

# Japan's Ongoing Revision of the "ODA Charter"

## CSOs Opposing Securitization of ODA

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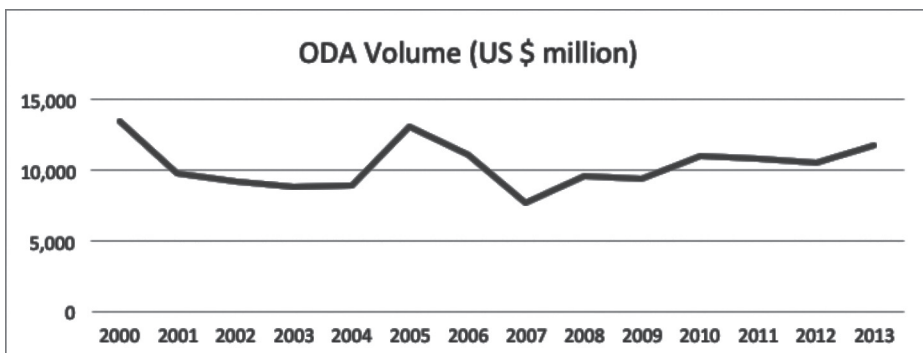
### Overview

- According to the OECD Development Assistance Committee (DAC), Japan's Official Development Assistance (ODA) was US\$11.8 billion (net disbursement) in 2013, an 11.1% increase (or 36.6% increase at 2012 prices and exchange rates) from US \$10.6 billion in 2012. Japan is the fourth largest donor among the DAC. ODA accounts for 0.23% of Japan's GNI (Gross National Income), up from 0.17% in 2012.<sup>1</sup> The increase was due to a large debt-relief measure for Myanmar, and increased bilateral lending. It is unlikely that the increase in 2013 is a sign of sustainable increase of Japan's ODA.
- An important ongoing development (at the time of writing this chapter in August 2014) is that Shinzo Abe's Government is working on a revision of the "ODA Charter," which is the framework for Japan's aid policy. It is likely that the objective for this revision is the alignment of Japan's aid policy more closely with its national security policy and its own commercial interests.

- The report and the recommendations of the DAC Peer Review for Japan's ODA was released in July 2013. While the Peer Review's recommendations expect that Japan, in the revision of the ODA Charter, should emphasise and establish a prioritised agenda for meeting international development goals and poverty reduction, the Abe Government's ideas for aid seem to be going in the opposite direction.

### Aid Volume and Allocation

The government's ODA budget, as reflected in the General Account Budget (the main budget), was cut by 0.7% for Fiscal Year (FY) 2013.<sup>2</sup> Despite this fact, net ODA for 2013 largely increased. While there was an increase in bilateral lending, the major reason for this unexpected upswing was a large debt-relief program for Myanmar, agreed to in May 2013, cancelling a total of 188.6 billion Yen (approximately US \$1.9 billion) in debt.<sup>3</sup> Considering that ODA in the General Account Budget for FY 2014 was further cut by 1.3%, it is unlikely that the increase



(Source) DAC Annual Reports and Press Release

in 2013 is the first step forward for sustainable increase of Japan's ODA.

The geographic and especially the sectoral allocation of Japan's ODA has always been "unique," and Japan has often been criticised by DAC peers for this uniqueness. There have been little significant changes in these allocations of Japan's ODA.

In 2012, geographically, 70% of ODA went to Asia (37% to Southeast and East Asia and 32% to Southern and Central Asia; the DAC average for Asia is 34%). Only 14% was for Sub-Saharan Africa (DAC average: 37%). The top five recipients in 2011-12 were Vietnam, India, Indonesia, Afghanistan and China. Sectorally, 41% was allocated to economic infrastructure (DAC average: 16%), while only 25% to social infrastructure (DAC average: 41%).<sup>4</sup>

## Revision of the ODA Charter

In March 2014, the Abe Government launched a process for a major revision of the ODA Charter, for the first time in 11 years. The ODA Charter is a government document that describes the objectives, principles and priorities of Japan's aid policy. Similar to the process for the last revision, an Experts Panel was organised, composed not only of international development experts and a CSO representative (JANIC's Chairperson, Masaaki Ohashi), but also security experts close to Abe and a private sector representative from Keidanren (the Japan Business Federation).

However, in the last revision there were only two CSO representatives out of twelve. This time, there was only one out of eight, which means a further decrease in the representation of CSOs in the Experts Panel. The Panel submitted its Report in late June 2014, but a revised Charter has not been finalized at the time of writing this chapter.

The "ODA Charter" was first approved by the Cabinet in 1992. The current Charter (revised in 2003) emphasizes humanitarian principles and the importance of working on global issues in an interdependent world as the objective of Japan's aid policy. The Charter (both 1992 and 2003 versions) also includes the following four principles.

1. Environmental conservation and development should be pursued in tandem.
2. Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
3. Full attention should be paid to trends in recipient countries' military expenditures, their development and production of weapons of mass destruction and missiles, their export and import of arms, etc., so as to maintain and strengthen international peace and stability, and developing countries should place appropriate priorities in the allocation of their resources on their own economic and social development.
4. Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country.

While the four principles remained the same, "assuring Japan's security and prosperity" was added as an aid objective when the Charter was revised in 2003.

The current revision of the Charter is in line with Abe's review of national security policy, which includes allowing the exercise of collective defence<sup>5</sup> and a loosening of restrictions on arms exports. The government's National Security

Strategy, approved by the Cabinet in December 2013, stipulates the “strategic utilization of ODA.”<sup>6</sup> Vice Foreign Minister Seiji Kihara said at the first meeting of the Experts Panel, “in order to promote such universal values as freedom, democracy and human rights, ODA will play a role in security-related fields.”<sup>7</sup> According to the Ministry of Foreign Affairs (MoFA), one reason behind the revision is the “diversifying roles of ODA.” MoFA named the National Security Strategy and the “Japan Revitalization Strategy” (Abe’s domestic economy strategy approved by the Cabinet in June 2013) as key related documents.<sup>8</sup> A policy paper by the Japan Business Federation, Keidanren, said that aid should be used to expand Japanese presence in the South. It would do so through public-private collaborations. This paper also recommended that Japan proactively propose projects to developing countries’ governments and suggests a greater use of Japanese knowledge and experience through technical cooperation.<sup>9</sup>

After four meetings, the Experts Panel submitted its final Report to Foreign Minister Fumio Kishida at the end of June 2014.<sup>10</sup>

CSOs welcomed several aspects of the Report. For example, the Report regrets the recent decline of Japan’s aid volume. It describes the importance of working on global issues and the Post-2015 sustainable development agenda. It considers it necessary the strengthening of human resource development in the aid agencies’ field offices (Japanese embassies’ aid teams and JICA field offices).

Diverse partnerships are emphasized with different stakeholders, including non-ODA governmental agencies, CSOs, the private sector, local governments, academia, international organisations, emerging donors (with triangular cooperation in mind), and other local actors in the field.

However, CSOs are also concerned about the direction of many of the Report’s recommendations, including the following:

- The name of the Charter should be changed from “ODA Charter” to “Development Cooperation Charter,” taking account an emphasis on increased private flows.
- While the principle of avoidance of ODA for military purposes should overall be maintained, on some occasions, non-combat military activities such as those related to peoples’ lives and disaster relief should be supported.
- In order to simultaneously pursue economic development in the South and growth in Japan, there should be enhanced collaboration with Japanese private sector actors and a greater sharing of Japanese knowledge and experience in developing countries through development cooperation. In some cases, aid should support projects that are proposed by the Japanese private sector.
- Although there is reference to human security, human rights and “people-centred approach,” a growth-centred view of development is dominant in the Report. Growth is emphasised as the primary basis for tackling poverty, while it also says that growth must be inclusive.
- Not only ODA, but also, more broadly, development cooperation for upper middle-income countries that have graduated from the DAC’s list of eligible developing countries for ODA, should be enhanced.

The recommendation on support for non-combat military activities brought media attention, as it was a dramatic shift away from the Principle Two in the current Charter. This Principle — based on the peace principles in our Constitution — clearly prohibits the use of ODA for any military purposes.<sup>11</sup>

JANIC issued a statement on the Experts Panel Report immediately on its release.<sup>12</sup> JANIC's criticisms and concerns for the Report's recommendations can be summarized as follows:

- The primary objective of aid should be to support development and poverty reduction. Self-interest – political and commercial objectives – is given too much emphasis in the Report.
- The Report's views on the approach to making progress in development or sustainability are too growth-centred.
- The change of the name to the "Development Cooperation Charter" is problematic. While the private sector's impact on international development and poverty reduction is both positive and negative, the Report pays little attention to the negative side of an increased role of the Japanese private sector.
- From the experience of CSOs' humanitarian work, collaboration between aid actors and the military in emergency relief in areas under conflict has often exacerbated the existing conflicts. Therefore, CSOs believe that no activities by the military should be supported by aid.

In addition to the JANIC criticisms and concerns, it is also the case that aid effectiveness principles agreed in Paris, Accra, Busan and Mexico City are mostly neglected. For example, the idea of greater utilisation of Japanese knowledge in technical assistance and the notion that the private sector may proactively propose projects – probably included based on Keidanren's proposal – will likely lead to supply-driven aid, which will undermine the principle of developing country ownership.

At the time of writing this chapter, the government will be asking for public comments online, and consultations on the new ODA Charter will be

held in November and early December. The government hopes the Cabinet will approve the new Charter before the end of this year (2014).

## **DAC Peer Review**

The DAC meeting on Japan's Peer Review was held mid-June 2014 – interestingly just before the public submission of the Experts Panel's final Report – and the Peer Review was released in July 2014. The peer reviewers were Australia and France. Some of the most important of the Peer Review's 20 recommendations for Japan are highlighted below:<sup>13</sup>

### **1) Towards a comprehensive Japanese development effort**

1.1) Japan should establish a prioritised agenda to ensuring that domestic and foreign policy choices are informed by an assessment of development goals, along with other goals. The planned revision of the ODA Charter could provide an opportunity to set out this approach clearly.

### **2) Japan's vision and policies for development co-operation**

2.1) Japan should use the updating of its ODA Charter to emphasize its focus on meeting international development effectiveness commitments.

2.2) Japan should clarify the rationale for allocating aid across countries, channels and instruments.

2.3) Japan should further develop guidance on how to meet poverty reduction objectives across its entire portfolio, including for its co-operation in middle-income countries.

2.4.) Japan should ensure it has updated guidance and increased capacity to deliver on its policy objectives for gender equality and women's empowerment.

### 3) Allocating Japan's official development assistance

3.1) Japan should develop a roadmap to increase ODA to make progress towards meeting the 0.7% ODA/GNI target.

3.2.) Japan should continue to increase the share of ODA allocated to countries where assistance is most needed, including LDCs, bearing in mind international commitments.

### 4. Japan's development co-operation delivery and partnerships

4.1) Japan should reverse the decline in the share of its aid that is untied.

4.2) Japan should further engage with civil society in the countries where it works, based on a strategy and clear guidelines.

From what has been described in the previous section on the proposed revisions to the ODA Charter, it is apparent that the Peer Review's expectations for this revision are already being ignored or betrayed. The call by Abe's Government and the Experts Panel's Report's inclination, for a strengthened linkage between aid and Japan's self-interests — national security and commercial interests — is contrary to the Peer Review's recommendations calling for a prioritised agenda and a comprehensive framework for meeting internationally-agreed development goals, particularly the goal of poverty reduction.

The Experts Panel's Report regrets the recent downward trend of Japan's aid volume, but does not make any concrete recommendations for making progress towards meeting the 0.7% ODA/GNI target, which is recommended in the Peer Review. A growth-centric focus, dominant in the ODA Charter revision discussions, is also contrary to the Peer Review's recommendation

to "further develop guidance on how to meet poverty reduction objectives across its entire portfolio." Moreover, this recommendation from the DAC can be interpreted as a request for Japan to change its emphasis on economic infrastructure to social infrastructure. The idea of enhancing aid to "graduated" countries is against the Peer Review's recommendation "to increase the share of ODA allocated to countries where assistance is most needed, including LDCs, bearing international commitments in mind."

## Conclusion

Narrow-minded nationalism has characterized the Japanese Government since Shinzo Abe came back into office in December 2012, five years after his resignation in fall 2007. Abe has taken a hawkish approach to foreign and security policy, as evident in the emergence of the collective defence issue,<sup>14</sup> and his Government is planning to revise the pacifist Constitution. His hawkish and nationalist view on history has become a global concern.

The proposed revision of the ODA Charter, which emphasises political/strategic/security and commercial priorities, rather than developmental and humanitarian objectives, is part of this nationalist and hawkish agenda. It goes without saying that in this policy context, CSOs must urgently respond by engaging in the following:

- Advocate that the primary objective of aid must be to support human rights-based and people-centred development;
- From a global civil society perspective, question and oppose Abe's narrow-minded nationalist and hawkish agenda;
- Raise awareness among the Japanese public on these issues (and on its implications for the post-2015 agenda); and

- Bring the voices of Southern CSOs into the debate on revisions to Japan's ODA Charter.

Apparently, Abe Government's plan for the ODA Charter revision is going against many of the DAC Peer Review's recommendations; namely, to create a comprehensive framework, visions and policies for achieving international development goals and poverty reduction, poverty-focused policies and aid allocation, and to develop a roadmap for meeting the 0.7% ODA/GNI target.

In this light, the DAC Peer Review recommendations and the aid effectiveness principles can be important references for CSOs in their advocacy work towards human rights-based and people-centred international development cooperation policy, and in the promotion of public understanding on issues concerning aid.

## Endnotes

- 1 DAC Press Release, 8 April 2014.
- 2 Japan's ODA has financial sources other than the General Account Budget, such as the Fiscal Investment and Loan Program (FILP). According to the Ministry of Finance, "FILP are long term low interest loans and investments by the government to achieve policies: financial support for small and medium enterprises, construction of hospitals and welfare facilities, scholarship loans, and securing of overseas resource rights. Procuring the capital through issuing FILP bonds, (a kind of Japanese Government Bond), FILP enables the execution of providing long-term and low-interest funds and large-scale and long-term public projects, which have strong policy needs, profitability and expected returns but are difficult for the private sector to deal with. Considering the harsh fiscal conditions, FILP are becoming increasingly important as fiscal measures which do not rely on tax funding." Ministry of Finance, FILP Report 2013. ([http://www.mof.go.jp/english/filp/filp\\_report/zaito2013/index.html](http://www.mof.go.jp/english/filp/filp_report/zaito2013/index.html))
- 3 [http://www.mofa.go.jp/press/release/press6e\\_000096.html](http://www.mofa.go.jp/press/release/press6e_000096.html)
- 4 These figures are from OECD Development Co-operation Peer Reviews: Japan 2014.
- 5 There has been a long consensus in Japan that collective security is against Article 9 of our Constitution, but Abe's Cabinet announced that this interpretation of the Article should be changed.
- 6 Cabinet Secretariat, National Security Strategy, 2013, p.30: (<http://www.cas.go.jp/jp/siryou/131217anzenhoshou/nss-e.pdf>)
- 7 Asahi Shimbun (English Version), April 1, 2014. ([http://ajw.asahi.com/article/behind\\_news/politics/AJ201404010044](http://ajw.asahi.com/article/behind_news/politics/AJ201404010044))
- 8 [http://www.mofa.go.jp/mofaj/gaiko/oda/about/kaikaku/taikou\\_minaoshi/files/minaoshi\\_1403.pdf](http://www.mofa.go.jp/mofaj/gaiko/oda/about/kaikaku/taikou_minaoshi/files/minaoshi_1403.pdf) (in Japanese language. At the time of writing chapter, all resources regarding the Experts Panel is available only in Japanese)
- 9 Keidanren, "Keidanren Asks for Promotion of International Cooperation under a New Philosophy: Business Community's View on the Revision of the ODA Charter," June 2014: (<http://www.keidanren.or.jp/policy/2014/046.html>: in Japanese language only). Since late-1990's, Keidanren, in their various policy papers on ODA, has asked for increased tied aid, but there was no explicit ask for increased tied aid in this paper.
- 10 Final Report of the Experts Panel on Revision of the ODA Charter, June 2014. [http://www.mofa.go.jp/mofaj/gaiko/oda/about/kaikaku/taikou\\_minaoshi/files/yusikisya\\_report.pdf](http://www.mofa.go.jp/mofaj/gaiko/oda/about/kaikaku/taikou_minaoshi/files/yusikisya_report.pdf) (in Japanese language only)
- 11 Around the time the Experts Panel started its work, it was reported that the Abe Government wanted to lift the ban on the use of ODA for military purposes in order to support, for example, Philippines and Vietnam (both having territorial disputes with China) construct military-civilian ports (Asahi Shimbun, op.cit.), although MoFA, on occasions like the NGO-MoFA Regular Meeting, has denied this report.
- 12 [http://www.janic.org/mt/pdf/pressrelease\\_odataiko1.pdf](http://www.janic.org/mt/pdf/pressrelease_odataiko1.pdf) (in Japanese language only)
- 13 Quoting directly from OECD Development Co-operations Peer Reviews: Japan 2014.
- 14 On 28 July 2014, JANIC issued a statement to express concerns on the Cabinet's decision on collective defence See [http://www.janic.org/mt/pdf/pressrelease\\_syudantekijieiken.pdf](http://www.janic.org/mt/pdf/pressrelease_syudantekijieiken.pdf) (in Japanese language only).