



Japan's Aid Challenge

—from TICAD IV to the G8 Toyako Summit—

Takashi HOSHIYAMA

Senior Research Fellow

Institute for International Policy Studies

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On May 30, the Fourth Tokyo International Conference on African Development (TICAD IV), which convened in Yokohama for three days, concluded successfully. As a co-organizer of TICAD, the chair of the G8 Hokkaido Toyako Summit to be held in July, and also as a main donor country, Japan will continue to bear major responsibility for African development. What is that responsibility? What are the challenges Japan will face in fulfilling that responsibility? I will refer to some important points focusing on Japan's development aid for Africa.

Japan launched the first conference on African development in 1993 when “aid fatigue” set in among donors after the Cold War. Although Japan is historically and geographically remote from Africa, its leadership took the important role of refocusing international attention on poverty in Africa. Japan's initiative and continued efforts thereafter have great significance not only for Africa, but for Japan itself. For Africa, it was particularly encouraging that the then top donor of the world, Japan, led the donor community to direct its central efforts of aid toward Africa and advocated establishing a set of quantifiable indicators under a result-based framework as a common goal of the international community. This was a contribution that finally bore fruit in 2000 in the form of the Millennium Development Goals (MDGs) which are composed of eight quantitative targets. For Japan, on the other hand, it could show in a timely manner to the world its unique presence and contribution as a global power and as a promising donor that could transfer the successful experience of East Asian development. The fact that TICAD IV brought together 51 African countries with 42 top level officials showed high expectations for Japan to contribute more and to take a leadership role for mobilizing international attention and resources on Africa and achieving the MDGs whose target year is 2015.

So is Japan able to meet such high expectations of African countries? There are some difficulties to be cleared as follows.

(1) Quantity of aid

It should be highly evaluated that Japan pledged at this conference to double its grant aid for Africa over the next five years despite its long-held fiscal constraint which has lowered Japan to the 5th largest ODA in the world from the largest donor status until 2000. But with the total ODA budget still declining, doubling grant aid to Africa would mean to substantially reduce the aid to other regions. Given the fluctuation of the present international situation, Japan should enlarge its ODA budget base to respond swiftly to the needs of the world, not by simply transferring the budget from one region to another. The year of 2008 is a mid-year of the MDGs target period (2001–2015) and the prospect of achieving the MDGs is said to be dim, especially in the area of education and health. Financial needs are estimated to progressively swell as the target year gets closer. Therefore, the necessity of further efforts of both donors and recipients were emphasized at the conference. This means Japan's pledge of doubling grant aid will not be necessarily enough to achieve the Goals by 2015. Given the fact that the MDGs are a minimum goal related to basic human needs, it is necessary more resources are mobilized for its development in the mid-and long-term.

(2) Indispensable consensus of aid increase among Japanese citizens

Some critics say the Japanese Government should explain to its people why Japan needs to extend a large amount of aid to Africa which is far away from Japan. Such criticism implies the question whether Japan's generosity can be justified given the situation that even Japanese feel uneasy about their daily and future lives. Of course the Government should explain the reasons more to the public. But it is not enough to be explained by the Government, neither enough to talk about Africa alone. Considering the current situation that the volume of ODA continues to decrease, it is the time to make a nationwide argument about the future direction of Japan's ODA as a means of strategic diplomacy. The main question is what kind of international order Japanese people hope will be created and what role Japan's ODA should play in the upcoming new order which the world is now struggling to formulate.

It is said that the rationale of the aid to Africa is to secure natural resources, to get votes for supporting Japan's bid for permanent membership on the UN Security Council, and to develop potentially large market. Not only these immediate national interests, but more fundamental and wider-perspective purposes should be presented to people. The

first is the need for developing a harmonious human society. Too great an income gap will bring about social instability and humanitarian problems even in an international society, not only a domestic society. If the MDGs eventually failed, unimaginable dissatisfaction would spread over entire developing countries, and there would be a feeling that might threaten the present international order based on democracy and freedom. The second reason is that extreme poverty and inequality would cause international chaos filled with more terrorism and conflicts, which may threaten Japanese security. The third reason is the historical, political and moral significance Japan's international contribution would bring. This kind of contribution is more suitable to the very character of Japan and Japanese people. Therefore, such an international responsibility preferably should not be affected by the fiscal situation or domestic scandals surrounding ODA implementation.

(3) Quality of aid

For Africa to attain economic growth, development of economic infrastructure such as road networks, ports, and electricity networks is critical, not to mention humanitarian assistance. But many deficit-ridden African countries have little capacity to absorb large-scale loans. With a yen-loan scheme limited in use, Japan's assistance needs more wisdom and know-how on implementation in order to improve the aid quality. To take some examples, (i) finding more effective projects, (ii) skillfully combining each aid scheme (yen-loan, grant, technical assistance), (iii) enhancing the aid coordination with other donor countries, (iv) enlarging fiscal assistance (provision of cash to recipient countries' coffers used for such expenses as salary of local teachers and nurses while ensuring the aid is properly spent) will be possible ways. To meet these challenges related to aid to Africa, Japan's present aid regime is too weak, especially in terms of manpower. The number of Japanese embassies in Africa is only 27, which is not enough to assist aid implementing agencies like JICA and JBIC or Japanese companies and NGOs engaging in various forms of assistance. Each of the organizations has to be strengthened and closely interlinked for implementing quality projects under the Japanese flag, not excessively relying the other donors and international aid agencies.

(4) Private sector investment and trade

From the experience of East Asia economic growth, investment and trade are crucial for development and aid alone is not enough to attain growth. In fact, the presence of Japanese companies in Africa is so invisible that many African leaders at the conference

expressed the desire for more Japanese companies to engage in Africa. The Japanese Government pledged to double Japanese foreign direct investment to the continent. For Japanese companies to strengthen the foundation of business in Africa, it is advisable that aid-related business should produce stable profits to sustain their presence. To this end, the close dialog and coordination mechanism between the Government and private companies should be established in order to find a new and special assistance scheme specifically suited to Africa.

To sum up the above, Japan should consider providing sufficient and effective aid to Africa and achieving MDGs as a milestone of successful creation of a new international order and have a strong sense of responsibility for doing efforts to the greatest extent possible by cooperating with the international community. As a G8 Summit chair, Japan should solidify the cooperation of leading donors and also urge the developing countries with aid capacity to join. At the same time, Japan should reverse its own downward trend of the ODA budget using this as an opportunity. It is not internationally convincing that Japan, the second largest world economy, remains no more than the No. 5 largest donor which also has constraints in terms of international military contribution. Not a few donor countries have publicly committed to a target year for accomplishing the internationally recognized 0.7% ODA/GNI target (such as UK: 2013, France: 2012, Germany: 2015, Italy: 2015). It is not forward-looking that Japan remains uncommitted to set a specific target year because of its relatively large economy (Japan's ratio is 0.25% as of 2006). According to the advisory report of the UN Millennium Project submitted to the UN Secretary General in 2005, the ratio of ODA to donor GNP should be 0.5% or above, approximately twice the current level, and requires reaching the long-standing target of 0.7% of GNP by 2015 in order to accomplish MDGs.

Consequently, Japan is now standing at the critical moment to face the issues on how to establish the aid regime tailored for Africa and, at the same time, what kind of strategic position and direction on aid are unequivocally set as a national goal.