



Chapter 1

Changes in the ODA Environment and New Aid Philosophy —Why Does Japan Provide Assistance to Developing Countries?

The Ministry of Foreign Affairs, with the aim of improving the strategic value and effectiveness of ODA and ensuring its alignment with the needs of the international community, undertook a review of Japan's ODA policy.

In February 2010, the Ministry of Foreign Affairs started a review of Japan's ODA. From a recognition that Japan's ODA has not gained sufficient sympathy from the public, the review was undertaken with the aim of promoting public understanding and support and improving ODA's strategic value and effectiveness.

Task forces were established in the Ministry, and extensive discussions took place mainly on five issues: “the philosophy and basic policy of international cooperation”; “effective and efficient implementation of aid”; “cooperation with various stakeholders in development”; “promoting public understanding and support”; and “JICA”. Throughout this process, the Ministry received inputs from the private sector, NGOs, representatives of international organizations in Japan, and other experts.

In June 2010, “Enhancing Enlightened National Interest —Living in Harmony with the World and Promoting Peace and Prosperity— ODA Review Final Report” was released.

Section 1

Background and Process of ODA Review —Changes in the ODA Environment

For many years, Japan's ODA has been highly praised around the world. But now, changes in the domestic and overseas situation are shifting the overall profile of Japan's ODA in the international community as well as public support for ODA.

Since the end of World War II, Japan has conducted its foreign policy under the belief that contributing to the peace and prosperity of the international community brings peace and prosperity to Japan itself. ODA has been an important tool for realizing this goal of Japan's foreign policy. As symbolized by the stability and development of East Asia, ODA has contributed greatly to the growth of developing countries and regions. This was itself significant to Japan's foreign policy. Furthermore, as the coverage area of its ODA expanded to more areas and regions, Japan, too, benefited from ODA: Japan's international status rose; the market for Japanese products expanded; and sympathy towards Japan was fostered. In addition, the attentive approach of Japanese aid itself has been highly regarded by the international community.

However, the environment surrounding ODA has changed dramatically both internationally and domestically in recent years. Internationally, globalization —the massive and instant flow of people, goods, capital, and information across borders— has proceeded at a rapid pace. The range of global issues, such as environmental problems including climate change, infectious diseases, and terrorism has increased and is having a large impact on Japanese society. Japan's ODA has also had to expand its destination from East Asia to all over the developing world including Africa and the Middle East, and to respond to new international challenges.

Moreover, emerging countries have increased their presence both economically and politically. While developed countries used to be the main donors to developing countries, in recent years, the assistance and activities of emerging donors and non-public sectors, including NGOs, private foundations, and companies, have come to play an increasing role. As a result, in terms of the flow of financial resources into developing countries, the share of ODA from developed countries is declining, and its role in development, too, is changing. The rise of emerging countries has intensified

international competition for markets and natural resources, and at the same time, Japan's international presence has become comparatively eroded.

In this international environment, the Japanese society and the lives of Japanese people are increasingly interlinked with the rest of the world. To maintain peace and prosperity in Japan, it has become more necessary than ever to contribute to the peace and prosperity of the entire international community. To this purpose, Japan needs appropriate measures to address the new challenges facing the international community, as well as programs that will improve its international presence, which go beyond the conventional framework of ODA.

Meanwhile, the domestic environment is not necessarily favorable to ODA. Amid difficult economic and fiscal conditions, the ODA budget has fallen significantly. Public sympathy for ODA is also diminishing. According to opinion polls, less people support strengthening economic cooperation, while more people believe that ODA should be reduced as much as possible. The underlying factors for the declining support for ODA are not only Japan's difficult economic and fiscal conditions. It seems for the growing proportion of the younger generations who were not born when Japan received aid from foreign countries or international organizations during the reconstruction and economic growth period of the nation after World War II, the idea of ODA as “repayment” of past favors does not easily resonate with the people. Furthermore, there has been declining public interest in and support for overseas events and international contribution.

The ODA Review was conducted with the aim of responding to these changes in the domestic and international situation, ensuring public understanding and support for ODA, and for implementing more strategic and effective ODA. The outcomes of the review have been published in “ODA Review Final Report” (hereinafter “ODA Review”) in June 2010. Section 2 and the following sections will briefly describe the contents of the report.

Section 2

Enhancing Enlightened National Interest —A New Development Cooperation Philosophy

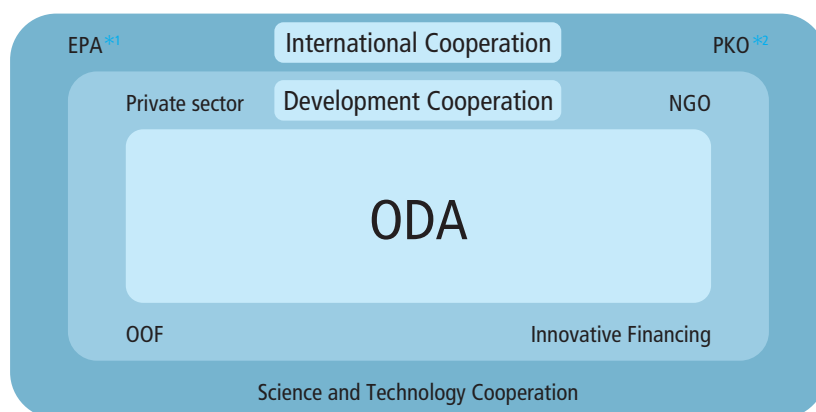
In light of the question of the meaning of development assistance, the Ministry of Foreign Affairs presents a new “development cooperation” concept. It places ODA at its core as a tool for pursuing the common interests of the world, and identifies three pillars (priority areas).

1. ODA as the Core of “Development Cooperation”

Along with the changes in the international environment noted earlier, the stakeholders involved in development issues have diversified, as well as financial flows to developing countries. In that context, it is necessary and appropriate to consider that assistance to developing countries is implemented through ODA as well as other official flows (OOF), programs of non-public sectors (private companies, NGOs, citizens), and other

development cooperation. Thus, the “ODA Review” presents the concept of “development cooperation” as a paradigm for development assistance. This concept places ODA at the core of development cooperation, and considers its role within the context of coordination with OOF and non-public sectors and in the larger framework of “international cooperation”.

Chart II-1 “Development Cooperation” Concept



*1 EPA: Economic Partnership Agreement

*2 PKO: Peace Keeping Operations

2. The Philosophy of Development Cooperation

The “ODA Review” adopts as its philosophy, “Enhancing enlightened national interest —Living in harmony with the world and promoting peace and prosperity”. This philosophy is based on the following views.

First, the peace and prosperity of Japan are made possible by global peace and prosperity. With this recognition, Japan will continue to actively contribute to solving the global challenges, thereby creating a better international environment for Japan.

Second, in this globalized world with fewer barriers between national borders, assistance to developing

countries is not an “act of charity” from developed countries to developing countries but a “tool” for the world community, including Japan, to pursue common interests.

To address the new challenges facing the international community and to carry out this philosophy, Japan needs to undertake development cooperation by taking an “all Japan” approach, which draws on the pool of public-private human resources, expertise, financial resources, and technologies, in addition to ODA.

3. Three Pillars of Development Cooperation

The “ODA Review” identified the following three pillars, or the priority areas of the development cooperation to be undertaken based on this philosophy.

(1) Poverty reduction — Contributing to the achievement of the Millennium Development Goals (MDGs)

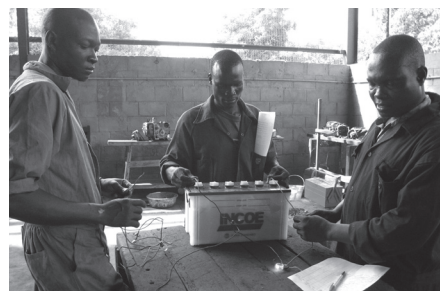
Japan will reach out to the people of developing countries as fellow human beings and work with them to realize human security (Note 1). With a view to achieving the MDGs, Japan will place priority on sustainable growth that leads to poverty reduction, health, and education.



Literacy class for women in District 4, Kabul City (Afghanistan) (Photo: JICA)

(2) Investing in peace

Peace and stability are the preconditions for achieving the MDGs. To prevent conflicts or their recurrence and to consolidate peace, Japan will extend seamless support, ranging from emergency humanitarian assistance and assistance for domestic security to reconstruction and development assistance (peace-building).



Vocational training in auto mechanics for ex-combatants (Sudan) (Photo: JICA)

(3) Supporting sustainable economic growth

Economic growth in developing countries is indispensable for their self-sustaining development. Japan will support the sustainable growth of developing countries, while sharing with them its own experience with post-war reconstruction and growth as well as Japan's expertise, technologies, and systems. This will also contribute to revitalizing the Japanese economy. In particular, with respect to cooperation for upper-middle-income countries and emerging countries, Japan will coordinate with various stakeholders and utilize ODA and non-ODA means, bearing in mind ODA's role in Japan's growth strategy. Among the variety of issues, Japan will place priority on the environment (including climate change), infrastructure development, and improving the investment environment (including the development of legal and judicial systems).



People waiting for a train at Rajiv Chowk station in New Delhi (India) (Photo: Shinichi Kuno, JICA)

Note 1 To realize a society or country in which people are free from fear and want and are able to live their lives with dignity, the concept focuses on each and every person and attaches importance to: (1) protecting and empowering people; (2) comprehensively addressing mutually related issues; and (3) forming partnerships with various stakeholders.