
Kazuhiko Ozawa*	Associate Professor, Obirin Junior College
Teruhiko Fukushima*	Associate Professor, Obirin University

[Chairman]

Hisao Kanamori	Adviser, Japan Center for Economic Research
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[Vice Chairman]

Kenichi Ito	President, The Japan Forum on International Relations, Inc.
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[Members]

Kazuo Aichi	Member of the House of Representatives
Yutaka Akino	Associate Professor, Tsukuba University
Masaya Fujimura	Chairman, Mitsubishi Materials Corp.
Hajime Funada	Member of the House of Representatives
Masahiko Furukawa	Chairman of the Board, Mitsubishi Chemical Corp.

Hitoshi Hanai	Professor, Tsukuba University
Shunsaku Hashimoto	Advisor, The Sakura Bank, Ltd.
Hirotarō Higuchi	Chairman, Asahi Breweries, Ltd.
Wataru Hiraizumi	Chairman, Kajima Institute of International Peace
Yoshikatsu ironaka	President, Institute of Mitsui and Co., for Trade and Economic Studies, Inc.
Hiroyuki Hosoda	Member of the House of Representatives
Isao Ichikawa	Advisor, Nikon Corp.
Tsuneo Iida	Professor, International Research Center for Japanese Studies
Toyoaki Ikuta	President, The Institute of Energy Economics Japan
Eiichi Imagawa	Professor, Soka University
Takashi Imai	Representative Director and President, Nippon Steel Corp.
Kuniko Inoguchi	Professor, Sophia University
Takashi Inoguchi	Professor, The Univeristy of Tokyo
Hidekazu Inoue	Senior Executive Vice President, Nippon Telegraph and Telephone Corp.
Koichiro Ishii	President, Ishii Enterprise
Eisei Ito	Member of the House of Representatives
Tatsuji Ito	Chairman Emeritus, Mitsubishi Estate Co., Ltd.
Kazumasa Iwata	Professor, The University of Tokyo

Ikuo Kabashima	Professor, The University of Tokyo
Fuyuko Kamisaka	Journalist
Fuji Kamiya	President, Japan Association for Defense and Security Studies
Hirohisa Kato	President, The Yomiuri Shimbun, Osaka
Hiroshi Kato	President, Chiba University of Commerce
Akio Kimura	Professor, Aoyama Gakuin University
Shinichi Kitaoka	Professor, The University of Tokyo
Tomoyuki Kojima	Professor, Keio University
Tadateru Konoe	Vice President, Japanese Red Cross Society
Shumpei Kumon	Executive Director, Center for Global Communications, International University of Japan
Tatsuro Kunugi	Professor, International Christian University
Daizo Kusayanagi	Author
Teruhiko Mano	Advisor to the President, The Bank of Tokyo-Mitsubishi, Ltd.
Toshiharu Morii	Tenrikyo Aichi Diocese
Ryohei Murata	Special Adviser, The Sanwa Bank, Ltd.
Shigeto Nagano	Member of the House of Councilors
Masahisa Naitoh	Senior Managing Director, ITOCHU Corp.
Isao Nakauchi	Chairman, President and C.E.O., The Daiei, Inc.
Shoh Nasu	Chairman, Tokyo Electric Power Co., Inc.

Satoshi Niibori	Professor, Nihon University
Akira Nishio	Counsellor, Nissho Iwai Corp.
Kanji Nishio	Professor, The University of Electro-Communications
Eijiro Noda	Advisor, Toyo Engineering Corp.
Tomomitsu Oba	President, Japan Center for International Finance
Toshiaki Ogasawara	Chairman and Publisher, The Japan Times/President, Nifco Inc.
Hiroshi Ohki	Member of the House of Councilors
Eiko Ohya	Journalist
Masao Okonogi	Professor, Keio University
Takayuki Osanai	Foreign Policy Critic
Hiroji Ota	President and Director, Chubu Electric Power Co., Inc.
Takanori Sakai	Member of the House of Representatives
Masahiro Sakamoto	Professor, Chuo University
Tomohisa Sakanaka	Professor, Aoyama Gakuin University
Masamori Sase	Professor, National Defense Academy
Atsuyuki Sassa	Former Director-General, The Cabinet Security Affairs Office
Seizaburo Sato	Research Director, Institute for International Policy Studies
Hidetake Sawa	Critic
Tadahiro Sekimoto	Chairman, NEC Corp.

Katsumi Sezaki	Vice President, The Japan Forum on International Relations, Inc.
Motoo Shiina	Member of the House of Councilors
Toshiyuki Shikata	Professor, Teikyo University
Haruo Shimada	Professor, Keio University
Ichiro Suetsugu	Chairman, The Council on National Security Problems
Yoshio Suzuki	Member of the House of Representatives
Yukio Suzuki	Professor, Reitaku University
Koki Tada	Chairman, The Chugoku Electric Power Co., Inc.
Soichiro Tahara	Journalist
Sanae Takaichi	Member of the House of Representatives
Tamotsu Takase	Professor, Tokai University
Ichio Takenaka	Senior Adviser, Research Institute on the National Economy
Tadae Takubo	Dean, Faculty of Social Sciences, Kyorin University
Toshiro Tanaka	Professor, Keio University
Yasumasa Tanaka	Professor, Gakushuin University
Tadao Uchida	News Caster
Kimio Uno	Dean, Faculty of Policy Management, Keio University
Katsuhiro Utada	Senior Advisor to the Board, Ajinomoto Co., Inc.
Akio Watanabe	Professor, Aoyama Gakuin University
Susumu Yabuki	Professor, Yokohama City University

Masayuki Yamauchi Professor, The University of Tokyo

Taro Yayama Political Commentator

Haruki Yoshida President, The Wako Research Institute of Economics,
Inc.

Yasuhiko Yoshida Professor, Saitama University

(In alphabetical order)

*Non-members of the Policy Council of The Japan Forum on International Relations, Inc., but Members of the Task Force of the said Policy Council.

2. How the Recommendations Were Drafted and Adopted?

The theme of "Japan's ODA in the 21st Century," was proposed by the Steering Committee on June 30, 1995 and was adopted by the Policy Council on July 5, 1995. The Policy Council has continued to conduct the policy research since its first meeting on January 23, 1997.

The Policy Council, which met four times in the course of January to December 1997, heard a basic concept of the Task Force at its first meeting from Prof. Atsushi Kusano, Head of the Task Force, and a government's perspective at its second meeting from Mr. Tsuneo Nishida, Deputy Director-General, Economic Cooperation Bureau, Japanese Ministry of Foreign Affairs. Each time after hearing the presentation, the Council members had active deliberations on the theme.

The Task Force of the Policy Council was organized prior to the first meeting of the Policy Council with the aim of helping the Policy Council to formulate its recommendations. It was composed of the following members;

[Head]

Atsushi Kusano Professor, Keio University

[Members]

Tsuneo Sugishita Deputy Editor, The Yomiuri Shimbun

Kazuhiko Ozawa Associate Professor, Obirin Junior College

Teruhiko Fukushima Associate Professor, Obirin University

The Task Force met six times between February 1996 and November 1997. On the basis of the discussions conducted in the foregoing Policy Council meetings, the Task Force drafted an interim draft of the policy recommendations.

Prof. Ozawa visited four African countries in March 1997, whereas Prof. Fukushima visited two Central Asian countries in September 1997. Both members

of the Task Force exchanged views with experts representing various local circles and conducted field surveys.

At the third meeting of the Policy Council, Prof. Ozawa and Prof. Fukushima reported on the result of their field surveys and Prof. Kusano presented the interim draft recommendations.

With the result of the subsequent Policy Council discussions in mind, the Task Force revised the interim draft recommendations to produce final recommendations, which were presented to, and approved by the Policy Council at its fourth and final meeting on December 19, 1997.

The fourth meeting of the Policy Council, in approving the draft recommendations, authorized its Chairman Hisao Kanamori to make revisions within certain limits to accommodate the proposals for amendments made at the meeting before printing the final recommendations. Each individual member of the Policy Council had the option of either endorsing the recommendations with his signature or not endorsing them by withholding it.

3. Chronology of Policy Council Activities on the Theme

- [1995] Jun. 30 7th meeting of the Steering Committee proposed the theme of "Japan's ODA in the 21st Century" as a theme for the 1996-97 policy research program of the Policy Council and recommended Prof. Atsushi Kusano as Head of the Task Force on the theme.
- Jul. 5 The Policy Council approved the proposal of the 7th Steering Committee on the theme for the 1996-97 policy research program and the appointment of Prof. Atsushi Kusano as Head of the Task Force.
- [1996] Feb. 21 1st meeting of the Task Force.
- Apr. 3 2nd meeting of the Task Force.
- May. 27 3rd meeting of the Task Force.
- Jul. 1 4th meeting of the Task Force.
- [1997] Jan. 23 1st meeting of the Policy Council held with Prof. Atsushi Kusano, Head of the Task Force, as a keynote speaker followed by discussions.
- March 19 Prof. Kazuhiko Ozawa, Task Force Member, visited
- 27 Zimbabwe, Kenya, Ethiopia and Ghana for field surveys.
- Jul. 15 5th meeting of the Task Force.
- Jul. 17 2nd meeting of the Policy Council held with Mr. Tsuneo Nishida, Deputy Director-General, Economic Cooperation Bureau, Japanese Ministry of Foreign Affairs as a guest speaker.

- Sep. 28 Prof. Teruhiko Fukushima visited Kazakhstan and
-Oct. 5 Uzbekistan for field surveys
- Oct. 29 3rd meeting of the Policy Council held to hear the
report of Prof. Ozawa and Prof. Fukushima on the result
of their trips to African and central Asian countries
followed by the discussions on an interim draft of the
policy recommendations reported by Prof. Kusano.
- Nov. 10 6th meeting of the Task Force.
- Dec. 19 4th meeting of the Policy Council adopted the final
draft of the policy recommendations reported by Prof.
Kusano.
- [1998] Mar. 5 The Policy Recommendations were presented to Prime
Minister Ryutaro Hashimoto by Mr. Hisao Kanamori,
Chairman of the Policy Council, Prof. Atsushi Kusano,
Head of the Task Force, and Kenichi Ito, President of
the Japan Forum on International Relations,
immediately followed by a press conference to
announce its publication.

4. Acknowledgements by Policy Council Chairman

As we put the finishing touches on our 16th set of policy recommendations (JF-E-I-A-0016) on the theme of "Japan's ODA in the 21st Century" after spending almost two years for deliberations and research, we would like to mention our special indebtedness to all those who in one way or another helped us in our efforts to produce these recommendations.

Especially, Mr. Tsuneo Nishida, Deputy Director-General, Economic Cooperation Bureau, Japanese Ministry of Foreign Affairs, was kind enough to accept our request to present his views on the theme at the second plenary meeting of the Policy Council.

Finally we would also like to mention the helpful insights we have received from seven senior members of four ministries and two agencies of our government, who willingly granted us their precious time to attend our meetings as individuals in their advisory capacity of Policy Council Counselors. Let us also add that the views expressed in these recommendations represent in no way those of the ministries and agencies concerned and that the responsibility for the contents of the recommendations is that of those members of the Policy Council who signed them alone.



The Japan Forum on International Relations, Inc.

17-12-1301, Akasaka 2-Chome, Minato-ku Tokyo, 107-0052, Japan

Tel: 03-3584-2190 / Fax: 03-3589-5120 / E-mail: jfir@mars.dti.ne.jp