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JAPAN'S OFFICIAL DEVELOPMENT ASSISTANCE:

ITS SHAPE AND IMPLICATIONS

FOR RECIPIENTS

A thesis presented in partial fulfilment of the requirements
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Henry Scheyvens

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ABSTRACT

Japan's ODA programme is surrounded by controversy regarding the motives that propel it forward and the degree to which it meets recipient needs. This study hopes to add to the debate regarding Japanese ODA by uncovering those factors that shape Japan's contemporary aid activities and to interpret their implications for recipients.

Rather than adhering to any one particular view of Japan's international relations to explain Japanese ODA, an inductive approach is used to identify the contextual mix in which aid policy is formulated. Japan's cultural legacy and development experience are found to define the broad boundaries that ODA policy must operate within and these factors continue to colour Japan's unique brand of foreign aid. An analysis of the evolution of Japan's contemporary aid programme also shows that ODA has been used to promote Japan's national interests in a variety of ways as international circumstances have changed. Economic and security needs have played influential roles in the size and direction of aid flows throughout the evolution of Japan's aid programme. More recently, a growing desire for an international leadership role explains why Japan's ODA programme continues to expand at a time when many other major donors are suffering 'aid fatigue'.

Although Japan's ODA activities undoubtedly promote the country's foreign interests, this study has also found that the aid programme has undergone a process of reform to better attune aid to recipient needs. The quality of Japanese ODA has steadily improved over time and many popular development themes have been incorporated into Japan's ODA policy. A desire to present Japan as a responsible member of the international community, combined with ideological development as Japan's aid agencies have gained greater experience, are used to explain this reform process.

Previous studies of Japan's ODA programme have largely been a study of Japan as a donor with little consideration given to the impact of aid activities on recipients. To help fill this void a case study of Bangladesh was undertaken and Japanese projects, project evaluations and country reports analysed. In this study the empowerment approach was used to identify how appropriate and effective Japanese aid is in assisting impoverished peoples in Bangladesh. The findings were that, despite the extent of reform in Japan's aid policy, aid practice in Bangladesh is dominated by Japan's traditional aid activities, that is, the construction of large-scale economic infrastructure projects. An analysis of Bangladesh's recent development history reveals that the production-based, trickle-down growth strategy that these aid activities are founded upon has little to offer the poor. In contrast, this thesis suggests that the poor will

only be included as active agents in the development process when they have been politically, socially and economically empowered.

Recent reforms within the Japanese ODA programme make it more receptive to the needs of the poor. However, it is likely that Japan's national interests, rather than those of the poor, will remain the main determinants in shaping aid activities.

PREFACE

This thesis aims to bring together a study of an aid donor and an aid recipient in order to better understand the form that official development assistance takes and to uncover its strengths and weaknesses in promoting development. Amongst the vast array of development studies literature, most studies either focus on the policies of aid donors or on the needs of developing countries. This study will show, however, that it is very much a specific mixture of beliefs and interests of aid donor combined with the social, political and economic structure of recipient which determine how useful foreign aid will be. The two countries analysed in this research project are both countries that I have visited and I hope my personal experiences have given me additional insight into the issues covered in this thesis.

My interest in development issues in Bangladesh was stimulated by a two week visit during an extended overland trip through Asia in 1990. During my stay I was able to see many parts of the country and observe the manner in which the rural and urban poor survive in extremely impoverished conditions. Of the many developing countries I travelled through in Asia, Bangladesh stood out for the extent of its poverty.

In contrast, Japan is a country of great material affluence whose experiences, technology and wealth could be used to expand the opportunities available to the poor of developing countries such as Bangladesh. I lived and studied Japanese language in Tokyo for three years from 1991-1993. In 1993, I returned to New Zealand to undertake my present study programme. In order to collect further material for this research and conduct interviews with representatives of Japan's aid agencies, I returned to Japan for three weeks in August, 1994.

During the course of my research I have received assistance from numerous people. Although they are too many to mention, I would like to acknowledge the assistance of those who have been particularly instrumental in aiding this study.

Above all, I would like to thank my two supervisors, Regina Scheyvens and John Overton. I am particularly grateful for the time and effort Regina spent to ensure the structure of my argument was cohesive and for her insights into issues related to gender and development. I am also very appreciative of John's eagerness to share his knowledge of development issues and his understanding of the manner in which aid is used as a foreign policy tool. Khondoker Hossain, of the Development Studies Institute at Massey University, offered valuable insights on issues covered in this thesis regarding his home country, Bangladesh.

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While in Tokyo, the New Zealand Embassy provided official documents on Japanese aid without charge and much appreciated encouragement. Peter Kell, Second Secretary, accompanied me during interviews and his diplomacy skills opened doors to Japan's aid bureaucracy. Jaques Warren generously allowed me to stay at his apartment in Tokyo despite its 'rabbit hutch' size. The hospitality of Japanese friends in Tokyo was also exceedingly warm, as always. After returning to New Zealand, staff at Japan's aid agencies in Tokyo replied positively to requests for further documents which they furnished without delay or charge.

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INTRODUCTORY NOTES

ABBREVIATIONS

ADB	Asian Development Bank
AFP	Associated Free Press
AIPs	ASEAN Industrial Projects
ASEAN	Association of South-East Asian Nations
BAAC	Bank for Agriculture and Agricultural Co-operatives, Thailand
BHN	basic human needs
BKB	Bangladesh Krishi Bank
DAC	Development Assistance Committee (of the OECD)
EPA	Economic Planning Agency
FAO	Food and Agriculture Organisation
<i>FEER</i>	<i>Far Eastern Economic Review</i>
FY	fiscal year
GAD	gender and development
GATT	General Agreement on Tariffs and Trade
GNP	gross national product
G-7	Group of Seven industrialised countries
IMAJ	International Management Association of Japan
IMF	International Monetary Fund
IPSA	Institute of Postgraduate Studies in Agriculture, Bangladesh
INSTRAW	United Nations International Research and Training Institute for the Advancement of Women
IRDP	Integrated Rural Development Programme, Bangladesh
<i>IRJ</i>	<i>Industrial Review of Japan</i>
ITTO	International Tropical Timber Association
<i>JEA</i>	<i>Japan Economic Almanac</i>
JETRO	Japan External Trade Organisation
JICA	Japan International Co-operation Agency
<i>JSY</i>	<i>Japan Statistical Yearbook</i>
<i>JTWIE</i>	<i>The Japan Times, Weekly International Edition</i>
<i>KRWE</i>	<i>Keesing's Record of World Events</i>
LDC	less developed country
LLDC	least developed country
MAF	Ministry of Agriculture and Forestry
MoFA	Ministry of Foreign Affairs
MoF	Ministry of Finance

MITI	Ministry of International Trade and Industry
NGO	non-government organisation
OAPEC	Organisation of Arab Petroleum Exporting Countries
OCTA	Overseas Technical Co-operation Agency
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OECF	Overseas Economic Co-operation Fund
SAPI	Special Assistance for Project Implementation
SAPROF	Special Assistance for Project Formulation
SAPS	Special Assistance for Project Sustainability
SCAP	Supreme Commander for the Allied Powers
SDF	Self Defence Forces
SSGA	Small-Scale Grant Assistance
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNIFEM	United Nations Development Fund for Women
US	United States
USAid	United States Agency for International Development
WAD	women and development
WCED	World Commission on Environment and Development
WID	women in development

JAPANESE TERMS

<i>doryo</i>	a person of equal social status
<i>enjo</i>	aid
<i>fukoku kyohei</i>	rich country - strong army
<i>funso shuhen koku</i>	countries bordering areas of conflict
<i>giri</i>	duty
<i>honne</i>	a person's true feelings
<i>issai no kachihandan o shinai gaiko</i>	a value-free foreign diplomacy
<i>itai itai byo</i>	ouch ouch disease
<i>kaihatsu yunyū</i>	develop and import scheme
<i>karoshi</i>	death from overwork
<i>keizai kyoryoku</i>	economic co-operation
<i>kohai</i>	a junior
<i>kokugaku</i>	national learning

<i>nihonjinron</i>	the study of 'being Japanese'
<i>ninjo</i>	affection
<i>on</i>	benevolence
<i>seikei bunri</i>	separation of economics from politics in foreign affairs
<i>sempai</i>	a senior
<i>tatemaie</i>	one's social mask
<i>tatewari gyosei</i>	vertical structure of Japanese ministries
<i>yon shocho kyogi taisei</i>	Japan's four ministry aid administration system
<i>yosei shugi</i>	The principle of extending aid only after requests have been received
<i>zaibatsu</i>	large business groupings
<i>zenhoushi gaiko</i>	omni-directional diplomacy