

Global Governance & Japan (book)

Given that Japan's ODA accounts for only 0.2% of GNP and the amount of ODA has been in decline, its greater contribution and initiatives for promoting global governance has been increasingly expected by the international community ... However, the increasing pressure for reducing the large fiscal deficit at home, a growing sense of 'aid fatigue', and weak economic and historical relationships with Sub-Saharan Africa make it difficult for the Japanese government to gain public support for an increase in ODA. In addition, Japan is reluctant to accept full-cancellation of the yen loans provided in the past to low-income countries any more than those provided to the Highly Indebted Poor Countries. 143-144

While Japan has been making efforts to coordinate its ODA policy in line with the MDGs, its reluctance to promote debt relief and raise ODA make it difficult to take a leadership role within the IMF and influence IMF policies. 144

... the share of net ODA loans in total ODA accounted for 40% in Japan in 202 and was the highest among the donor countries. ... The greater ratio of ODA loans in Japan reflects two factors: one is that about one-third of Japan's ODA is financed by the Fiscal Investment and Loan (zaiseitoyuushi) whose funds are largely from postal savings deposits and public insurance (kanpou). Another 10% is financed by the issuance of government bonds and mainly allocated as contributions to the increase in the capital of international financial organizations. 145

... Japan's principle that ODA should be used to promote self-reliance among recipient countries, rather than promoting dependence on foreign grants with no repayment obligations. This reflects the successful experience of the East Asian region ... 145

The growing criticism of Japan's ODA policy has left the government no choice but to lower the ratio of untied loans since 1999, while increasingly allocating ODA toward environmental areas (currently more than 30%), human rights, peace restoration, and so on. Many now have the view that Japan's ODA loans should not be used to hire companies operating in other OECD countries to build highways or other infrastructure under their corporate names in developing countries, since residents in recipient countries are unlikely to realize this reflects Japan's contribution. 147-148

According to (a) Cabinet Office survey, 49% of respondents pointed to Asia as the region to enhance further economic cooperation, while Africa accounted for only 9%. 149

In accordance with the HIPC's initiative ... the government decided to carry out full-cancellation of the claims for HIPC's in 2003. 150

... despite the large amount, Japan's ODA has been small in terms of its GNP, accounting for only 0.23% (eighteenth ranking) ... 150

Japan's ODA concentrates on economic infrastructure covering transportation and energy infrastructure relative to social infrastructure (such as education, health and access to safe water).

In recent years, policy coherence has become an important issue related to ODA policy. 151

One factor making Jp's ODA policy complicated & opaque arises from the complex ODA budgetary allocation process. Jp's ODA budgt has been allocated amg 12 ministries and the Cabinet Office. The lack of an integrated budgt makes it complicated for the govt to implement a mutually consistent ODA policy. 153

As for the impact of IMF economic policies on povty reduction, the results have largely been neg. ... Pastor found that the programme reduced labour's share of income relative to both the pre-programme levels and a control group of Lat Am countries tht did nt undertake IMF-supported programmes. ... hence povty and inequality worsened. 157 Shirai

As propensity scores increase, countries w IMF-supported progs showed less signift improvements than those tht did nt have IMF support, suggestg tht the IMF role in lowerg povty and inequality has been less effective. 158

While full-canceltn of bilat loans has been making progress, hwevr, tht of multilat loans has been slow so far. The main factor behind this tardiness is that donor countries have nt been able to agree on the sources of doing so. At the G7 meetg held in 160

early Feb 2005, it was agreed on a case-by-case analysis of HIPC's, based on the willingness to provide as much as 100% multilat debt relief (abt US\$80 bn). The phrase 'as much as' was inserted in the common communique, reflectg Jp's opptn to full-canceltn of debt and germany's concerns abt the dangers of blanket debt relief for all debtors. 161