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# Japan's ODA assistance scheme and Central Asian engagement: Determinants, trends, expectations

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## ABSTRACT

As demonstrated in this paper, Japan over the years has grown to become the leading ODA provider in Central Asia (CA). ODA has served as a foreign policy tool and as the most significant tool for maintaining cooperation ties. Although the focus of Japan's ODA assistance over the years has been on East Asian countries, CA is growing to become another frontier for more proactive Japanese policies.

The Japan-supported initiatives of recent years tend to favor more pragmatic cooperation schemes. As is exemplified by water-related assistance in Uzbekistan and support for local capacity building in Kyrgyzstan, Japanese assistance of a more focused character can better contribute to development both in these societies and in the region in general. These types of initiatives can successfully complement government-to-government assistance schemes and Japanese investments into large scale projects. The focus on local communities will also ensure that beneficiaries of the Japanese assistance projects will include not only governmental institutions but also the general public at large.

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## 1. Introduction

Japan is searching for its own mode of engagement in Central Asia. Japanese efforts to effectively engage CA countries started with the time of CA states' independence, including such initiatives as PM Ryutaro Hashimoto's Eurasian (Silk Road) Diplomacy (1996–1997), Keizo Obuchi's mission to Eurasia even before he became PM, Junichiro Koizumi's Central Asia plus Japan Forum initiative (2004), visit by PM Koizumi to Uzbekistan and Kazakhstan in 2006, Taro Aso's initiative called Arc of Freedom and Prosperity (2006) as well as CA tour of PM Shinzo Abe of October 2015 (Dadabaev, 2013, 2014; Rakhimov, 2014).

Japan's standing in the region has strengthened significantly in the decade after the collapse of the Soviet Union in that Japan has provided large contributions, both in terms

of Official Development Assistance (ODA) and financial loans to regional countries.<sup>1</sup> However, there is an understanding both in Japan and majority of Central Asian countries that the potential for cooperation between Japan and Central Asian countries is not being fully and properly realized. The impact of its assistance and cooperation programs often falls short of the expectations by Central Asian governments and the general population.

What can Japan do to make its involvement and ODA assistance in this region more effective? What are the factors that influence these cooperation frameworks? These are the questions that are examined in this paper.

This paper is divided into six main parts. First, it will describe how the Official Development Assistance scheme

<sup>1</sup> For a number of recent examples, see Dukha (2007), Uzreport.com Business Information Portal (2007), and Mamytova (2007). For a general description and data, see Yagi (2007).

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came to become a tool of Japanese foreign policy. The second part will then argue that Japan's ODA was an important developmental tool for engaging CA countries. The third section analyzes how Japanese engagement is perceived by the general public in the region. For this purpose, the social polling outcomes of the Asia Barometer for 2005 will be compared with a similarly worded poll that was conducted in 2015 by the Ministry of Foreign Affairs of Japan to demonstrate the public expectations regarding Japanese involvement in this region. The fourth part details the Japan Human Development Center initiative as a pillar of Japan's human capacity development scheme. And the last two sections focus on Japanese initiatives which benefit both governments and general public in Kyrgyzstan (One village–One product program) and Uzbekistan (Water Users Association support). This paper concludes by hypothetically suggesting more focused and narrower project-based approaches to engaging CA countries for greater efficiency in Japan's involvement in CA.

## 2. ODA as a tool of cooperation in Japanese foreign policy

In conducting bilateral and multilateral cooperation, Japan uses Official Development Assistance as a tool that helps Japan achieve its goals and simultaneously aims to assist developing countries to achieve the tasks in their developmental agendas (see Bobrow & Boyer, 1996; Orr, 1990; Yasutomo, 1989–1990). Japan has grown from being a country that was extended assistance in its post-World War II reconstruction to becoming a top donor to developing countries in the 1990s. In Japan's becoming such a donor, the primary mission of the country's assistance (aside from its own interests) to developing nations was to offer both financial stimulus for development and a model of development that would enable these countries to move from the ranks of economic assistance recipients to the ranks of countries that can sustain their development without external financial assistance. Japanese interests were mainly focused in Asian countries because Asia was conceptualized as the region of primary interest to Japan. Therefore, its ODA assistance has also been mainly channeled to Asian countries (see Togo, 2005, p. 317). The composition of Japan's ODA assistance has long consisted of the ratio of 70% bilateral aid to only 30% assistance channeled through multilateral institutions. Many observers and practitioners connect this ratio to the idea that the heavier emphasis on bilateral aid works for both the donor and the recipient, presumably creating a better image for the donor country and also offering a clearer picture of the donor country's goals (Togo, 2005, p. 331; also see Bobrow & Boyer, 1996, pp. 105–6).

Japan's Ministry of Foreign Affairs divides the ODA development process into stages. The first stage is classified as system development, from 1954 to 1976, when the system of overseas assistance was set in tandem with World War II reparations. The second stage dates from 1977 to 1991 and refers to systemic expansion, during which Japan assisted with basic human needs and grassroots projects. The third stage was the period of policy and philosophy enhancement, dating from 1992 to 2002, when the ODA charter

was adopted, which prioritized certain sectors for assistance and identified multiple (bilateral, regional) levels of assistance. This was the period when many policy makers emphasized the need for qualitative changes that symbolized moving away from simply providing large volumes of ODA assistance to offering assistance that would make a difference in the development of Asian countries. The final period in ODA's development is the period when the new challenges (human security, peace maintenance, terrorism, etc.) appeared that required adopting the ODA schemes. This period dates from 2003 to the present.<sup>2</sup> The ODA charter was also renewed during this period, emphasizing Japan's responses to newly arisen issues. This period also demonstrated that as Japan attempted to adjust itself to new challenges, it also attempted to redefine its international image under conditions when its economic might was weakened (Government of Japan, Ministry of Foreign Affairs, & Economic Co-operation Bureau, 2003).

The official start date of Japan's ODA is October 6, 1954, when Japan became a part of the cooperation plan titled the Colombo Plan, the first agreement of which concluded with India in 1958.<sup>3</sup> In addition, the World War II defeat also had consequences for Japan in that it was obliged by the San Francisco Peace Treaty to pay reparations for postwar reconstruction and development to the Asian countries that sought these payments. Some of these reparations were paid in services and goods from the Japanese government, which had an impact on the way ODA assistance schemes were structured in the following years. In particular, some of the aid assistance was referred to as “tied” assistance and referred to the recipient's obligation to purchase Japan-produced goods and services as a part of the assistance package (Togo, 2005, p. 320). In 1957, Prime Minister Kishi reaffirmed Japan's commitment to improving its ties with neighboring countries and assisting these countries to improve their welfare. In addition, it was assumed that this move would lead to developing Japan's economy (Matsuura, 1981). In the years when Japan's economy recorded high economic growth, the country established an agency that was primarily responsible for supervising Japan's assistance and cooperation, namely, the Japan International Cooperation Agency (JICA), in 1974. JICA was charged with supervising and implementing technical cooperation and grant assistance. Prime Ministers including Tanaka and Fukuda also maintained high levels of ODA assistance to Asian countries. This culminated in the adoption of the so-called Fukuda doctrine in 1978, which pledged full support for ASEAN countries and significant financial assistance (Yasutomo, 1989–1990, p. 492).

In 1978, Japan also announced a plan to double its ODA in three years in the First Medium-Term ODA Target. During PM Ohira's administration, the government announced its

<sup>2</sup> For the MFA's periods of classification, refer to [Ministry of Foreign Affairs of Japan \(n.d.\)](#).

<sup>3</sup> The Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific was conceived at the Commonwealth Conference on Foreign Affairs held in Colombo, Ceylon (now Sri Lanka) in January 1950 and was launched on 1 July 1951 as a regional intergovernmental organization that would further the economic and social development of the peoples of South and Southeast Asia; see <http://www.colombo-plan.org/history.php>.

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