
Determinants of Japan's ODA Allocation in Africa

Takashi Nagatsuji

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Executive Summary

The debate on emerging donors raises a question whether traditional donors really follow their own ODA policies or not. This paper addresses the question by investigating Japan's adherence to its own ODA policies. The paper adopts a mixed method using historical analysis, statistical analysis, and case studies. The historical analysis explains that Japan's aid implementation was influenced by latent motives such as the national interests and extrinsic motives from third parties, as well as official motives based on the ODA policies. The statistical analysis finds that Japan's motives for aid allocations in Africa were unclear during the formative period, but that it became strategized once the ODA Charter was introduced in 1992. It also highlights that Japan became relatively responsive to the official motives and that third parties including China influenced Japan's aid allocations in Africa during the revised Charter period from 2003. The case studies of Senegal and Cote d'Ivoire find that elections and a multi-party system increased the aid volume, while a coup decreased the volume. It also points out that Japan's aid motives tilted toward its own national interests due to the increasing presence of China.

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Introduction

The debate over Official Development Assistance (ODA) from emerging donors is becoming more active than before.¹ Some scholars warn that emerging donors would pose risks to recipient countries and argue that the international aid architecture such as the OECD Development Assistance Committee (DAC) standards should be maintained (Manning 2006, 384; Pehnelt 2007, 11; Lee 2012, 986).² Other scholars argue that the influence and behaviors of these emerging donors are similar to the ones of traditional donors in some respects (Dreher and Fuchs 2011, 28; Dreher et al 2011).³ While the impacts of emerging donors are not certain, the scholars who argue that emerging donors ignore the international aid architecture tend to assume that traditional donors comply with their own ODA policies based on the DAC norms and standards.⁴ However, before researching the impacts of emerging donors, the question that needs to be answered is whether traditional donors follow their own ODA policies. This paper addresses this research question by investigating Japan's past ODA policies, its aid motives, and the aid allocations.

The existing literature offers a useful tool to explore the traditional donors' aid motives. Most of the scholars and researchers studying traditional donors consider other factors as well as ODA policies. They divide donors' aid motives into two concepts: Altruism and Egoism (e.g., Schraeder *et al* 1998; Alesina and Dollar 2000;

1. This paper adopts the definition of ODA set by the OECD. According to the OECD, ODA is provided by official agencies (OECD 2008). Each transaction is administered with the promotion of the economic development and welfare of developing countries and conveys a grant element of at least 25 percent (Ibid). The paper defines traditional donors as OECD-DAC donors such as the U.S., the U.K., France, and Japan. Emerging donors are non-DAC donors. China is one of the major emerging donors, but it has been aiding other developing countries immediately after the end of the Second World War.

2. Pehnelt (2007) points out that China has been accused of supporting corrupt elites to have access to raw materials and would undermine traditional donors' efforts to fight corruption. Saidi and Wolf (2011) state that the lack of policy conditionality is often considered as one of the common concerns about emerging donors, because it would jeopardize traditional donors' efforts to promote good governance.

3. Woods (2008) argues that emerging donors are rather offering alternatives to recipient countries than attempting to overturn the existing rules.

4. Although multilateral development banks (MDB) are beyond the scope of this paper, similar arguments are observed for the Asian Infrastructure Investment Bank (AIIB). The AIIB is the newest MDB, which was declared open for business on January 16th, 2016 (AIIB 2016). Japan continues to urge the AIIB to meet the international standards.

Neumayer 2003; Berthélemy 2006; Saidi and Wolf 2011). Altruistic motives include recipient needs, humanitarian needs and charity motives. Egoistic motives include donors' political, economic, and strategic self-interests. This paper employs the concepts of official motives and latent motives, also adding extrinsic motives to the conventional dichotomous concepts of aid motivation. Official motives are explicit motives expressed as aid policies by donors. They cover motives based on recipient countries' needs and the altruistic motives based on a country's interests as a donor. Latent motives are implicit motives held by donors, corresponding to egoistic motives. Extrinsic motives are those influenced by third countries. Some researchers (Akiyama et al 2008; Claessens et al 2009) consider the total aid volumes from other donors in their statistical analysis. However, each donor is responsive to the specific actions of other donors, meaning this variable has to be disaggregated.

Table 1. Concepts of Aid Motives

	Definitions	Needs and Interests	Actors	Example
Official Motives	Explicit Motives expressed as aid policies by Donors.	Official Motives based on Recipient Needs	Recipient Countries	-Poverty Reduction -Humanitarian Needs
		Official Motives based on Donor Interests	Donor Countries	-Environmental Conservation -Military Expenditure -Democratization -Human Security
Latent Motives	Implicit Motives held by Donors.	Latent Motives based on Donors Interests		-Trade -Votes in the UN -Past Aid Allocation
Extrinsic Motives	Motives influenced by Third Countries.	Motives based on Third Party's Interests	Third Countries	-U.S. Influence -France Influence -China Influence

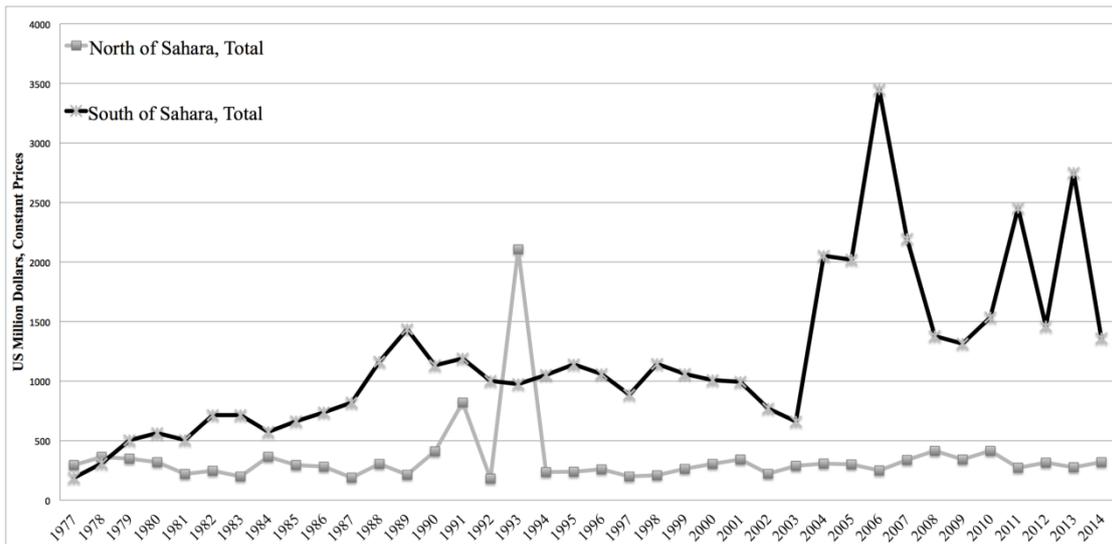
Source: Made by Author

Japan is an ideal case for two reasons: China's resemblance to Japan's past aid model and the need for research on Japan's aid motives over the time. First, China is often thought to be following in Japan's footsteps in that there are perceived similarities between China's aid model and Japan's past aid model. Saidi and Wolf (2011) state that emerging donors including China have the notion of win-win cooperation and that this concept is similar to Japan's economic self-interest in the 1970s and 1980s.⁵ As China currently faces pressures from traditional donors to follow DAC standards, Japan was also pressured from DAC donors to establish its own ODA norms and

5. During the Premier Zhou's tour in Africa between 1963 and 1964, the eight principles for China's aid were expressed. The principles emphasize mutual benefit, the sovereignty of the recipient countries, and self-reliance (MFA). These principles are still mentioned by Chinese political figures (FOCAC 2004; MFA 2014).

standards corresponding to the DAC standard (Shimomura et al 1999, 45). Second, the historic accumulation of Japan's ODA offers a good opportunity to investigate Japan's adherence to ODA policies over a long period of time. Some of the earliest research on Japan's aid allocations was conducted by Usui (1987) covering the periods between 1969 and 1983. His research was followed by Shimomura et al (1999) covering the periods between 1980 and 1995. Akiyama et al (2008) analyzed the period between 1995 and 2005. This paper broadens the scope to cover the period between 1977 and 2014, including new variables such as environmental conservation, human security, U.S. Influence, French influence, and China's influence in the statistical models.⁶

Figure 1. Japan's Aid Allocation in Africa (Gross Disbursements)⁷



Source: Author's calculation based on OECD Dataset, Aid (ODA) disbursements to countries and regions [DAC2a]

<http://stats.oecd.org/Index.aspx?ThemeTreeId=3#> (accessed on March 1st, 2016)

This paper targets Africa for two reasons. First, Africa is the aid frontier for both traditional donors and emerging donors. Japan has recently been increasing its aid volume to sub-Saharan Africa in particular. As Figure 1 illustrates, Japan's ODA disbursements to sub-Saharan Africa have dramatically increased since 2003. Japan has also co-hosted the Tokyo International Conference on African

6. It is rare to include third parties in statistical models for Japan's aid allocations. Akiyama et al (2008) considers the aid volume from other DAC donors, but this variable has to be disaggregated. On the other hand, quantitative research on Japan aid (Orr 1990; Miyashita 2003) overestimates U.S. influence. Miyashita (2003, 181) states that Japan is far more responsive to pressure from the U.S. than from any other donor countries. The U.S. is thought to be one of the most influential donors on Japan's aid allocation, but its influence could vary depending on time and region.

7. "North of Sahara" in the OECD dataset includes Algeria, Egypt, Libya, Morocco, and Tunisia. "South of Sahara" covers countries making up the rest of the continent.

Development (TICAD) every five years since 1993. Emerging donors such as China also prioritize Africa. According to the Brookings Institution, 45.7% of the China's total aid was provided to Africa in 2009 (Sun 2014). This share increased to 51.8% during the period between 2010 and 2012 (Ibid).⁸ China also hosts Forum on China-Africa Cooperation (FOCA).⁹ Second, if all recipient countries are targeted, specific motives to aid Africa cannot be observed. When statistical models target all the recipients, a dummy variable representing Africa could be used (e.g., Akiyama et al 2008). However, this dichotomous variable does not help the models to specify the factors.

ODA policies iterate Japan's official motives, but Japan's aid allocation is also influenced by latent motives such as Japanese national interests and pressure from third parties. A mixed method is adopted in this paper to find the real motives. This paper first offers brief historical narratives on Japan's ODA policy for three respective periods: the formative period (1977-1991), the ODA Charter Period (1992-2002), and the revised ODA Charter period (2003-2014). The statistical models based on this historical overview are then tested using the cases of African countries. The statistical analysis illustrates that Japan's aid motives were unclear during the formative period, but that the motives became strategized once the ODA Charter was introduced. It also highlights that Japan became relatively responsive to the official motives and that third parties including China influenced Japan's aid allocations in Africa during the revised Charter period. The cases of Senegal and Cote d'Ivoire show that elections and a multi-party system increased the aid volume, while a coup reduced the volume dramatically. The case studies also demonstrate that Japan's aid motives tilted toward its own national interests due to the increasing presence of China. The paper concludes by offering some policy recommendations for traditional donors and Japan in particular.

8. The Brookings Institution cites China's White Paper on foreign aid in 2011 and 2014.

9. The first conference of FOCA was held in 2000.

Historical Analysis of Japan's Aid Motives

Japan's Ministry of Foreign Affairs (MOFA) divides the country's ODA history into four periods: the introductory period (1954-1976), the formative period (1977-1991), the ODA Charter period (1992-2002), and the revised ODA Charter period (2003-2014).¹⁰ This section provides a brief history of the three periods from 1977 to 2014 and aims to draw official, latent, and extrinsic motives.¹¹

Formative Period (1977-1991)

Official Motives and Latent Motives

The formative period of Japan's ODA started with Fukuda Doctrine announced in 1977 (MOFA 2004, 37). While the volume of Japanese ODA expanded during this period, the Japanese government was still in the process of establishing its aid policies. The country's official and latent motives during this period can be drawn from two documents, neither of which represent an official aid policy, but are nevertheless written by MOFA officials and mentioned in MOFA documents describing ODA history (MOFA 2004, 39–40).

The first, *The Current State of Economic Cooperation, and Its Outlook: The North-South Problem and Development Assistance*, was issued in 1978 and underlines the importance of international security, burden sharing, economic considerations, humanitarian considerations, and political considerations (Kikuchi 1978, 355–359).¹² Altruistic motives and Japan's self-interests were mixed in this

10. MOFA's ODA White Paper in 2004 divided the 50-year history into 4 periods: the System Development Period (1954-1976), the Systematic Expansion Period (1977-1991), the Original ODA Charter Period (1992-2002), and the Revised ODA Charter Period (2003-2004) (MOFA 2004). There were not clear ODA policies during the introductory period and the formative period. In Japan the ODA policies were formed after 1992, but the paper includes the formative period to see motivational differences.

11. Introductory Period (1954-1976) – Japan's foreign aid started on October 6th, 1954 when Japan joined the Colombo Plan (MOFA 1994). It was also the year when Japan signed a reparation agreement with Burma (Ibid)

12. Humanitarian considerations concerns poverty reduction and life improvement (Kikuchi 1978, 359).

document: national interests such as natural resources and trade are mentioned in the section on economic considerations.

The second document, *The Philosophies of Economic Cooperation: Why Official Development Assistance?*, was published in 1980 and explains that humanitarian considerations and the recognition of interdependence among nations guides Japan's economic cooperation (MOFA 1994). The author of this document stated that MOFA was creating a prototype of Japan's aid philosophies, considering contribution to maintaining peace, aid expansion, Japan's economic dependence on other countries, and Japan's history in modernization (Sakamoto 1980, 6–12).

These two documents illustrate that Japan considered recipient needs such as humanitarian concerns. However, altruistic motives and economic self-interests were mixed. This period came to an end on April 10th, 1991, when Prime Minister Toshiki Kaifu announced in the Diet that Japan would pay full attention to Four ODA Guidelines in the Diet (MOFA 1994; Shimomura et al 1999, 83).¹³

Extrinsic Motives

During the formative period, Japan-U.S. relations were very tight. In 1979 the Overseas Economic Cooperation Fund (OECF) established its office in Washington, and in 1986 Japan International Cooperation Agency (JICA) followed the same path.¹⁴ Orr (1990, 129-130) explains that a U.S. delegation visited Japan with a list of countries which the U.S. urged Japan to aid. During a bilateral meeting in Washington in 1983, the U.S. pressured Japan to increase its aid outside Asia (Ibid, 129). M. Peter McPherson, the USAID Administrator, also pressured Japan to increase its aid volume to Africa (Ibid, 130). Relations with France also grew during this period.¹⁵

13. The Four ODA Guidelines are (MOFA 1994): 1) the military expenditures of recipient countries; 2) their development and production of weapons of mass destruction and missiles; 3) their export and import of arms; and 4) their efforts for democratization and market-oriented economy and the situation regarding basic human rights and freedoms.

14. The OECF was the implementing agency for Japan's loan aid. It was merged with the Export-Import Bank of Japan and Japan Bank for International Cooperation (JBIC) was established in 1999 (JICA 2008). JICA became able to provide technical assistance, loans and grant aid in 2008 when a part of JBIC was merged with JICA (Ibid). Please see the following website for the information on the OECF Washington and JICA Washington; available at: <www.jica.go.jp> (accessed on December 18th, 2015, Japanese).

15. OECF established an office in Paris on January 1984, and the JICA Office in Paris was established on March 1984 (Interview with a JICA staff, January 30th, 2016. Paris, France). However, one of the main purposes of having an office in Paris was to support projects in Africa (Interview with a JICA staff, January 20th, 2016. Tokyo, Japan).

ODA Charter Period (1992-2002)

Official Motives and Latent Motives

On June 30th, 1992, the Cabinet adopted the ODA Charter listing four principles (MOFA 1999), which became the basis for Japanese aid policy, as the country does not have any specific legislation on the matter.¹⁶ The Charter first stipulates recipient needs such as famine and poverty in the section laying out the basic philosophy (MOFA 1999). The Charter's four principles are considered to be Japan's official motives based on its own interests. The four principles are (Ibid):

- Environmental conservation;
- Avoidance of use of ODA for military purposes and aggravation of international conflicts;
- Attention to recipient countries' military expenditures, their development and production of weapons of mass destruction and missiles, and their arms trade; and
- Attention to democratization, a market-oriented economy, and basic human rights and freedoms.

The principles did not include Japanese national interests that were shown in documents during the previous period, such as natural resources and trade.¹⁷ It is also noteworthy that from 1991 to 2000, or most of this period, Japan was the world's top aid donor (MOFA 2005a).

Extrinsic Motives

In July 1993, Japan and the U.S. established the Common Agenda for Cooperation in Global Perspective (the Common Agenda) in an effort to address global issues including foreign aid.¹⁸ However, there was a gap between the aims of the Common Agenda and its implementation. Pharr (1994, 164) explains that Japanese citizens were sensitive to Japan's aid allocation following U.S. demands. This public hostility forced Japan to take independent initiatives rather than respond to pressures from the U.S. (Ibid). Kuramoto (2014) also argues that the projects were conducted not jointly but rather in parallel.

16. Please see the following URL for complete explanation of the four principles: <www.mofa.go.jp> (accessed on March 25th, 2016).

17. The Charter mentions usefulness of direct investment and trade as one of 15 measures for effective implementation (MOFA 1999).

18. MOFA, Cooperation on Global Challenges. See more at: <www.mofa.go.jp> (accessed on December 18th, 2015). See also: <www.mofa.go.jp> (accessed on December 18th, 2015, Japanese).

Revised ODA Charter Period (2003-2014)¹⁹

Official Motives and Latent Motives

A revision of the ODA Charter was adopted by the Cabinet on August 29th, 2003, enlarging Japan's official motives. While the revised ODA Charter still had the same four principles, it introduced the concepts of human security (MOFA 2003, 5).²⁰ Following the revision, Japan set a Medium-Term Policy on Official Development Assistance in February 2005 (MOFA 2007), defining human security as focusing on individual people and building societies where everyone can live with dignity, and addressing threats to people in the most comprehensive way possible (MOFA 2005b, 2-3). The policy also stated that human security means protecting individuals from *Fears* such as conflict, disease epidemics, and environmental destruction and *Wants* such as poverty, hunger and lack of educational and health services (MOFA 2005b, 2).²¹

The ODA Charter and the revised ODA Charter did not overtly stipulate the importance of ODA to vote collection at U.N. conferences.²² However, the annual *ODA Data Book by Country* started mentioning this latent motive in the 2011 and 2012 editions, which explained that Japan needs to cooperate with the Sub-Saharan countries to address U.N. Security Council Reform in the section of Aid Purposes.²³

From February 2015, Japan entered into a new era when the new Charter was revised again and the Cabinet adopted the Development Cooperation Charter with two significant changes. One was the provision stating that aid might be offered to armed forces on a case-by-case basis if it is for a non-military purpose (MOFA 2015a). The other change was an emphasis on the national interests of Japan coupled with private companies.²⁴

19. The end of the fourth stage was set by the author. Japan's Development Cooperation Charter adopted in 2015 marks the beginning of the new stage.

20. According to the revised ODA Charter, human security which focuses on individuals is important to address direct threats to individuals (MOFA 2003).

21. Please see the following URL for the complete explanation of human security; <www.mofa.go.jp>.

22. The revised ODA Charter only mentions the importance to strengthen Japan's standing in the international arena (MOFA 2003).

23. *ODA Data Book by Country* is an annual publication of MOFA. This book explains aid purposes and basic principles for each region as well as each recipient country. See more at: <www.mofa.go.jp> (accessed on December 22th, 2015, Japanese). An anonymous interviewee at JICA explained that Japan sometimes gives aid to small countries for votes at U.N. conferences (Interview with a JICA staff, November 27th, 2015, Tokyo, Japan). Another anonymous interviewee also mentioned the possibility that the link between Japan's aid to small countries and votes at U.N. might be found in documents of diplomatic cables when they are disclosed in the future (Interview with a JICA staff, January 20th, 2016, Tokyo, Japan).

24. The former Charter only mentioned the welfare of Japanese people, but the Development Cooperation Charter stipulates national interests and the importance of

Extrinsic Motives²⁵

Aid coordination with a number of key partners such as the U.S. and France developed during this period. The Japan-U.S. relations became tight again. In 2005, Japan and the U.S. launched the U.S.-Japan Strategic Development Alliance (MOFA 2005c). After the “Fact Sheet on United States-Japan Global Cooperation” was issued in 2013, senior level U.S.-Japan Development Dialogue was held every year (MOFA 2016).²⁶ The official partnership between Japan and France on aid was also developed during this period. In 2003 JBIC and the French Development Agency (AFD) signed a memorandum of understanding for an operational cooperation (JICA 2013).²⁷ The partnership between Japan and France was also reinforced by dialogues at the political level, embarking on various collaborative works.

While China started to increase its aid volume dramatically after the incident at Tiananmen Square in 1989 (Taylor 1998), it is estimated that the amount of the China’s ODA only became comparable to the aid volumes of OECD DAC donors in the 2000s. According to the estimation of Kitano and Harada (2014, 17) comparing the amount of China’s ODA with DAC donors, China was ranked as the 16th largest ODA donor in 2001. In 2009, it moved up to 12th and in 2012 became the 6th largest donor (Ibid).

private companies (MOFA 2015a). Japanese media paid attention to this change. The Asahi Shimbun showed a concern that selecting recipient countries based on national interests would alter Japan’s diplomacy prioritizing humanitarian philosophy (Asahi Shimbun 2015), while the Sankei Shimbun posted a scholar’s opinion stating that “national interests” does not necessarily means non-humanitarian (Sankei Shimbun 2015).

25. Please see Appendix 2 and 3 in the supplemental materials for the detailed information.

26. Please also see the following URLs (accessed on March 25th, 2016); <www.mofa.go.jp>; <www.mofa.go.jp>; <www.mofa.go.jp>.

27. This partnership was taken over by JICA in 2008 (JICA 2013) in 2008. In 2011, JICA and AFD began an annual retreat (Interview with AFD personnel, January 28th, 2016, Paris, France).

Statistical Analysis of Japan's Aid to Africa

This section explores what motives urged Japan to aid countries in Africa, and also see how Japan's aid motives varied according to the three periods between 1977 and 2014. The statistical analysis demonstrates that Japan's aid motives were unclear in the beginning. Once the ODA Charter was introduced, Japan's aid allocation became strategized. After the ODA Charter was revised, third party influence on Japan's aid allocation became apparent.

Table 3.1 Expected Signs for Independent Variables

Independent Variables	Formative Period (1977-1991)		ODA Charter Period (1992-2002)			Revised ODA Charter Period (2003-2014)			
	Latent Motives	Third Party	Latent Motives	Third Party 1	Third Party 2	Latent Motives	Third Party 1	Third Party 2	Third Party 3
ln(Poverty Reduction)(t-1)	-	-	-	-	-	-	-	-	-
ln(Humanitarian Needs)(t-1)	+	+	+	+	+	+	+	+	+
ln(Environmental Conservation)(t-1)	+	+	+	+	+	+	+	+	+
Conflicts	-	-	/	/	/	/	/	/	/
ln(Military Expenditure)(t-1)	-	-	-	-	-	-	-	-	-
Democratization(t-1)	-	-	-	-	-	-	-	-	-
Human Security(t-1)	/	/	/	/	/	-	-	-	-
ln(Japan Trade)(t-1)	+	+	+	+	+	+	+	+	+
ln(Votes in the U.N.)(t-1)	-	-	-	-	-	-	-	-	-
ln(Past Aid Allocation)(t-1)	+	+	+	+	+	+	+	+	+
ln(U.S. Influence)(t-1)	/	+	/	*	/	/	+	/	/
ln(France Influence)(t-1)	/	/	/	/	/	/	/	+	/
ln(China Influence)(t-1)	/	/	/	/	*	/	/	/	+

*There is no expected sign.

Model Specification

This paper adopts Panel Data Analysis to observe the variance in Japan's aid volumes to recipient countries over the time. The dataset used for the statistical analysis covers 54 African countries between 1977 and 2014.²⁸ However, missing values in original data decreases the number of observation in each model.

As Table 3.1 shows, Latent Motives models and Third Party models are tested for the three periods. Both models include official motives such as recipient needs and Japan's official motives described in the ODA policies.²⁹ Other than official motives, Latent Motives models cover Japan's economic and political self-interests. Extrinsic motives are covered in the Third Party models. Third Party models also include the variables used in Latent Motives models.

Dependent and Independent Variables³⁰

Dependent Variables

The dependent variable is the total amount of Japan's bilateral ODA disbursements measured by the OECD.³¹ The data are in constant U.S. million dollars. There are ODA commitments and disbursements.³² This paper adopts ODA disbursements to observe the actual aid implementation.

Independent Variables

(Official Motives of Recipient Needs)

Poverty Reduction and Humanitarian Needs

Japan's official motives consider recipient needs represented by poverty reduction and humanitarian needs. These variables have been the *raison d'être* of donors' economic cooperation. GDP per capita is used to measure the needs for poverty reduction. Death rate per 1,000 people is used for humanitarian needs. When GDP per capita decreases and the death rate increases in a recipient country, it is likely to receive more aid from Japan.

28. Please see the supplemental materials for the list of the countries.

29. Models using only official motives are not included in the paper to avoid omitted variable bias.

30. Please see the supplemental materials for data sources and coding rules. The supplemental materials also show the descriptive statistics.

31. The original name in the OECD dataset is "ODA Total, Gross disbursements". Please see footnote 1 for the definition of ODA by the OECD.

32. Please see the following URL for the definitions; <www.oecd.org> (accessed on March 25th, 2016).

Independent Variables (Official Motives of Donor Interests)

Environmental Conservation, Conflicts, Military Expenditure, Democratization, and Human Security

The indicator used to assess environmental conservation is the measure of CO₂ emissions.³³ Japan is expected to increase aid when and where CO₂ emissions increase. The conflicts variable is measured by years counted after the onset of conflict. Aid volumes are likely to increase after a conflict occurs. This paper uses the dataset of SIPRI for military expenditure. Based on Japan's ODA policies, Japan is expected to avoid aiding recipients with high levels of military spending. The measure of democratization variable takes the average of political rights scores and civil liberties scores from Freedom House. In this data, a country is more democratized when the score decreases. Aid is more likely to be channeled to democratic countries than non-democratic countries. As described in the previous section, human security is a comprehensive concept covering a number of fields. Some aspects of human security are covered by three variables: poverty reduction, humanitarian needs, and environmental conservation. In this paper, the human security variable is measured by primary school enrollment per capita. According to MOFA, Japan has been prioritizing education as a vital area to promote human security (MOFA 2015b). Japan is likely to increase the aid volume when and where the enrollment ratio decreases.

Independent Variables (Latent Motives of Donor Interests)

Trade, Votes in the U.N., and Past Aid Allocation

Latent motives are unofficial motives that Japan does not stipulate in its aid policies. Trade is a variable representing Japan's economic self-interest. It is measured by the sum of bilateral exports from and imports to Japan. Previous research suggests that Japan channels more aid to recipients where Japan has strong economic ties (Pharr 1994; Cooray and Shahiduzzaman 2004). Previous research also mentions Japan's political self-interest, suggesting that Japan would give more aid to small countries in order to efficiently collect votes at the United Nations. (Shimomura et al 1999, 194).³⁴ Population size is used as a proxy variable for votes in the U.N.³⁵ However, this variable also contains an aspect of Japan's economic interests, as Japan would be expected to aid populous countries to secure markets. Past aid allocation is also added because the Japanese government's

33. For example, JICA implements mangrove afforestation and reforestation projects to enhance CO₂ removals and address sea-level rise (JICA 2007, 3).

34. Please also see footnote 24.

35. Population size is often used due to the disproportional representation in U.N. organizations (e.g., Saito 1996; Claessens et al 2009).

budget for the following year is usually bound to that of the previous year. Recipients that received a high volume of volume in a past year are expected to receive the similar amount in a following year.

Independent Variables (Third Party Influence)

The U.S., France, and China

This paper also tests the influence of third parties on aid allocation, namely the U.S., France, and China. American and French influences are measured by the aid volumes of these countries. Chinese influence is measured by the amount of exports from China.³⁶ While Japan is likely to align its aid allocation with the U.S. and France, Japan is likely to compete with China. When and where the U.S. and France increase their aid volume, Japan is expected to increase its own aid as a result of aid coordination or external pressure. When and where China increases its presence by increasing export volume, Japan is likely to increase its aid volume to compete.

The U.S. variable is used in models for three periods. The French variable is used for only the revised ODA Charter period, because official partnership between JICA and AFD only started in 2003. The China variable is used for the ODA Charter period and the revised ODA Charter period to observe the difference of this variable's influence between these two periods.

Results of Estimation³⁷

Formative Period (1977-1991)

The results indicate that during the formative period, Japan hardly followed its own policies, but it did not take egoistic behavior either. This could be explained by the fact that Japan was still trying to form its ODA policies during this period. Poverty reduction and humanitarian needs are not significant in the models. Environmental conservation is significant and has a positive sign. This indicates that Japan increased its aid volume when and where CO₂ emissions increased. Conflicts and democratization did not significantly affect the aid allocation. Trade volume also suggests that Japan did not consider its economic self-interest. Votes in the U.N. measured by population size are significant at the 1 percent level and have a positive sign. Japan increased the aid volume to populous countries, which indicates Japan did not take the strategy of collecting votes by

36. China does not disclose its ODA allocations to respective countries yet, but this variable can be replaced by exports from China as a proxy variable. China adopts the trinity model of trade-investment-aid, seeking for market opportunities. (Ou 2013, 169; Shimomura 2013). China's aid volume is likely to be correlated with its export volume.

37. Hausman tests were conducted at the 5 percent level to decide whether fixed effects or random effects should be used.

aiding small countries. The U.S. influence is significant and positive. It suggests that Japan increased its aid volume when and where the U.S. increased its aid volume.

Table 3.2 Results of Estimation (Formative Period)

Independent Variables	Latent Motives	Third Party
	Fixed Effects	Fixed Effects
ln(Poverty Reduction)(t-1)	-0.132 (-0.71)	-0.033 (-0.18)
ln(Humanitarian Needs)(t-1)	-0.03 (-0.93)	-0.041 (-1.24)
ln(Environmental Conservation)(t-1)	0.36** (2.40)	0.493*** (3.25)
Conflicts	0.026 (1.07)	0.012 (0.50)
Democratization(t-1)	-0.008 (-0.10)	0.005 (0.06)
ln(Japan Trade)(t-1)	0.047 (0.49)	-0.027 (-0.26)
ln(Votes in the U.N.)(t-1)	1.612*** (2.93)	2.306*** (3.99)
ln(Past Aid Allocation)(t-1)	0.336*** (8.24)	0.248*** (5.44)
ln(U.S. Influence)(t-1)		0.157* (1.93)
_cons	-14.943*** (-3.01)	-21.204*** (-4.21)
Number of Observation	504	453
Number of Countries	43	42
R ² (overall)	0.412	0.431

*p<0.1, **p<0.05, ***p<0.01

Numbers in the parentheses are t statistics.

Table 3.3 Results of Estimation (ODA Charter Period)

Independent Variables	Latent Motives	Third Party 1	Third Party 2
	Fixed Effects	Fixed Effects	Fixed Effects
ln(Poverty Reduction)(t-1)	-0.094 (-0.41)	-0.112 (-0.49)	-0.099 (-0.43)
ln(Humanitarian Needs)(t-1)	0.022 (0.97)	0.02 (0.89)	0.024 (1.03)
ln(Environmental Conservation)(t-1)	0.297 (1.56)	0.32 (1.62)	0.318 (1.63)
ln(Military Expenditure)(t-1)	0.272* (1.88)	0.287** (1.99)	0.277* (1.91)
Democratization(t-1)	-0.159** (-2.32)	-0.146** (-2.17)	-0.162** (-2.35)
ln(Japan Trade)(t-1)	-0.056 (-0.42)	-0.019 (-0.15)	-0.047 (-0.35)
ln(Votes in the U.N.)(t-1)	-1.825** (-2.38)	-1.738** (-2.23)	-1.646* (-1.91)
ln(Past Aid Allocation)(t-1)	0.521*** (11.56)	0.555*** (12.14)	0.52*** (11.54)
ln(U.S. Influence)(t-1)		0.021 (0.37)	
ln(China Influence)(t-1)			-0.039 (-0.46)
_cons	15.954** (2.06)	14.427* (1.80)	14.672* (1.78)
Number of Observation	361	336	361
Number of Countries	45	43	45
R ² (overall)	0.02	0.077	0.04

*p<0.1, **p<0.05, ***p<0.01

Numbers in the parentheses are t statistics.

Table 3.4 Results of Estimation (Revised ODA Charter Period)

Independent Variables	Latent Motives Fixed Effects	Third Party 1 Fixed Effects	Third Party 2 Fixed Effects	Third Party 3 Fixed Effects
ln(Poverty Reduction)(t-1)	-0.931** (-2.05)	-1.02** (-2.27)	-0.961** (-2.13)	-1.329*** (-2.69)
ln(Humanitarian Needs)(t-1)	-0.196 (-1.56)	-0.126 (-0.99)	-0.237* (-1.87)	-0.164 (-1.30)
ln(Environmental Conservation)(t-1)	-0.034 (-0.06)	0.11 (0.19)	-0.118 (-0.20)	0.012 (0.02)
ln(Military Expenditure)(t-1)	0.095 (0.34)	-0.009 (-0.03)	0.159 (0.57)	0.091 (0.33)
Democratization(t-1)	-0.568*** (-2.72)	-0.572*** (-2.78)	-0.562*** (-2.71)	-0.612*** (-2.93)
Human Security(t-1)	0.313 (0.65)	0.589 (1.21)	0.37 (0.77)	0.29 (0.60)
ln(Japan Trade)(t-1)	0.148 (1.09)	0.154 (1.15)	0.137 (1.02)	0.064 (0.46)
ln(Votes in the U.N.)(t-1)	3.243 (1.39)	2.913 (1.25)	3.38 (1.45)	1.293 (0.51)
ln(Past Aid Allocation)(t-1)	0.344*** (5.75)	0.367*** (6.15)	0.325*** (5.41)	0.331*** (5.54)
ln(U.S. Influence)(t-1)		0.273*** (2.96)		
ln(France Influence)(t-1)			0.169** (2.16)	
ln(China Influence)(t-1)				0.375** (2.01)
_cons	-21.809 (-1.13)	-22.801 (-1.19)	-22.766 (-1.19)	-7.224 (-0.35)
Number of Observation	313	312	313	313
Number of Countries	50	50	50	50
R ² (overall)	0.417	0.423	0.412	0.466

*p<0.1, **p<0.05, ***p<0.01

Numbers in the parentheses are t statistics.

ODA Charter period (1992-2002)

Japan's aid allocation became strategized during the ODA Charter period. As table 3.3 shows, poverty reduction, humanitarian needs, and environmental conservation are statistically insignificant. Military expenditure is significant at the 1 or 5 percent level in the all models but it has a positive sign. This means that Japan increased its aid volume when and where recipients increased their military expenditure, indicating that Japan did not follow one of the four principles in the ODA Charter. Among the official aid motives, Japan followed only the principle of democratization. Democratization is significant at the 5 percent level in all the models. Although the trade volume is insignificant in all the models, votes in the U.N. are significant at the 1 or 5 percent level. This indicates that political self-interest motivated Japan to increase its aid volume. It is consistent with military expenditure with a positive sign. Third Party model 1 and Third Party model 2 in Table 3.3 show that third parties were not influential during this period.

Revised ODA Charter period (2003-2014)

Table 3.4 finds that during the revised ODA Charter period, Japanese aid allocation began to follow the official motives and also became responsive to pressures from third parties. Humanitarian needs, environmental conservation, military expenditure, and human security were insignificant in all the models except for Third Party model 2.³⁸ However, poverty reduction is negative and statistically significant in all the models. This indicates that Japan increased its aid volume to poorer recipients. Although human security measured by primary school enrollment per capita is statistically insignificant, poverty reduction might have captured a different aspect of human security. Democratization is significant at the 1 percent level and has a negative sign. It indicates that Japan increased its aid as a recipient country became democratized. Third parties also influenced Japan's aid allocation. U.S. influence, French influence, and Chinese influence are significant at the 1 or 5 percent level and have a positive sign. When the U.S. and France increased their aid volumes, Japan also increased its volume. Third Party model 3 suggests that Japan increased its aid volume when and where China increased its export volume.

Comparing the models over all three periods

This section compares the results of estimation over all three periods, describing some of the variables worth noting. Official motives based on recipient needs are statistically insignificant during the first two periods. However, poverty reduction is significant during the last period. This difference can be explained by the human security concept, which was introduced by the revised ODA Charter. Democratization is statistically significant and has a negative sign in all the models between 1992 and 2014. This indicates that Japan strongly cares about democratization in Africa. It is also an impact of Japan's ODA policy because Japan did not have an official ODA policy during the first period. Japan's trade volume is not significant in any of the models conducted in this paper, as opposed to some of the previous research (Pharr 1994; Cooray and Shahiduzzaman 2004).³⁹ Past aid allocation, meanwhile, is significant in all the models. This means that Japan is likely to stick to its past budget. China's influence is not significant during the ODA Charter period, but it is significant during the revised Charter period, indicating Japan's increasing concern about the recent rise of China.

38. Third Party model 2 shows that humanitarian needs are significant at the 10 percent level and has a negative sign. This result might change if other variables such as peace building and political violence are included in the model.

39. This explanation can be applied to Africa. The results could be different if the statistical models include Southeast Asia where Japan has deeper economic ties.

Limitations

The statistical analysis demonstrates the general trends of Japan's aid motives between 1977 and 2014, but there are some limitations. First, it shows that democratization has a strong impact on Japan's aid allocation between 1992 and 2014, but it is unclear which aspects of democratization Japan values in deciding aid volume. Second, the conflict variable captures political violence but does not consider other important political events such as a coup. Third, the statistical analysis has a new finding, in that China is also influential in determining Japan's aid allocations, but it is still unclear how it is related to Japan's ODA. The case studies in the following section seek to address these three limitations. Additional limitations related to the environmental conservation variable, aid types and aid calculation are also addressed in the appendices.⁴⁰

40. The supplemental materials address these issues in Appendix 7, 8, and 9.

Case Studies: Senegal and Cote d'Ivoire⁴¹

This section investigates some of the variables described as limitations in the statistical analysis using the case studies of Senegal and Cote d'Ivoire. It demonstrates that a multi-party system and elections are two important factors in Japan's evaluation of democracies. A coup reduces aid volume, but Japan restarts aid once elections are held. China's increasing presence urges Japan to consider economic self-interests.

This section traces Japan's changing discourses on the government documents. The second volume of Japan's annual ODA reports between 1987 and 2000 are used to investigate aid motives.⁴² The annual *Data Book by County* is used for the aid motives between 2001 and 2014.⁴³

Senegal and Cote d'Ivoire are ideal cases because Japan allocated aid to both countries in a similar way between 1977 and 1999. However, aid allocations varied dramatically after 2000. This variance can be explained by political developments in Senegal and Cote d'Ivoire. Also in these two countries, China's trade has dramatically increased.

41. For the cited documents of MOFA in this section, see the below references: MOFA, 1987-2000, *Waga Kuni no Seifu Kaihatsu Enjyo: Gekan* (Japan's ODA: Second Volume). Tokyo: Kokusai Kyoryoku Suishin Kyokai; and MOFA, 2001-2014, *Seifu Kaihatsu Enjyo (ODA) Kunibetsu Detabukku* (ODA Data Book by Country). Tokyo: Kokusai Kyoryoku Suishin Kyokai.

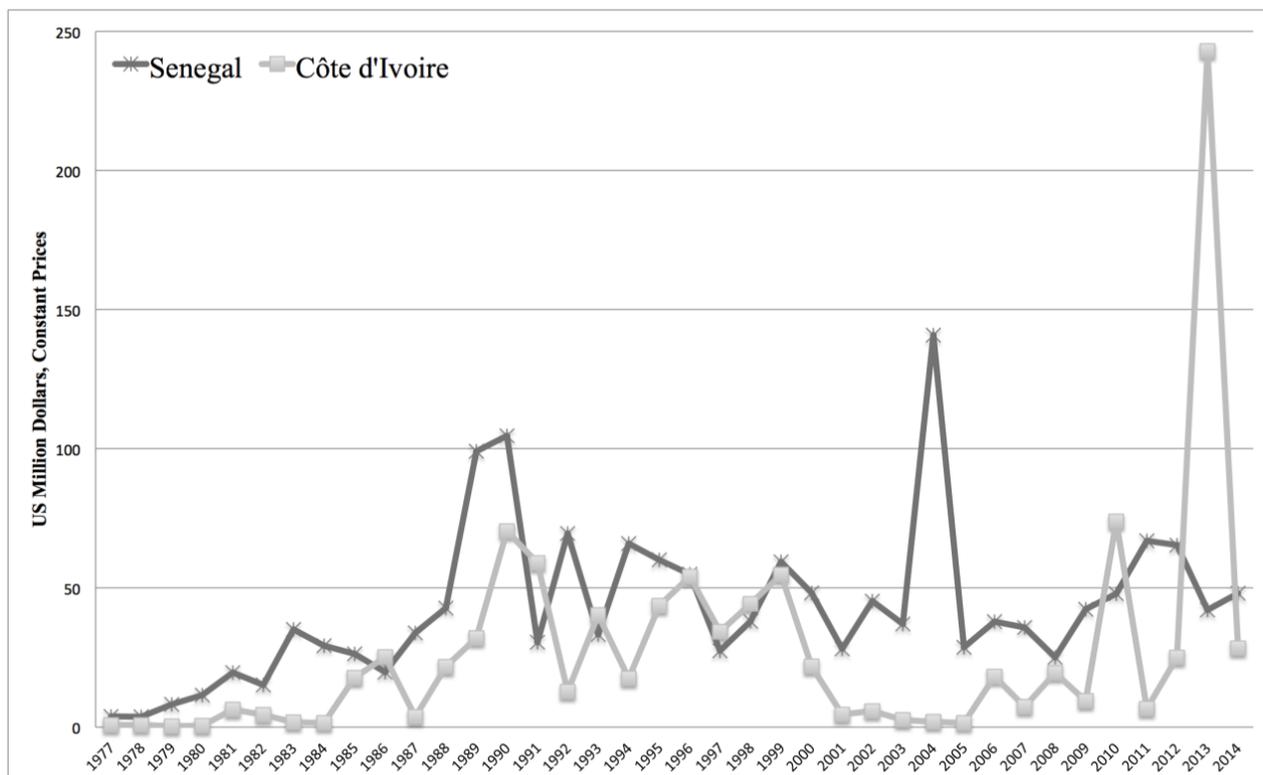
42. The second volume of the annual reports was replaced by *Data Book by Country* in 2001.

43. There are the Country Assistance Programs (CAPs) Japan issued to show Japan's aid strategies for recipient countries. However, the CAPs were set only for 29 countries, also being replaced by the Country Assistance Policy in 2010. Due to the data limitations of these documents, this paper scrutinizes the second volume of the annual reports and *Data Book by Country*. The *Data Book by Country* was not issued in 2003, but these two documents covers 27 years between 1987 and 2014. Please also see the following URLs (accessed on March 25th, 2016, Japanese); <www.mofa.go.jp>; <www.mofa.go.jp>.

Formative Period (1987-1991)

During the formative period, Japan did not show clear motives for recipient countries and annual reports only had overviews and technical explanation on respective recipients. Japan considered Senegal and Cote d'Ivoire equally important. The overviews of the reports between 1987 and 1991 state that both Senegal and Cote d'Ivoire are key countries in Japan's foreign policy toward West Africa. Figure 4.1 illustrates that Japan allocated its aid similarly to these countries, but Senegal received more aid than Cote d'Ivoire. This gap can be explained by the difference in Japan's evaluation on their political systems. MOFA described that Senegal and Cote d'Ivoire gained public trust and they were political stable from 1987 to 1989, but the description on them slightly changed after 1990 (MOFA 1987, 1988, 1989). The report in 1990 explains that Senegal adopted an unlimited party system, while explaining that citizens in Cote d'Ivoire demanded democratization.

Figure 4.1 Total Aid (Grants and Loans)



Source: Made from OECD Dataset, Aid (ODA) disbursements to countries and regions [DAC2a]; <<http://stats.oecd.org>> (accessed on March 6th, 2016).

ODA Charter Period (1992-2002)

The introduction of the ODA Charter influenced MOFA's description on each recipient country. The report began to explain motives for respective countries starting in 1993 based on the ODA Charter. Major political events in Senegal and Cote d'Ivoire serve to divide this period into two: one between 1992 and 1999, and between 2000 and 2002.

The annual reports between 1993 and 1999 state that Japan should aid Senegal for its leading role in West Africa, its multi-party system and stable democracy, its efforts of working on structural adjustments and economic reconstruction, and its place as a key country in Japan's foreign policy toward West Africa (MOFA 1993, 1994, 1995, 1996, 1997, 1998, 1999). The motives to aid Cote d'Ivoire are its stability under a free market economy and a democratic system, its leading role in West Africa, and its good relationship with Japan (Ibid). These motives to aid Senegal and Cote d'Ivoire are mainly based on the fourth principle of the Charter focusing on democratization and a market-oriented economy. A multi-party system was introduced in Cote d'Ivoire in 1990 and filled the gap between Senegal and Cote d'Ivoire in democratization. Japan's aid volumes to these two countries became similar toward 1999.

Japan's aid allocations to Senegal and Cote d'Ivoire were similar between 1996 and 1999 in particular but began to change dramatically after 2000. While Senegal experienced its first political power shift by elections in March 2000, Cote d'Ivoire experienced its first power shift by a coup in December 1999.⁴⁴ The divergence between Japan's aid to Senegal and Cote d'Ivoire after 2000 can be explained mostly by these two opposite political events.⁴⁵ While Japan recognized Senegal as one of the most democratized countries in Africa in 2001, it halted aid to Cote d'Ivoire except for humanitarian purpose (MOFA 2001).⁴⁶

Revised ODA Charter Period (2003-2014)

During the revised ODA Charter period, MOFA continued to laud Senegal for its democracy, describing it as one of the most democratized countries between 2004 and 2006, and noting in 2007 that the presidential election was held without any major disruptions and was a sign of the country's mature democracy (MOFA 2004, 2005, 2006, 2007). In 2012, Japan described Senegal as a model of

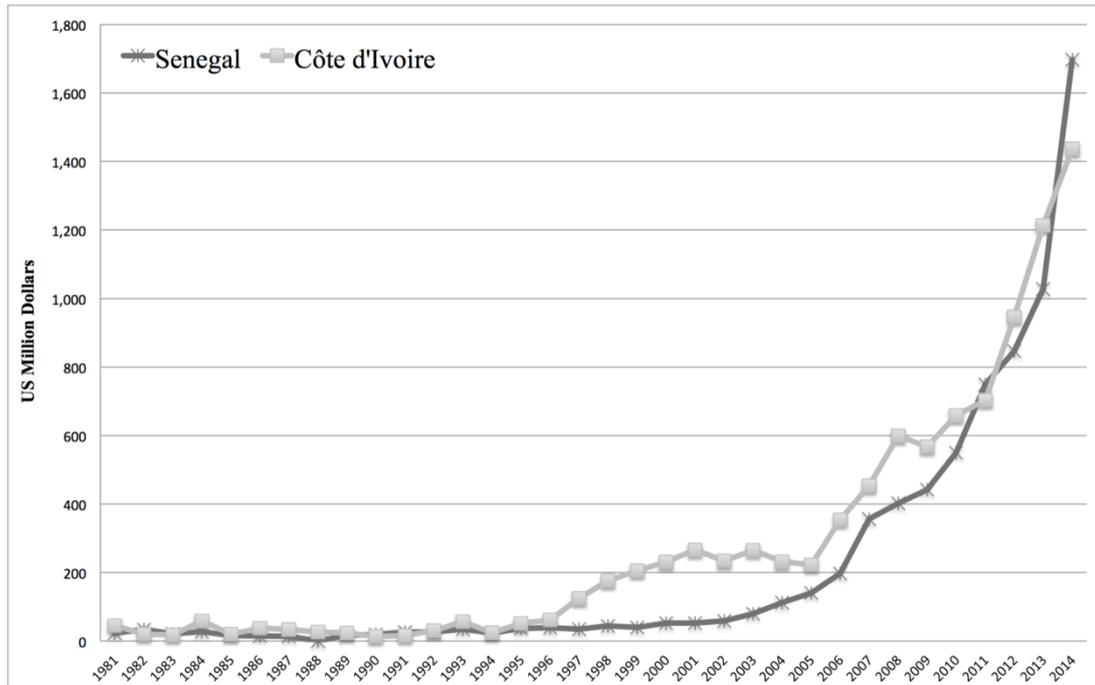
44. The supplemental materials explain these two political events in Senegal and Cote d'Ivoire in Appendix 10.

45. An armed rebellion also broke out in 2002 (MOFA 2004).

46. Please see Figure 4.1.

democracy in West Africa (MOFA 2012). On the other hand, reports included the concept of peace building as a motive to aid Cote d'Ivoire between 2004 and 2012, but most of Japan's aid to the country stopped until a national assembly election was held in 2011 (Ibid).⁴⁷

Figure 4.2 China's Exports to Senegal and Cote d'Ivoire



Source: Made from IMF Direction of Trade Statistics, <http://data.imf.org/?sk=9d6028d4-f14a-464c-a2f2-59b2cd424b85&slid=1390030341854> (accessed on March 6th, 2016)

Meanwhile, China's increasing presence and the promotion of Japan's national interests can also be considered factors during this period. As shown in figure 4.2, Chinese exports to Senegal grew nine-fold between 2004 and 2013, and five-fold for Cote d'Ivoire. China's increased presence in Senegal and Cote d'Ivoire stimulated Japan's aid motives. In 2007, the report mentioned for the first time that the advancement of emerging donors such as China became noticeable in Senegal, and subsequent reports up to 2013 continued to note an increasing Chinese presence (MOFA 2007, 2008, 2009, 2010, 2011, 2012, 2013). The 2012 report was the first to include Japan's economic interests as one of the aid motives in Senegal, describing the country as significant from the perspectives of promoting the advancement of Japanese companies in West Africa (MOFA 2012). Advancing the presence of Japanese companies in

47. The much-delayed presidential election held in 2010 led to a temporal civil war (MOFA 2012).

Cote d'Ivoire was also mentioned in the report in 2013 (MOFA 2013). Although the reports did not mention China's presence in the country, the Japanese government is thought to be competing with China there as well. Japanese Prime Minister Abe visited Cote d'Ivoire on January 10-11, 2014 and reaffirmed, at a joint press conference with Ivorian President Ouattara, that Japanese companies can contribute to the economic growth in Cote d'Ivoire.⁴⁸ The Yomiuri Shimbun reported that Abe's visit was meant to counter China's presence in Africa (Yomiuri Shimbun 2014, 4), while the Mainichi Shimbun reported Chinese Ministry of Foreign Affairs as stating that the Japanese Prime Minister's intention of using African countries against China is ineffective (Mainich Shimbun 2014, 2).⁴⁹

48. Please see the following URLs; <www.mofa.go.jp> (accessed on December 28th, 2015); <www.mofa.go.jp> (accessed on December 28th, 2015, Japanese).

49. According to Matoba, Wang Yi, the Foreign Minister of China, was also visiting the West Africa right before Abe's visit (Matoba 2014).

Conclusion

This paper addresses the question of whether traditional donors follow their own ODA policies based on the OECD DAC standards. The historical analysis reveals that Japan's aid implementation was influenced by a combination of official motives, latent motives, and extrinsic motives. The statistical analysis illustrates that Japan's aid allocations did not have clear motives during the formative period, but that once the ODA Charter was introduced in 1992, Japan's aid allocation became strategized. It also highlights that Japan became relatively responsive to its official motives and influence from third parties, including from China, in its aid allocations to Africa during the revised Charter period from 2003. The cases of Senegal and Cote d'Ivoire illustrate that elections and a multi-party system increased the aid volume, while a coup decreased the volume. The case studies also point out that Japan's aid motives tilted in favor of Japanese national interests as China increased its presence in these two countries.

Policy Recommendations

Three policy recommendations can be drawn from the analysis conducted in this paper – one for traditional donors, and two for Japan's ODA policies.

- As traditional donors face the changes in the international order brought on by the rise of emerging donors, it is imperative that they constitute a model for ODA by improving upon and following their own policies in the field. In order to ensure that the traditional donors follow their own policies, it is important to conduct continuous research on them.
- Japan, for its part, recently adopted changes to its ODA policy and adopted the Development Cooperation Charter. Japanese media paid particular attention to the importance given to national interests in this Charter. Yet, as the case studies of Senegal and Cote d'Ivoire demonstrate, promoting the advancement of Japanese economic interests in the region was already an aid motive before the new Charter was adopted. In order to ensure that Japan's aid allocation remains in line with aid policies, a basic law on ODA should be established. Legislation on ODA can also make aid implementation transparent for Japanese citizens.
- Since the ODA Charter was introduced in 1992, the aid motives for respective recipients have been disclosed in the second volume of the annual ODA reports and *Data Book by Country*. However, these documents do not explain aid motives and allocations within a country itself. There should be reasons for allocating aid to a specific area within a recipient country. Calculating the volume proves challenging because some of the projects cover more than one administrative boundary. However, disclosing the aid motives and allocations within a country would make the evaluation of aid effectiveness easier and ultimately improve the quality of aid.

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