

Japan's ODA Policy Reaching Turning Point – Both in Quality & Quantity –

Photo: Courtesy of Katsumi YOSHIDA/JICA



A new school in Tanzania, built with Japanese ODA

JAPAN'S official development assistance (ODA) policy is reaching a major turning point. Quantitatively, Japan needs to boost its ODA to 0.7% of its GNP by 2015, in line with UN Secretary General Kofi Annan's call for all developed nations. Annan made the proposal in a report on major UN reforms he submitted in March, effectively setting the target as a condition for a Japanese permanent seat on the UN Security Council.

Prime Minister Koizumi Junichiro emphasizes that Japan "intends to continue efforts to increase its ODA in cooperation with other nations, although it is difficult to establish a timetable." Given the huge ¥700 trillion government debt, however, Tokyo may have no choice but to curtail its ODA budget. An ODA report for 2004, compiled by the OECD's Development Assistance Committee (DAC), shows Japan's contribution fell for the fourth consecutive year, with the ratio to its GNP standing at 0.19%, far below the 0.7% goal for developed nations. In value, Japan remained second after the United States in the ranking of the 22 major donor countries, but its contribution was less than half the figure for the US. In addition, the third largest donor, France, is closely chasing Japan. Meanwhile, Germany has already made it an interna-

tional pledge to attain the 0.7% target by 2015, thus leading Japan in their bid to become permanent Security Council members.

Qualitatively, Japan faces the knotty issue of graduating soft loans to China. The two countries reached a basic agreement in March that Japan will stop providing new official credits to China by the time of the 2008 Beijing Olympics. Both Tokyo and Beijing are pursuing a "soft landing" approach on the matter so that it will not develop into a new source of disputes between the two countries. However, Chinese anti-Japan sentiments are persistently strong as exemplified by the series of protests since this spring. The halt of yen loans to China marks the end of the 25-year-old bilateral economic framework, in which Japan has been a donor and China a recipient. It also represents the start of a new framework, in which the two countries will compete and cooperate on an equal footing. How to keep bilateral ties from deteriorating under a new framework is a major task facing the two countries.

Japan is also prioritizing Africa in its ODA policy. At the Asia-Africa Summit held in Jakarta in April, Koizumi declared Japan's policy to double its ODA to Africa, centering

COMING UP

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on grants, over the next three years. He also plans to emphasize during a G8 summit in Gleneagles, Scotland, in July that Japanese aid, notably the steady financing of infrastructure improvement projects, has helped Asian countries achieve remarkable economic growth. Moreover, he is expected to express Japan's resolve to play a leading role in African development, in response to international criticism that financial assistance, so far extended largely by the United States and Europe, is nothing more than a stopgap measure. The planned initiative marks the shift of focus in Japan's ODA policy to Africa away from Asia.