

Im Fokus

Japan's Foreign Aid Policy in Transition: An Interpretation of TICAD IV

Japans Entwicklungshilfepolitik im Wandel: Eine Interpretation der TICAD IV

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Abstract

As the host of two important international conferences, the Fourth Tokyo International Conference on African Development (TICAD IV) and the G8 summit, Japan has had an unrepeatable diplomatic opportunity this year. The outcome of TICAD IV suggests that Japan's aid policy for Africa is changing from being conformist with international norms to being autonomous and result-orientated, looking to the interests of client countries and Japan more explicitly. As Africa is becoming increasingly important politically and economically, the Japanese government appears determined to mobilise its main diplomatic tool, official development assistance, to create closer ties with the continent. The shift can be interpreted in the context of the changing environment in diplomacy. The series of diplomatic setbacks and the declining role of the US as the anchor of the international political economy no longer allow for the sole dependency on US hegemony for securing Japan's interests; Japan needs to manoeuvre to pursue its interests on its own within the global order.

Keywords: Africa, Japan, ODA, development, foreign policy

1 Introduction

This article is intended to examine Japan's recent aid policy with particular reference to the Fourth Tokyo International Conference on African Development (TICAD IV) held on 28-30 May 2008.¹ The year 2008 is a unique opportunity for Japan to demonstrate its diplomatic presence and foreign policies as it is hosting two important international conferences, namely TICAD IV and the

¹ The views expressed herein are those of the author and do not reflect the position of the Japan International Cooperation Agency.

G8 Hokkaido Toyako Summit (in July). The Japanese government scheduled TICAD IV as a preliminary to the G8 Summit; the outcome of TICAD IV was directly conveyed to the G8 Summit (TICAD IV 2008).

TICAD has taken place every five years since 1993, co-hosted by Japan, the United Nations (UN), the United Nations Development Programme (UNDP) and the World Bank.² This year's TICAD IV experienced the largest number of attendants in TICAD's history: 51 African countries (including 41 heads of state and the African Union), 34 donors and Asian countries, 74 international and regional organisations as well as representatives of the private sector. This was largely due to TICAD IV's direct linkage with the G8 Summit, in which African development was one of the main themes. Furthermore, in the face of rising commodity prices, rapidly growing African economies have been drawing increasing international attention themselves, not only as aid recipients but as one of the few remaining business frontiers in the world.³

The list of agendas at TICAD IV included economic growth, human security and the Millennium Development Goals (MDGs), consolidation of peace, governance and environmental issues, including climate change.⁴ While the agendas inevitably reflected current global issues, the Japanese government managed to add some of its own priority foreign policy issues as well. By looking at TICAD IV, Japan's latest strategies (and its departure from the past) regarding African development and aid policies for the region can be observed.

One of the distinctions of TICAD IV was that economic growth was placed at the top of the agenda, which departs from mere poverty reduction centred on distributive support to social sectors (e.g. health). This is a small sign, but could represent something of a jump for the country from a "faithful follower"

² In the early 1990s when "aid fatigue" set in after the Cold War, Japan launched TICAD I to re-focus international attention on African development. A central feature of TICAD is the co-operation between Asia and Africa (MOFA 2008a). Information on TICAD IV and the G8 Hokkaido Toyako Summit is available at <http://www.mofa.go.jp/region/africa/ticad/ticad4/index.html> and <http://www.g8summit.go.jp/eng/index.html> respectively.

³ Africa has seen remarkable economic growth. The continent's real GDP has grown steadily since 2000; the annual growth rate of even non-resource countries has exceeded 5 per cent. Reflecting these phenomena, China and India have also hosted conferences to which African leaders were invited: the Forum on China-Africa Co-operation (China-Africa Beijing Summit), November 2006 (<http://www.fmprc.gov.cn/zflt/eng/xglj/default.htm>) and the India-Africa Forum Summit, April 2008 (<http://www.fmprc.gov.cn/zflt/eng/xglj/default.htm>).

⁴ See the UN's website for details about the MDGs: <http://www.un.org/millenniumgoals/>.

of international norms to a “moderate advocator”. Consequently, two questions arise: What does TICAD IV explain about Japan’s official development assistance (ODA) policy shifts, and what are the factors behind the shifts? This article seeks to answer these questions by focusing on TICAD IV in particular. Moreover, an examination of ODA would provide some insights for analysing Japan’s foreign policy. As the use of military force is restricted by the constitution, and hence ODA is virtually the sole diplomatic tool for the country, ODA policy should be sensitive to any foreign policy changes.

This article is organised as follows. Section 2 briefly summarises the outcome of TICAD IV and examines the features which distinguish TICAD IV from the conventional international norms and/or Japan’s past practices. Section 3 discusses the changes in Japan’s aid policy by looking into diplomatic aspects: the objectives of TICAD IV, the trajectory of Japan’s development assistance and the international politics behind the policy change. Section 4 concludes this article with a summary of the findings.⁵

2 What Can Be Learnt from TICAD IV?

2.1 Synopsis

TICAD IV adopted the *Yokohama Declaration: Towards a Vibrant Africa*, in which five areas are specified as priorities: i) boosting economic growth, ii) achieving the MDGs, iii) the consolidation of peace and good governance, iv) addressing environmental issues and climate change and v) a broadened partnership (TICAD IV 2008).⁶ These areas apparently reflect the current global concern as well as the primary concept throughout TICAD from 1993 onwards, namely, “ownership” and “partnership”, which encourages Africa’s self-help efforts and support of the international community.

In the course of TICAD IV, the Japanese government made a number of pledges:

- to double the ODA for Africa to 1.8 billion USD by 2012, including the Yen loan (mainly for infrastructure) equivalent to 4 billion USD, and doubling

⁵ This article does not address the other issues discussed in TICAD IV and the G8 Summit, namely climate change, food, commodity prices or the monitoring of the TICAD process.

⁶ The original text can be found at <http://www.mofa.go.jp/region/africa/ticad/ticad4/doc/declaration.pdf>.

- grant and technical assistance,
- to set up a 2.5 billion USD fund to help Japanese firms invest in Africa with the aim of doubling Japanese investment to Africa to a total figure of 3.4 billion USD by 2012,
 - to allocate the substantial part of its 1 billion USD Emergency Food Assistance Package to Africa and to provide extra relief for those who face starvation,
 - to offer 5.6 billion USD to the Global Fund To Fight AIDS, Tuberculosis and Malaria,⁷
 - and to co-finance large-scale projects with the World Bank to facilitate Africa's regional economic integration.⁸

The agendas and pledges seemingly follow conventional issues of international development, such as MDGs, communicable disease and the increase in ODA disbursement. Nevertheless, four distinctive features are found (which depart somewhat from conventional poverty reduction and Japan's past aid practices): i) an emphasis on economic growth, ii) a closer public-private coalition, iii) a broader role on the part of the government and iv) a call for country-specific industrial strategies.

2.2 An Emphasis on Growth

The Yokohama Declaration states that "it is essential to accelerate broad-based economic growth and diversification" for Africa's sustainable development (TICAD IV 2008). Japan traditionally believes that sustainable economic growth is crucial for the poor to be able to extricate themselves from poverty, as illustrated by East Asia's experience, in which the expansion of the private sector contributed to an improvement in the poor's income through increased employment (MOFA 2005).⁹ To get out of poverty *and stay out of it*, the absolute income level of the

⁷ See <http://www.theglobalfund.org/en/>.

⁸ In addition, Japan will train 100,000 local medical personnel over five years and help to double Africa's rice production over ten years through training and infrastructure building, and will construct 1,000 primary and secondary schools for about 400,000 children as well as expanding teacher training in maths and science.

⁹ It is often mentioned that the per capita GDP of East Asian countries was lower than Africa's in the 1940-50s, while the present level is three times that of Africa. The per capita GDP of East Asia grew at a rate of 5.5 per cent per annum between 1981 and 2003. The size of the population living in absolute poverty (i.e. people who live on less than 1 USD a day) decreased by 400 million. These developments have been achieved through economic growth financed largely by

poorer people must rise. For this to happen, economic growth led by productivity improvement has to be *sustained*.

In the African context, despite the recent good performance, the economic growth is far from adequate on a per capita basis (Secretariat of the Stocktaking Work, JICA 2008). The real per capita GDP, an indicator of the income level, in low-income African countries has remained less than 300 USD over the past decade, a third of the continent's average. For the income level of African economies to reach that of present-day Malaysia, say, within the next 20 years, the economies would have to grow at least eleven per cent annually.¹⁰

Based on this conception, the Yokohama Declaration acknowledges that industrial development is essential to achieve economic growth through trade, investment and infrastructure development.¹¹ In this regard, the important role of the private sector (both domestic and foreign) in promoting and financing sustainable economic growth is explicitly noted – in contrast to the 2005 Gleneagles Summit, which focused more on corruption, democracy and human rights.¹²

The focus on (investment-led) growth is legitimate for Africa's sustainable development, and investment is exactly what the African side deserves rather than aid (Kristof 2007). During the G8 Summit in Japan, African leaders expressed appreciation of Japan's focus on infrastructure and investment promotion (*Daily Yomiuri* 2008a). My own interviews with MOFA officials after TICAD IV also confirm that the most frequent requests from African leaders during the 47

foreign private capitals and ODA (MOFA 2005). MOFA (ibid.) calculates from OECD statistics (*Geographical Distribution of Financial Flows to Aid Recipients*) that the total ODA inflow to East Asia and Africa between 1980 and 2003 amounted to 1,079 trillion USD and 2,089 trillion USD respectively. That is, Asian economies achieved such growth with half the volume of ODA for Africa.

¹⁰ Recent discourse on African development has increasingly focused on the importance of the growth; see, for instance, Hausmann et al. (2006) and Commission on Growth and Development (2008).

¹¹ The importance of agriculture is also recognised in the Yokohama Declaration as a "major driving force for economic growth" rather than as a means of mere rural employment absorption, following the recent literature, including World Bank studies (2007). The stress of TICAD IV was on productivity growth of the sector through water infrastructure, for example, as well as on facilitating rural entrepreneurship and local (support) industries.

¹² See <http://www.g8.gov.uk/> for the 2005 Gleneagles G8 Summit. African development has been one of the major agendas of G8 summits. African leaders were first invited to the 2000 G8 Okinawa Summit in Japan, which led to the G8 Africa Action Plan in 2002 (www.g8.gc.ca/kan_docs/afraction-e.asp).

dialogues with Prime Minister Yasuo Fukuda were for investment promotion rather than aid. Why is this the case?

In the short/medium term, foreign direct investment (FDI) creates employment which contributes to immediate poverty reduction, and local residents' welfare can be increased by investing companies' corporate social responsibility (CSR).¹³ The macro-economic balance can be improved if investments are in export-orientated sectors. In the longer term, various investment-induced effects are expected, e.g. an increase in the productivity of the national economy as a whole through technology transfer and diffusion, and the development of local supporting industries, which all lead to further economic development. In addition, the beneficiaries of Japan's ODA include all domestic and foreign investors, as ODA-financed infrastructure, for example, is public goods.

2.3 Public-private Coalition in ODA

The second distinctiveness is public-private partnership (PPP) in the development process – i) one only between the Japanese government and companies, and ii) one that involves all stakeholders, i.e. public and private actors in both Japan and recipient countries. The term “PPP” is not a new one in the field of ODA, typically being observed in large-scale infrastructure projects since the mid-1990s. The public sector constructs roads financed by ODA and then transfers the ownership to private firms who then operate them.¹⁴ What is new in the PPP strategy presented at TICAD IV is that more emphasis is put on effectiveness and quick results. ODA-financed infrastructure projects are to be more directly connected to private FDI projects than the past ODA projects in Asia.

Japan's past ODA in the form of infrastructure to Asia acted as a catalyst for private FDI (Watanabe 2003). What is important to note here is that there was no explicit association (e.g. pre-consultation) between the Japanese government and investors. Such a catalyst functioned relatively well in Asia: Japanese investors

¹³ A joint study (Bertelsmann Stiftung / Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) 2007) provides a good introduction to CSR and its application in the context of public policy with case studies in Africa.

¹⁴ The GTZ has also been involved in PPP since the 1990s (<http://www.gtz.de/ppp/english/>). German PPP is more like a “joint venture”, while the scope of the Japanese style has been limited and more parallel, with the public and private sector staying out of each others' operations. Part of the reason was to avoid criticism from the domestic (i.e. Japanese) media that public money should not be used to benefit particular companies.

were familiar with the region, hence they could assess investment risks accurately and react flexibly to ODA projects even without a close association with the government. When it comes to Africa, however, Japanese investors have much less information about the continent, and uncertainty has discouraged them from becoming involved.

Business risks can be reduced in several ways, including Africa's own effort to stabilise the macro-economy and improve governance, among other things. In addition, extra incentives by the Japanese government, such as ODA-financed infrastructure specifically designed with FDI projects in mind (e.g. constructing roads connecting factories to ports) and investment insurance should reduce the direct and indirect costs of operating in Africa.

Besides the partnerships on the Japanese side, TICAD IV advocates another PPP between whole stakeholders, i.e. governments of Africa and Japan and respective private sectors which do business in the real world. To promote investment-led growth in Africa, the public sector bears more responsibility for creating a business-friendly environment than the counterpart of advanced economies. In Africa, the private sector is small and fragile, production factors are inadequately distributed and economic structures are rigid. The measures to create a business-friendly environment may include building an institutional capacity in financial markets, improving the infrastructure, providing financial and technical assistance and risk-sharing guarantees for entrepreneurs, and supporting investment funds (MOFA 2008b).

The problem is whether African governments actually have enough capacity to design and implement appropriate policies on their own (which requires profound comprehension of the socio-economic conditions as well as their advantages and shortcomings vis-à-vis regional and global counterparts). According to a G8 summit document on development and Africa (MOFA 2008b), it is essential for donors and international organisations as well as private sectors (business and academic) to work together with African governments. Watanabe/Hanatani (2008) argue that the international community should support African countries in designing and implementing country-specific growth strategies and policy measures by setting up a bilateral policy dialogue mechanism and a public-private council consisting of public and private representatives and academics from the African side and that of the donors.¹⁵

The Japanese ODA practice has been shifting from “request-based” (i.e. ODA projects were adopted upon recipient countries’ requests) to “co-formulation” by the government of Japan and its counterpart(s).¹⁶ This shift may reflect the lessons from past setbacks: investment projects (public or private) tended to be “stand-alone” and the effects were confined to specific regions or sectors, not necessarily leading to country-wide development. For the benefits of ODA to be maximised, the recipient country’s institutional capacity to design and manage projects needs to be improved through closer public-private consultation practices (see section 2.4).

2.4 Lessons from Asia’s Experience: The Role of the Government And an Industrial Strategy

One of the ways that the fifteen-year TICAD process differs from other international forums on African development is that the lessons from Asia’s development experience are incorporated in it. TICAD IV particularly underlines i) respect for diversity, ii) the government’s role and iii) country-specific industrialisation strategy.

- *Respect for diversity*: Watanabe/Hanatani (2008) and the Secretariat of the Stocktaking Work, JICA (2008) argue that Asia’s development is commonly characterised as export-orientated industrialisation. In practice, however, the development paths have been diverse in the region: individual economies pursued different development strategies according to their different endowments and circumstances.¹⁷ This attention to diversity has increasing support in the international development discourse. Weiss (2008), who examines the post-Washington Consensus paradigm for development assistance with a view to its validity and effectiveness, contends that aid strategies will have to re-

¹⁵ Japan has a successful record in this area, including a technical assistance project in Zambia which officially commenced in 2006. The Japan International Cooperation Agency deployed a Malaysian advisor to Zambia to improve the investment environment in the country. The initial results include i) the establishment of investment promotion policies, ii) the development of investment-related legislation and investor relations, and iii) the modification of government systems in this context. See Jegathesan/Ono (2008).

¹⁶ The move towards co-formulation was first advocated in 1997 in the ODA White Paper (MOFA 1997). In addition, a more drastic policy change that occurred was reflected in the Foreign Ministry’s announcement on 18 April 2008 to allow companies to propose ODA projects to recipient countries.

spect specific conditions and be adaptable to local contents to reduce poverty effectively. African countries whose geographical conditions and endowments are as diverse as Asia would have adopted different economic policies and growth strategies with different prioritised measures and sequences reflecting their diverse conditions. In practice, however, their policies and strategies have ended up converging on export-orientated industrialisation through foreign investments. In addition, African countries have been virtually forced to meet standardised “best practices” set by the international development regime since the 1980s (e.g. the structural adjustment programme, good governance and the Poverty Reduction Strategy). The set of policy measures recommended by international development organisations has always been identical, and yet such identical recommendations failed to bring about continent-wide economic success.

- *The role of the government – more policy space:* By the same token, the scope of governments in pursuing economic policies has been limited, while most of the private sector remains fragile. For example, African governments today face stricter discipline regarding international trade, investment and intellectual property rights under the World Trade Organization regime than their Asian counterparts did in the 1980s. The recent “policy space” discourse in the global economy and development (e.g. Stiglitz 1998; Hoekman 2005; Chang 2006) argues that the rules and norms of international economic regimes, e.g. liberalisation of trade and finance, market reform, improvement of governance, have narrowed down the policy options that governments can take regarding trade, macro-economic management and industrial development. This limitation thereby constrained economic growth opportunities for developing countries. In a symposium during TICAD IV, Joseph Stiglitz stressed the important role of Asian governments in pursuing

¹⁷ For example, Japan, Korea and Taiwan financed development projects domestically, while the economies of the Association of Southeast Asian Nations (ASEAN) mainly depended on FDI. There are both resource-rich countries (e.g. Indonesia and Malaysia) and non-resource ones like Singapore, Thailand and the Philippines. The governments of Korea, Singapore, Indonesia, Malaysia and the Philippines have had active records of intervening in the economy, while those of Taiwan (after the 1980s) and Thailand have made modest interventions. Although the “flying geese” model – the transformation from labour-intensive to capital-/technology-intensive industries – was prevalent in general, the leading sectors have also varied among countries, e.g. heavy industry, electric appliances, the agricultural industry or textiles (Watanabe/Hanatani 2008).

economic policies, striking the appropriate balance between government and market, based on country by country conditions. Other participants, including Tanzanian President Jakaya Mrisho Kikwete and Ethiopian Prime Minister Meres Zenawi, echoed that African governments ought to have broader policy options, for example, in addressing market failure and investing in human resource development and infrastructure to meet public obligation.

- *The call for a country-specific industrial strategy*: The Yokohama Declaration acknowledges the urgent need to accelerate Africa's industrial development. Watanabe/Hanatani (2008) propose that African governments establish and implement country-specific industrial development strategies which look to identify and support prospective growth industries with a focus on the latent potential of individual economies. African countries have made decade-long efforts to reform their economies and governance. Such efforts, however, have not necessarily borne fruit in terms of promoting new industries or achieving economic development. The insufficiency of reforms, the civil wars and their negative effects on neighbouring countries account for some of the setbacks. Nevertheless, the current low levels of infrastructure and other capital stocks, the disparity between productivity and wages, the costs associated with public administration and the lack of efficient financial systems have all contributed to reducing business profitability in Africa and thus placed limits on economic growth. With more policy space, governments should design their own development strategies by taking advantage of the current buoyant economy. Of course, it is naive to expect that all of the African governments have the full capacity to do so from day one. Rather, an initial target for many governments may be to increase their institutional capacity to pursue such strategies through flexible and continuous efforts to design, try out, review, scrap and re-build appropriate policies in accordance with their individual capacity levels. As such, the international community has a role to play in supporting their efforts.¹⁸ These ideas in support of broader government roles appear to be meeting with increasing support (Rodrik 2008; Commission on Growth and Development 2008) as well as scepticism (e.g. Lawrence 2007).¹⁹ What is important is that the ideas do not express the leftist sentiment of Big Government, but are intended for particular objectives, i.e. private sector development in Africa. Specific policy initiatives are indispensable for fragile private sector in Africa to attain far-reaching development; otherwise economic success is likely to be confined to resource-related sectors that have

fewer ripple effects on an economy.

3 The Transition of Japanese Aid Policy

Japan is turning its resources to Africa, whose political and economic relations with the Asian nation were relatively limited until recently. The regional distribution of ODA has also seen a drastic shift to Africa.²⁰ As mentioned above, Japan has advocated economic growth, closer PPP, a broader role on the government's part and industrial policy as its assistance strategies for Africa. These propositions depart from conventional international norms of development and indicate a somewhat different trait judging from Japan's past practices. Why is this the case? This section explores Japan's aid policy changes and their backgrounds.

3.1 What Are the Objectives of TICAD IV?

Most analyses agree that the main short/medium-term goals of TICAD are gaining African support for Japan's bid for permanent membership of the UN Security Council and securing a sustainable supply of natural resources from Africa (Terada 2008; Kamiya/Hongo 2008). These goals can be classified as a manifestation of Japan's political and economic interests.

The former has been one of the most desirable diplomatic goals in Japan's view. However, the last bid it made in 2005 – jointly undertaken with Brazil, Germany and India – was unsuccessful because the four countries failed to secure enough support, especially from Africa, which accounts for 25 per cent of the UN's 192 members. TICAD IV was a good opportunity for Japan to gain support for the important diplomatic mission.

¹⁸ There are numbers of strategy-making projects in this context. South Africa has employed a Harvard University team to design economic policies (including industrial development). See <http://www.treasury.gov.za/publications/other/growth/>.

¹⁹ For example, industrial policy – typically represented by governmental intervention through import restrictions, subsidies, regulation, loans and tax to promote certain industries – has been the subject of scepticism from mainstream economists who felt it inefficient and costly (Yusuf 2001). Baer et al. (1999) even ascribe industrial policy to the Asian financial crisis of 1997. The prescriptions of the International Monetary Fund have been equally blamed for confounding the crisis-affected economies, however.

²⁰ According to MOFA (2007), Japan's ODA for Africa amounted to 34.2 per cent of the overall figure in 2006, increasing from 10.1 per cent in 2000, whereas the Asian share declined from 54.8 per cent to 26.8 in the same period. This reflected the commitment made at the 2005 G8 Gleneagles Summit to double its ODA to Africa within three years.

There was an immediate result during TICAD IV (and the G8 Summit), however: a number of African heads of state confirmed their countries' explicit support for Japan. However, some countries reserved their answer, while others gave conditional support for "mutual support to Africa". This implies that the Japanese government is urged to produce quicker and tangible results which the African side looks to – i.e. not merely one-time aid disbursement, but sustainable economic growth – to gain political support from Africa. For this to happen, Japan has endeavoured to hammer out the four aid strategies that it deems effective.²¹

On the economic front, the view that Japan just wants recourse is short-sighted; rather, longer-term perspectives for the Japanese economy should be considered. Prime Minister Fukuda contended that Africa's rich natural resources were not a factor when TICAD was inaugurated 15 years ago and that the meeting was purely aimed at assisting the continent and building a long-term relationship (Kamiya/Hongo 2008).²² This comment deserves careful interpretation. Japan's intension to establish closer ties with Africa is explained by the awareness that Africa is becoming a powerful engine driving the growth of the world rather than merely remaining a resource supplier – the Prime Minister referred to a "century of African growth" at the opening of TICAD IV (Fukuda 2008; *Daily Yomiuri* 2008b). This awareness may be encouraged by the recent economic performance in Africa as well as the potential offered by the African market (see Hammond et al. 2007, for example), let alone its rich resources.

The reason why PPP is emphasised can be explained in this context. Japanese companies' businesses in Africa have been lagging far behind their European and Chinese counterparts. A comment made by the state-backed Japan External

²¹ The changing environment of foreign aid also urges donors to be more result-orientated and effective thanks to the MDGs and the 2005 Paris Declaration, in which 56 items of code of conduct are provided for donors and recipients to make aid more effective. For details of the Paris Declaration, see http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html.

²² There was also a sceptical view that TICAD was intended for geographical rivalry against China. In fact, the author observed that a number of African states were intent on coaxing more aid pledges by stimulating the sentiment of rivalry at various meetings held prior to TICAD IV. Japanese officials always flatly denied such rivalry because assistance for Africa was not a zero-sum game. In addition, the "temperate" Japanese attitude could be partly accounted for by China's shift in diplomacy towards Japan in recent years, moving to a more conciliatory approach taken by the Hu Jintao administration than that of its predecessor, Jiang Zemin.

Trade Organization that “it is vital for Japan to make efforts with an ‘all-Japan approach’”, calling for closer public-private ties with Africa, illustrates a sense of urgency regarding Japan’s participation in Africa (Terada 2008). As such, PPP, including an investment fund and insurance, is employed as a support measure for Japanese investors in Africa, applying lessons from their record of successful intervention in Asia.

3.2 The Historical Background of Japan’s ODA

Why has Japan ventured to set out a distinct aid policy? A brief review of the history of the country’s foreign assistance activities will help us to understand the problem.

Table 1 The Transition of International Development Regimes

	1960s	1970s	1980s	1990s	End of 1990s afterwards
Development regime/ initiatives	UN Decade of Development	Basic Human Needs	Structural adjustment	Human development, sustainability	Poverty reduction, MDGs
Approaches	Import substitution industrialisation, trickle down	Redistribution of growth, community development	Market mechanism, export-orientated industry	Governance reform	Social development, inclusiveness
Focus	Infrastructure	Education, health, water	Macro balance, liberalisation, privatisation	Institution, human rights, democracy	Peace-building, post-conflict rehabilitation
Characteristics	Filling financial gaps		Conditionality	Aid fatigue	Aid effectiveness
Events in international politics and economy	East-West confrontation	Oil crisis, New International Economic Order	World debt problem, Reagan-Thatcher administrations	Post-Cold War, globalisation	9/11, fight against terrorism

Source: The author.

Japan's aid policies have always been made within the framework of US hegemony and as a member of the West. Most of Japan's aid agendas have followed the internationally prevalent regime, which was established by the UN, the World Bank or the OECD.²³

Tadokoro (2006) argues that Japan's foreign assistance, which started in the 1950s as a complement of war reparations to Asian countries, was implemented under the framework of the Japan-US Security Treaty. Under US hegemony in Southeast Asia, Japanese aid for the region was intended to prevent the penetration of communism and maintain security by stabilising people's livelihoods (remember, a military contribution was politically difficult for Japan). Japan's foreign aid was conducted in consideration of the US government's expectation particularly during the Vietnam War period (1959-1975) when the US Congress resolutely cut the foreign assistance budget.

President Johnson explicitly demanded that Japan purchase US Treasury bonds, contribute 100 million USD to the Asian Development Bank and give ODA to what was then South Vietnam when Okinawa Island was returned to Japanese sovereignty in 1972 after US occupation. This was also followed by the Carter administration, which called on Japan to disburse aid to the conflict-affected countries, namely Pakistan, Thailand and Turkey, for the solidarity of the West (Nakanishi 2006). The Foreign Ministry's *Diplomatic Blue Book* (MOFA 1980) states that the aid was intended to ensure continued security in a broad sense. The series of Japanese Yen loans has also been politically used to stabilise the Japan-China relationship, e.g. to support Deng Xiaoping's Reform and Open-Door Policy and hence to strengthen China's orientation to the West.

Nakanishi concludes that the history of Japanese aid can be regarded as part of an effort to be treated as one of the world's major nations, allowing it to escape the status it had at the end of WW II as a vanquished country. This illustrates the characteristic of Japan's aid policy (as a "faithful follower" of international regimes, often criticised as being passive rather than proactive).

²³ The international development agendas have directly/indirectly reflected the views of the American and British governments, who mobilised international organisations to make their policies as global consensuses. For example, the structural adjustment programme was developed during the period of the two transatlantic conservative administrations of Reagan and Thatcher (Table 1).

3.3 From Subordination to Autonomy? The Reaction to the Changing International Political Economy

Japan's attempt to seek a leading role in international development discourse began in the mid-1990s and was represented by the OECD Development Assistance Committee formulating a new development strategy in 1995.²⁴ In the post-Cold War period when other major donors were experiencing aid fatigue, the Japanese government took the lead in producing this strategy. Subsequently, in 1998, Japan proposed the concept of Human Security and made a contribution to a trust fund established in the UN.²⁵ These initiatives were prepared after carefully observing international development trends; in other words, the Japanese effort was centred on producing what major donors could accept.

Meanwhile, the ODA budget retrenchment in 1998 forced Japan's ODA to change. The decade-long depression and huge budget deficit turned public opinion on ODA sour. While the international community found resurging interest in assisting developing countries by establishing MDGs in 2000 and major donors pledged a substantial increase in ODA at the 2002 International Conference on Financing for Development in Monterrey, Japan's ODA budget continued to shrink, falling to a level of 729.3 billion JPY in 2007, a 38 per cent reduction compared with 1997 (MOFA 2007). The 2003 revision of the ODA Charter hence needed to incorporate national interest to be pursued through ODA and urged a transition from volume to quality (House of Councillors 2004). TICAD IV's emphasis on quick and effective results can be also explained in this context.

Another more fundamental factor which helped to bring about the aid policy change were the diplomatic realities. As mentioned above, Japan's diplomacy has essentially been subject to the US, and Japan bore the costs (including ODA) in order to maintain US hegemony. This system actually functioned quite well: financial and diplomatic costs have been modest, and the country was not exposed to the ferocious reality of international politics until the mid-1990s.

²⁴ *Shaping the 21st Century: The Contribution & Development Co-operation*, propounding a reduction in extreme poverty by half by 2015, is considered as a harbinger of MDGs. The strategy outline can be found on the Foreign Ministry's website, <http://www.mofa.go.jp/policy/oda/summary/1999/ref4.html> and the original text can be viewed at <http://www.oecd.org/dataoecd/23/35/2508761.pdf>.

²⁵ See http://www.mofa.go.jp/policy/human_secu/.

However, such peacefulness now appears to be dispersing. The series of diplomatic stalls in recent years (e.g. the North Korea problem, the bid for the UN Security Council and the dispute with China over control of offshore gas fields) as well as the long-standing dispute with Russia over the Northern Territories posed the question of whether the intended diplomatic results could be guaranteed by Japan by simply taking a conformist stance.²⁶ In addition, US setbacks in Iraq, the Middle East peace process and the sub-prime loan problem since 2007 indicate that US supremacy is declining and a process of multi-polarisation is currently under way (regardless of the US's own intention).²⁷ Under these circumstances, Japan appears to be determined to face the problems rather than pretend not to see them and to pursue a more result-orientated diplomacy. The change in diplomatic stance is reflected in its main policy tool, i.e. ODA.

4 Conclusion

The outcome of TICAD IV suggests that Japan's aid policy is in a state of transition and is an effort to strengthen the country's ties with African countries in order to gain Africa's political support in the international arena as well as to create business opportunities. The explicit emphasis on economic growth in Africa and the accompanying strategies to achieve growth represent a departure from conventional international norms and Japan's past ODA practices.

This growth orientation is not a spontaneous idea just for TICAD IV. The Japanese government has been pointing out the contribution of economic growth to poverty eradication in international development policy discussions ever since the end of the 1990s, although the international development discourse

²⁶ The North Korea problem (namely nuclear weapons, missiles and the abduction of Japanese nationals), one of the most pressing diplomatic issues, has seen no substantial progress, and the participants of the Six Party Talks on the problem appear to have conflicting priorities. Prime Minister Koizumi chose to despatch the Self-Defence Force to Iraq in 2003 in support of the Bush administration's position, stressing the importance of the Japan-US alliance (Koizumi 2003). Japan vainly "expected" the US to exercise the power to solve the North Korea problem, especially the abduction. In addition, although the US has consistently supported Japan's permanent membership of the UN Security Council, no explicit sign has been observed that the US has taken any specific action to bring this about.

²⁷ See Haass (2008) regarding the US decline and multi-polarisation (which Haass calls "non-polarity").

on poverty reduction centred more on distribution than growth. By taking advantage as the host of TICAD IV and the G8 Summit this year, the Japanese government determined to incarnate the idea to effectively achieve its objectives and mobilise its main diplomatic resource (i.e. ODA) to encourage Japanese FDI to Africa by applying its successful experience in Asia.

This policy shift is interpreted as a compelling reaction to the multipolar global political economy rather than a manifestation of any ambitious “lust for conquest”. Japan’s national interest has long been secured under US hegemony since 1945. However, by facing the series of diplomatic setbacks and the declining role of the US as the anchor of international political economy, it appears that Japan needs to manoeuvre to pursue its interests on its own in the global order.

Although this article has just focused on one aspect of Japan’s foreign policy, namely its ODA strategy with respect to Africa, the argument presented here might point at a broader trend in Tokyo’s foreign affairs. There is at least an emerging sign that Japan’s main diplomatic tool is being used in a different way to reflect the interests of diversifying stakeholders in the international political economy.

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