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OECD-DAC and Japan: Its Past, Present, and Future

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17.1 Summary

Japan has been integrated into the “Western donor system” since joining the Development Assistance Group for its first meeting in March 1960, while maintaining a set of distinctly Asian approaches. These include a strong focus on self-help; a preference for loans over grants, projects over programs, and economic infrastructure over basic services; low levels of conditionality; a close relationship with Japan’s private sector; and a strong geographical focus on Asia. Other issues have at times clouded its relationship with the OECD’s Development Assistance Committee (DAC) but both sides have learned lessons from each other, and very significant adjustments to Japanese aid practice (as is the case for other DAC donors) have taken place over time. Japan has taken a leading role in some areas such as untying in the 1970s, the development of the International Development Goals in the 1990s and triangular cooperation in the past couple of decades. However, Japan has too often found itself in a defensive posture, when both Japan and DAC might have been more creative.

The dialogue between Japan and its DAC partners was also shaped by Japan’s increasing weight in international development from 1960 to the late 1980s, when it first became the largest DAC donor. Japan’s relative position however has eroded significantly from 2000 (Figure 17.1).

A similar pattern is evident in Japan’s share of successive replenishments of the International Development Association (IDA), as Figure 17.2 shows.

Except for a short period in the late 1990s, Japan has normally been below the average DAC country effort as measured by aid as a share of national income, as indicated in Figure 17.3.

17.2 Origins

Following considerable bilateral negotiation, led by the United States, the Development Assistance Group (DAG), was brought together in early 1960, with a view to improving dialogue among major donor countries. The DAG was formally established on January 13, 1960, with an initial membership of Belgium, Canada,
Figure 17.1 Net ODA disbursements from Japan and other large DAC donors, 1960–2013
Source: OECD.

Figure 17.2 Japan’s percentage share of IDA (including supplementary contributions)
Source: I am indebted to Xu Jiajun for the raw data underlying this chart, drawn from Xu Jiajun 2015.

France, Germany, Italy, Portugal, the United Kingdom, the United States and the European Commission. With US support, Japan was immediately invited to participate in the work (OECD 2006; Carroll 2012).

Membership of DAG raised Japan’s status, as well as enabling it to demonstrate its “collegial” capacities. It was a membership not without its risks, for Japan, like all major aid donors, frequently provided tied aid aimed, in part, at furthering the trading interests of its own firms. However, its potential as a first step to full OECD membership outweighed the cost of greater scrutiny of Japan’s aid policies.1 Japan indeed hosted the fifth and final meeting of the DAG in Tokyo on July 11–13, 1961