

JAPAN



100% OF THE 2005 COMMITMENT HAS BEEN DELIVERED

JAPAN'S PROMISED INCREASE



NOTE: Japan's commitment was only to double bilateral aid to Sub-Saharan Africa. These numbers only reflect bilateral figures.

The following chapter evaluates the commitment Japan made to Africa under President Koizumi in 2005. A new commitment was made at the Tokyo International Conference on African Development (TICAD) in May 2008 just before this report went to print. The new commitment is to double ODA to Africa from the 2004-2007 average by 2012 but once again only includes bilateral assistance thus limiting the impact of the commitment. Both the original promise by President Koizumi, and the recent promise by President Fukuda, whether kept or not, are not consistent with the leadership role Japan needs to play in the world. A doubling of both bilateral and multilateral ODA by Japan, by 2012 with at least \$1 billion in additional assistance in 2010, would be more consistent with a global leadership role. This chapter was written prior to President Fukuda's recent pledge. Due to publication deadlines, DATA was not able to integrate an analysis of the new commitment into the Report but plans to post one to www.one.org/jp in time for the G8 Summit.

WHAT WAS THE DEVELOPMENT ASSISTANCE COMMITMENT IN 2005?

In 2005, Japan stated that it intended to increase its ODA volume by ¥1 trillion (\$10 billion) in aggregate over the next five years, and it has committed to double its ODA to Africa over the next three years. In June 2005, Japan announced the Health and Development Initiative, a five-year, ¥540 billion (\$5 billion) programme, to support global efforts to meet the health-related MDGs. For the Enhanced Private Sector Assistance (EPSA) for Africa facility, Japan will provide more than ¥110 billion (\$1 billion) over five years, in partnership with the African Development Bank.

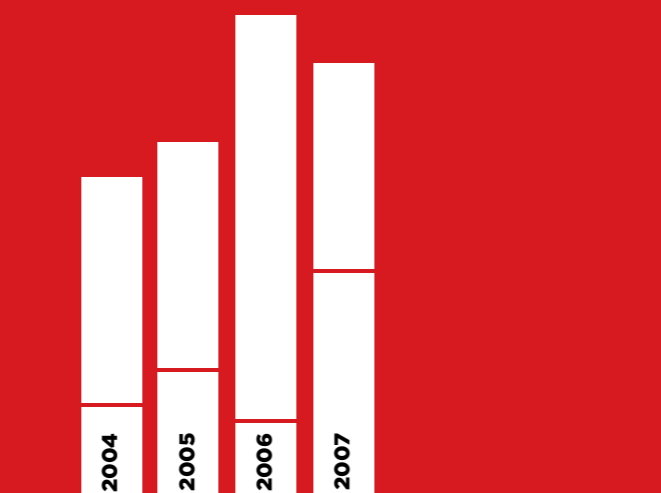
After first making this commitment at the Asian-Africa Summit in April 2005, and again at Gleneagles, the Japanese government clarified that it would double bilateral aid to Africa by 2007, based on net disbursements in 2003, and that the ¥1 trillion (\$10 billion) aggregate increase, based on net disbursements in 2004, would be achieved by the end of 2009.

STATEMENT FROM GOVERNMENT

At the sixth meeting of the Overseas Economic Cooperation Council on 24 January 2007, chaired by Prime Minister Shinzo Abe and composed of Japan's Chief Cabinet Secretary, Minister for Foreign Affairs, Minister of Finance and Minister of Economy, Trade and Industry, it was agreed that Japan would steadily implement its commitment to increase its volume of ODA by \$10 billion in aggregate over the five-year period 2005-09.¹

OVERALL ASSESSMENT

Using 2004 constant prices Japan has fulfilled a very weak commitment to double bilateral ODA to sub-Saharan Africa from a 2003 baseline, but in 2007 it cut ODA to the region compared with 2006 levels and has also reduced global ODA in the past two years. Though it is not assessed in this Report, Japan made a new commitment to double bilateral ODA to Africa by 2012 at TICAD, but once again, omitted multilateral assistance from its pledge. Japan has not extended its expertise on water to Africa and although it co-chairs the FTI, it has not pushed global education goals. On trade, it has done little to integrate its trade policy with development to create opportunities for African countries.



HOW DOES DATA INTERPRET JAPAN'S COMMITMENT AND CALCULATE THE TARGET?

In selecting 2003 as the baseline for its Africa commitment, Japan chose the year with the lowest bilateral spending in the previous decade – ¥60 billion (\$561 million in 2004 prices). A doubling of Japan's bilateral assistance to Africa by 2007, using 2003 as a base year, means that its 2007 bilateral ODA target is \$1.122 billion.² Reaching this target in 2007 would actually represent a lower total level in real terms than Japan spent in 1989/90. This is clearly not an ambitious promise.

Japan has not made a specific multilateral ODA commitment to sub-Saharan Africa, nor has it committed to allocating a specific percentage of its global ODA to Africa. However, Japan did make a global ODA commitment – a \$10 billion aggregate increase in bilateral and multilateral ODA between 2004 and 2009. DATA assumes that Africa will be included in this larger aggregate increase. Therefore, DATA has assumed that Japan will increase its multilateral ODA to sub-Saharan Africa at the same rate as global ODA increases to fulfill the aggregate ODA commitment, through to the end of its commitment to the region in 2007. For 2008-10 DATA assumes that Japan will maintain this total. This will be replaced by Japan's new commitment from May 2008 but analysis is not yet available.

To measure progress toward this commitment, The DATA Report tracks ODA as reported to the Development Assistance Committee (DAC) of the Organisation for Economic Co-Operation and Development. To measure progress toward this commitment, it tracks ODA to sub-Saharan Africa net of bilateral debt relief.³ Debt relief is immensely important to development, but bilateral debt relief as recorded by the DAC skews the true value to the recipient, as well as the true cost to the donor. Multilateral debt is included in ODA as part of payments through the World Bank's IDA and other development banks. For all other chapters in this report, DATA consistently measures progress in constant 2004 prices. For this chapter, we have shown both constant 2004 prices and current prices because it means the difference between meeting and not meeting the 2007 bilateral commitment.

IS JAPAN ON TRACK TO MEET ITS OWN COMMITMENTS ON DEVELOPMENT ASSISTANCE TO SUB-SAHARAN AFRICA?

2007 TARGET FOR BILATERAL ODA
¥121.31bn (\$1.12bn IN 2004 PRICES)
¥122.6bn (\$1.06bn IN CURRENT PRICES)

2007 BILATERAL ODA
¥125.5bn (\$1.16bn IN 2004 PRICES)
¥122.3bn (\$1.04bn IN CURRENT PRICES)

CHANGE IN TOTAL ODA TO SUB SAHARAN AFRICA 2006-07
-¥21.3bn (-\$197m IN 2004 PRICES)
-¥25.1bn (\$213m IN CURRENT PRICES)

CHANGE IN TOTAL ODA TO SUB SAHARAN AFRICA 2004-07
¥70.4bn (\$598m IN 2004 PRICES)
¥43.6bn (\$370m IN CURRENT PRICES)

% OF INCREASE IN BILATERAL ODA TO SUB SAHARAN AFRICA ACHIEVED
100% USING 2004 PRICES. **98%** USING CURRENT PRICES

In 2007 Japan reduced its ODA, net of debt relief, to sub-Saharan Africa by ¥21.269 million (\$197 million), or 8% in 2004 prices. This decrease was due to a 48% drop in multilateral assistance. Japan's bilateral ODA to sub-Saharan Africa increased to ¥125.495 billion (\$1.161 billion in 2004 prices), thus surpassing the 2007 target for bilateral assistance. However, if Japan's target and achieved ODA is measured in current prices, bilateral ODA only reached ¥122.3 billion (\$1.038 billion) thus falling ¥350 million (\$20 million) short of the target

The DATA Report is focused primarily on monitoring commitments to sub-Saharan Africa but, as these commitments were made within the context of global development assistance levels, it is important to note that as of 2007, Japan did not increase global ODA in aggregate towards the \$10 billion goal due to decreasing levels. In fact, in order to increase ODA by \$10 billion in aggregate over

2004 levels, Japan would need to increase global ODA by \$11.5 billion over 2007 to make up for recent cuts. These are troubling trends for Japan in a year when it is hosting both the Tokyo International Conference on African Development (TICAD IV) and the 2008 G8 Summit.

Japan may have met (or almost met) its bilateral commitment, but DATA has also assumed that multilateral assistance to sub-Saharan Africa should have increased along with global ODA. Japan instead cut multilateral ODA to sub-Saharan Africa by 48% in 2007. Its total ODA in fact is falling, both globally and for sub-Saharan Africa.

FIGURE 1

WHAT HAVE ODA FLOWS BEEN SINCE 2004?

IN \$ MILLIONS, 2004 PRICES (IN YEN MILLIONS, 2004 PRICES)	2004	2005	2006	2007
TOTAL GLOBAL ODA	8922 (964,518)	13534 (1,463,030)	12298 (1,329,385)	8601 (929,728)
BILATERAL DEBT RELIEF (Global)	267 (28,814)	4633 (540,000)	3584 (387,384)	1762 (190,502)
TOTAL GLOBAL ODA (net of bilateral debt relief)	8656 (935,703)	8901 (962,200)	8714 (942,001)	6838 (739,226)
TOTAL SSA ODA	1731 (187,114)	2,318 (250,580)	4730 (511,305)	2897 (313,191)
BILATERAL DEBT RELIEF (SSA)	172 (18,587)	594 (64,210)	2376 (256,879)	740 (80,034)
MULTILATERAL ODA TO SSA ⁴	1087 (117,488)	1148 (124,100)	1933 (208,928)	996 (107,662)
BILATERAL ODA TO SSA (net of bilateral debt relief)	472 (51,040)	575 (62,160)	421 (45,498)	1161 (125,495)
TOTAL SSA ODA (net of bilateral debt relief)	1559 (168,528)	1723 (186,260)	2354 (254,426)	2157 (233,157)
TOTAL SSA ODA (net of bilateral debt relief in IN CURRENT PRICES)	1559 (168,528)	1674 (184,273)	2141 (249,259)	1929 (227,212)

WHAT PROGRESS DOES JAPAN NEED TO MAKE ON AID TARGETS TO AFRICA?

All figures in this section are provided in Yen in 2007 prices and US dollars in 2004 prices. For the purposes of comparing these figures both with the current Japanese budget and with the DAC figures given elsewhere in The DATA Report that are in 2004 prices.

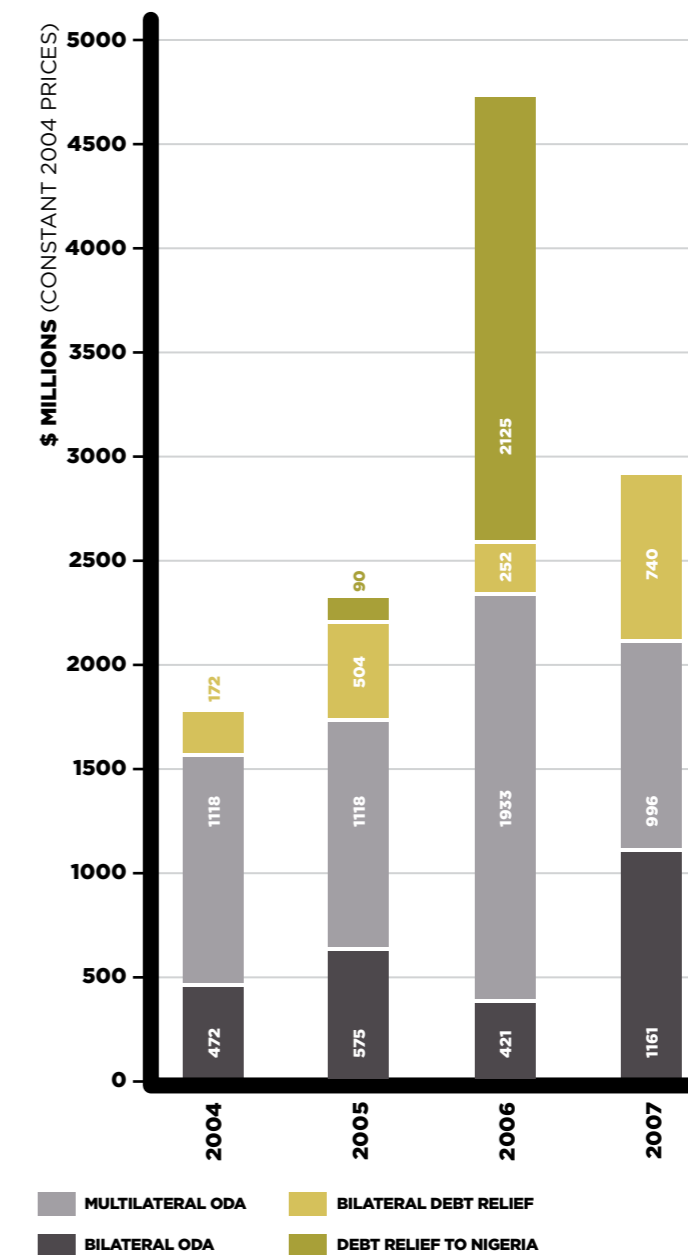
As previously stated, these figures reflect what Japan would need to do to fulfill its 2005 commitment to Africa. This commitment has been replaced by a TICAD commitment but due to publication deadlines, these figures could not be incorporated into this analysis. An updated analysis of what Japan needs to do between 2008–10 will be available on www.one.org/jp. For the purposes of estimating a figure for Japan's 2010 ODA for the rest of the report, DATA has estimated that Japan's multilateral ODA to the region will at least grow at the same pace as global ODA levels grow. DATA hopes a new multilateral commitment will be issued to replace this interim estimation, but for the purposes of this report, DATA has added a slight increase to the 2007 totals to estimate a 2010 target of ¥235.5 billion (\$2.235 billion in 2004 prices).

ESTIMATED INCREASE IN PIPELINE 2008 -¥6.223 BILLION (-\$59 MILLION IN 2004 PRICES)

Although final budget figures for 2008 are not available, Japan's global ODA in 2008, excluding bilateral debt relief, is projected to be approximately ¥921.5 billion (\$8.748 billion in 2004 prices). Using past allocation levels to Africa (2004–07), DATA estimates that approximately 24% of Japan's global ODA will be allocated to Africa in 2008. DATA therefore estimates that Japan's ODA for sub-Saharan Africa will be approximately ¥220.974 billion (\$2.098 billion in 2004 prices) in 2008. This is a decrease of ¥6.223 billion (\$59 million in 2004 prices).

FIGURE 2

JAPAN'S ODA TO SUB-SAHARAN AFRICA AND TRAJECTORY TO 2007 TARGET



IS JAPAN DOING ITS PART TO MEET THE G8'S SECTORAL COMMITMENTS?

Japan launched the Health and Development Initiative (HDI) in June 2005 in support of achieving health-related MDGs and pledged \$5 billion over five years from 2005 to 2009. Its total contribution for 2005 (most recent year available) was \$1.17 billion.

Japan has shown global leadership in the area of water and sanitation, being the largest G7 donor in this sector, but this expertise has not yet been fully applied to Africa. While Japan has increased the share of water and sanitation assistance going to sub-Saharan Africa since 2005 – from 6% to 12% – it still allocates a very low portion of its assistance to the region with the greatest need.

Japan has a special relationship with the Global Fund, being instrumental to its conception at the Kyushu-Okinawa Summit in 2000, and has contributed a total \$847 million to the Fund since its creation in 2002. In 2008, however, Japan fell to sixth place in pledges among the Global Fund's leading donors.

Japan's support for primary education in Africa has remained flat since 2004. Japan is co-chair of the Fast Track Initiative in 2008, but has yet to announce a contribution to the Catalytic Fund. On 23 April 2008, Minister of Foreign Affairs Masahiko Koumura announced that Japan would construct 1,000 schools and train 100,000 teachers in maths and science over the next five years in sub-Saharan Africa.

Figure 3 details the performance and efforts of Japan in relation to each of the 2005 sectoral commitments that DATA monitors on debt, trade, education, health and governance and security. OECD DAC numbers used in this section are from 2006 data on commitments, the most recent figures available.

TRACKING THE COMMITMENTS

FIGURE 3

ON TRACK DEBT

- As of 30 September 2007, Japan has made unqualified pledges of \$105.8 million only for 2007–08 to compensate IDA for the Multilateral Debt Relief Initiative (MDRI).
- Japan has pledged \$3.04 billion to IDA15. Beyond the technical compensation for the MDRI, this general contribution to IDA shows the political will to ensure that IDA, which is the biggest contributor to the MDRI, is properly compensated.
- Japan has cancelled 100% of bilateral debts owed by HIPC countries, with one important exception: it has not cancelled its post-cut-off-date commercial claims and therefore has not committed as much as other G8 countries.

ON/OFF TRACK CANNOT BE ASSESSED, BUT PROGRESS IS MONITORED IN THE FOLLOWING SECTORS

HEALTH

- Total health sector spending sub-Saharan Africa in 2006 was \$269.07 million, a 4.5% increase from 2005.
- Japan pledged and contributed \$186 million to the Global Fund in 2007, significantly below its proportionate share. Japan has pledged and already contributed \$183.8 million for 2008. Since 2001, when the Global Fund was launched, Japan has contributed \$846.5 million, including its 2008 contributions. Japan has pledged \$560 million for the Fund in the 'coming years'.
- Japan pledged \$5 billion over five years from 2005 to 2009 to the Health and Development Initiative and contributed \$1.17 billion for 2005. Health projects are being steadily implemented globally under the initiative.
- Japan has not yet contributed to GAVI, and allocates approximately 28.5% of its health sector spending to health systems development, compared with the G7 average of 18.7%.

GOVERNANCE AND SECURITY

- Japan has signed but not ratified UNCAC.
- Japan has ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, but has carried forward only one prosecution to date.

- Japan has not made any commitments to the EITI or the APRM. A proportionate share contribution to the EITI would be \$1.45 million.
- Japan is the second largest G8 contributor to the UN Peacebuilding Commission, having contributed \$20 million (as of March 2008); this is just below a proportionate annual share of \$22.6 million.
- Japan contributed \$7.5 million to the CERF in 2006, and has made a \$1 million pledge for 2008. A proportionate annual share would be \$40.6 million.
- Japan has provided \$15.5 million for PKO centres in Africa through the Japan-UNDP partnership fund.

OFF TRACK EDUCATION

- Japan provided \$87 million for primary education to Africa in 2006, less than one-third of a proportionate share of the need. In order to provide its proportionate share of the total needed to fund universal primary education in 2008, it would need to increase its assistance by \$339 million, to a total of \$426 million. Within its overall education budget, spending on primary education is relatively low. Japan is currently serving as co-chair of the Fast Track Initiative.
- In April 2008, Japan announced that it would construct 1,000 schools in sub-Saharan Africa and train approximately 100,000 teachers over the next five years, focusing mainly on improving teaching methods in maths and science.

WATER AND SANITATION

- Very little of Japan's water and sanitation ODA has been directed to sub-Saharan Africa. In 2006, it spent \$196.6 million on water and sanitation, which made up 4.1% of its total ODA to the region. According to the methodology used in The DATA Report, Japan should have directed \$263.3 million towards this sector, which would have been 5.5% of its ODA. Japan is further off track than it was in 2005, when it directed 4.66% of its ODA increases to water and sanitation.
- While Japan is the biggest donor to water and sanitation worldwide, only 12% of its total assistance went to Africa in 2006. While this is an increase from just 6% in 2005, it does not reflect the reality that sub-Saharan Africa has the world's lowest water and sanitation coverage rates.

TRADE

- Japan is a key participant in the WTO Doha negotiations and is seeking reductions in tariffs on agricultural and manufactured goods, in exchange for cuts to its own subsidies and tariffs. As the host of the G8 Summit, Japan should take a leadership role in ensuring that development is the focus of any Doha deal.
- In 2006, the OECD estimated that Japan spent almost \$37 billion on market price support, the most trade-distorting type of agricultural subsidy, to its farmers.⁵ This is five times Japan's global ODA net of bilateral debt relief.
- Japan provides more than 90% duty-free/quota-free access to Least Developed Countries (LDCs), with some exclusions for agricultural and fish products. However, this programme does not include all African countries.⁶
- At the 2005 WTO Ministerial meeting in Hong Kong, Japan launched its 'One Village One Product' initiative, which is focused on building the capacity of producers in developing countries to identify products that could be exported and sold in the Japanese market.⁷
- Japan committed at the 2005 WTO Ministerial in Hong Kong to spend \$10 billion on aid for trade for all developing countries, some of which may be in the form of loans. In 2006, Japan spent only \$260 million in aid for trade to Africa, which is just slightly higher than the average level of funding committed to this sector between 2000 and 2005.⁸

EFFECTIVENESS AND QUALITY OF JAPAN'S DEVELOPMENT ASSISTANCE

Japan comes fifth among G7 countries when ranked on a series of ten indicators across four measures of aid effectiveness. Japan needs to improve, in particular, on its use of national systems.

The Declaration agreed at the Paris High Level Forum on Aid Effectiveness in 2005 set out a growing consensus on what is necessary for aid to be most effective. At Gleneagles, the G8 referenced the Declaration in agreeing to 'implement and be monitored on all commitments we made in the Paris Declaration on aid effectiveness'. DATA has chosen four indicators of aid effectiveness to measure country performance: predictability (as measured by the extent to which planned ODA is delivered), transparency and reporting (as measured by the extent to which ODA is reflected in recipient budgets), the use of national systems (as measured by the extent to which ODA uses recipient systems) and the extent to which aid is untied and open to local competitive bidding. These four indicators were chosen both because of their importance and because of the availability of data.

Overall, Japan ranks poorly in aid effectiveness indicators used by DATA that are published by DAC and DRI. Japanese ODA ranks fifth amongst G7 donors in terms of the predictability of multi-year commitments and second to last in the use of local systems for procuring development assistance. Japan also has the longest delays in procurement and makes the lowest proportion of its ODA open to competitive bidding in the host country. However, Japan ranks in joint second place in the DAC statistics on untying.

LOOKING AHEAD

With its global development assistance budget in decline, 2008 is a critical year for Japan to demonstrate its commitment to overcoming global poverty and disease. The convergence of TICAD IV and the G8 Hokkaido Toyako Summit create an unprecedented opportunity for it to lead the fight against poverty and disease, particularly in Africa.

Japan has already demonstrated that it can lead the world in addressing global challenges. As host of the G8 in 2000, it sowed the seeds for the Global Fund when it launched the Okinawa Infectious Disease Initiative. The Fund has since become one of the most effective instruments for battling infectious disease and has already saved more than two million lives. What will Japan offer the world this time?

At TICAD, Japan announced a doubling of ODA to Africa from the 2004–07 average to 2012. However, it indicated that once again only bilateral assistance would be included in the doubling, thus limiting the impact of the commitment. It is DATA's hope that this commitment will be clarified by Japan to include multilateral ODA to be additional to existing flows (so that assistance to other regions does not decrease as ODA to Africa increases) and to deliver at least a \$1 billion increase by 2010.

In 2008, Japan has the opportunity – and the responsibility – to lead the world at a critical moment. It all depends on the Government of Japan demonstrating the political will to work with other G8 nations, and truly partner with African nations, to turn consensus and rhetoric into genuine action. The whole world is watching.