

North-East Asia Development Cooperation Forum 2019:

Reinventing Multilateral Cooperation and roles of Northeast Asian countries to achieve SDGs

Session 5. Roles of Northeast Asian countries to facilitate multilateral cooperation: Japan's approach

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Normality of International Norms: Power, Interests, and Knowledge in Japan's ODA Politics

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0. Summary

- Background: unilateralism arises and multilateralism declines
→ How can we revive it or create it in international development cooperation in Asia?
- This presentation examines Japan's multilateralism, focused on "quality infrastructure" of Abe Administration.
- Japan began to think importance of creating norms in multilateral policy.
- Prime Minister Abe has tried to create "quality infrastructure" into the collective idea, that is, an international norm.
- It evaluates the activities of Abe Administration and normality of "quality infrastructure." And It shows my insights on Japan's multilateralism.

1. Multilateralism

- Definition (Ruggie (1993)): multilateralism refers to coordinating relations among three or more states in accordance with certain principles

= the international rules, norms, institutions

cooperative activities on the basis of the international rules with several states

- In the 20th century, multilateralism means US multilateralism
≠ universal, fair rules, but tend to consider it right

- Multilateral institutions

Universal: UN, WB, IMF, WTO

Regional: EU, ASEAN

2. Multilateralism in International Development Cooperation

2.1 Multilateral Development Banks (MDBs)

- Multilateral cooperation: 1. activities of MDBs, 2. norms
- States provide resources to MDBs.
eg. IBRD, IDA, ADB, IDB, EBRD, AfDB, AIIB, NDB
They assist recipients through MDBs.

Table 1 MDBs (2017)

| Institution | Finance (billion USD) | Numbers of countries | Voting power (%) |
|-------------|--------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| IBRD | 22.6 | 189 | US 15.98, Japan 6.89 , China 4.46, Germany 4.03, France 3.78, UK 3.78 |
| ADB | 20.1 | 67 | Japan 15.6 , US 15.6, China 6.4, India 6.3, Australia 5.8, Indonesia 5.4, Canada 5.2, Korea 5.0, Germany 4.3 |
| IDA | 19.5 | 173 | US 10.2, Japan 8.3 , UK 6.5, Germany 5.4, France 3.8, China 2.2 |
| IDB | 11.4 | 48 | US 30.0, Argentina 11.4, Brazil 11.4, Mexico 7.3, Japan 5.0 , Canada 4.0, Venezuela 3.4, Chile 3.1, Colombia 3.1 |
| EBRD | 11.3 | 68 | US 10.32, France 8.8, Germany 8.8, Italy 8.8, Japan 8.8 , UK 8.8, Russia 4.1, Canada 3.5, EC 3.1, EIB 3.1 |
| AfDB | 8.8 | 81 | Nigeria 8.6, US 6.1, Egypt 5.7, Japan 5.6 , South Africa 5.1, Algeria 4.3, Germany 4.2, Canada 3.9, France 3.8, Morocco 3.6 |
| AIIB | 2.5 | 84 | China 26.6, India 7.7, Russia 6.0, Germany 4.2, Korea 3.5, Australia 3.5, France 3.2, Indonesia 3.2, UK 2.9, Turkey 2.5 |
| NDB | 1.9 | 5 | Brazil 20, China 20, India 20, Russia 20, South Africa 20 |

2.2 Norms

- Creation of Norms:

Entrepreneurs create ideas and diffuse it to leaders.

When leaders support it or practice it, others start to follow the leaders. At that time, the idea can be considered as norms.

- 2 Types of approach norms

WB: economic growth priority approach (growth approach=G)

UN: poverty reduction priority approach (poverty approach=P)

- Trend

G (late 40's-) → P (late 60's-) → G (late 70's-) → P (late 90's-) → G+P(=MDGs, SDGs) (00's-)

3. Japan's Multilateralism

3.1 Overview

Figure 1 Multilateral ODA (%)

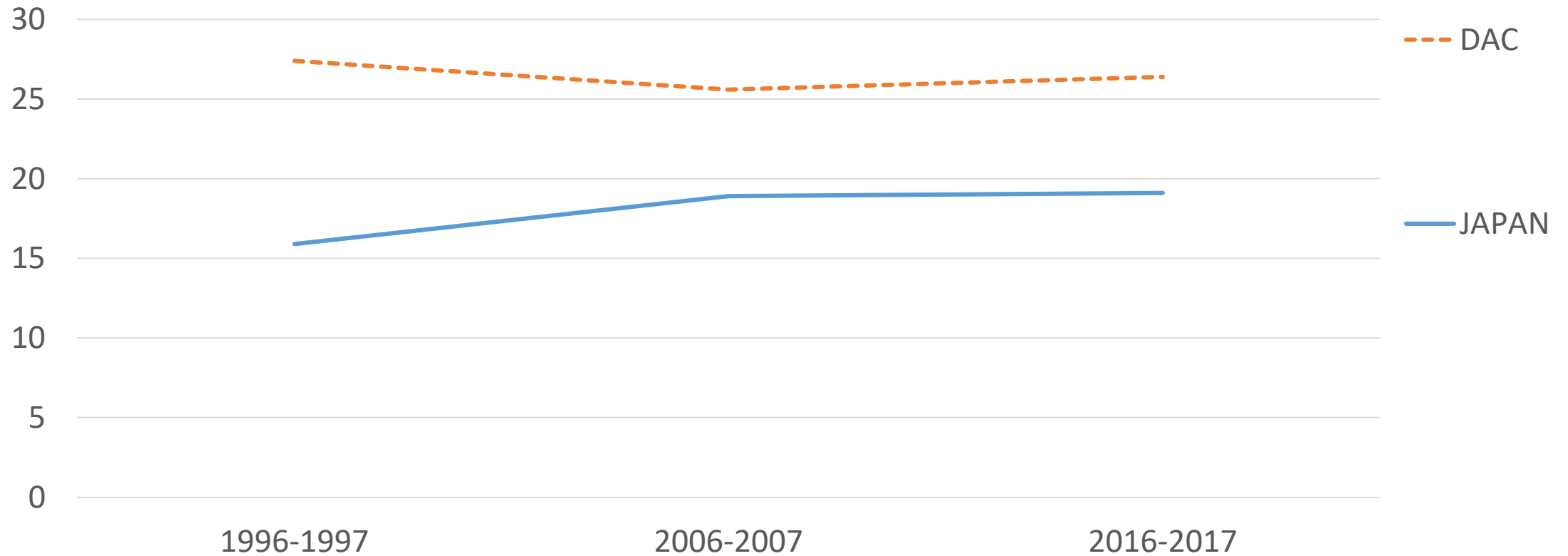
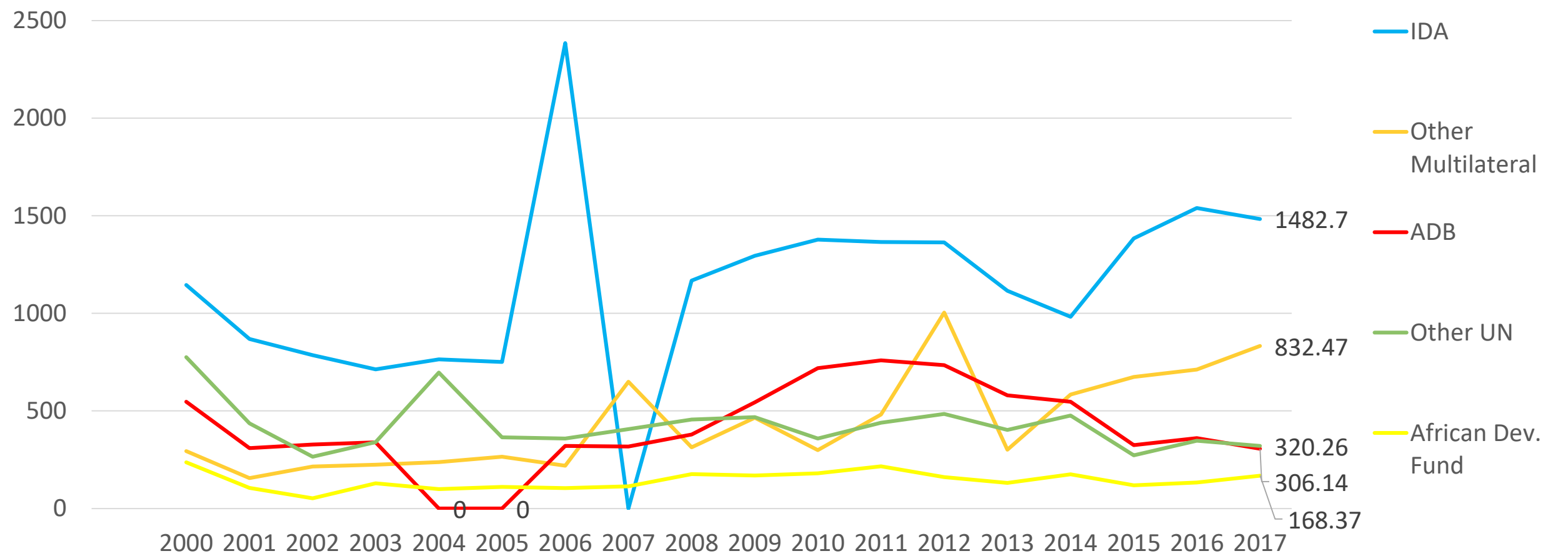


Figure 2 Japan's ODA to Multilateral Organizations (US \$ million)



| | Total | WB Group | ADB | UN Agencies | Global Fund | Other MO |
|-------|-------|----------|-----|-------------|-------------|----------|
| Japan | 3382 | 1595 | 306 | 450 | 313 | 519 |

3.2 Attitude toward Norms

➤ Unique tradition

- DAC (Western donors' club): Members share Christian value and tradition. "charity" activities, moral obligation to provide assistance to people of foreign countries
- Japan (non Western donor): has no Christianity, no tradition of providing assistance.

It started to provide resources to foreign countries as reparations, not as development assistance

Once the cold war started, US intended to use Japan as a wall from communism penetration. US permitted Japan to pay reparations in materials and services to Asian countries.

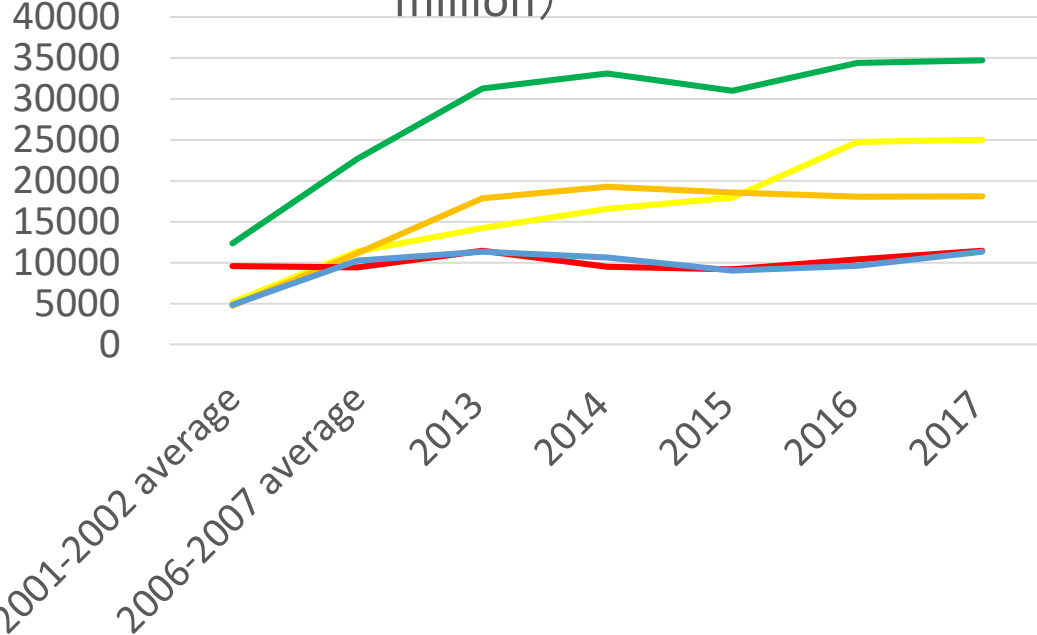
➤ Deviations

- DAC has encouraged members to conform to poverty reduction priority approach consistently by making and by Peer Review system
→ As a result, members increased resources for social infrastructure (They prioritized poverty reduction.)
- Japan deviated from DAC standards and continued to provide the unique style of ODA: prefer loans to grants, economic infrastructure to social infrastructure, Asia countries to Sub-Saharan African countries
Since 1960's, Japan deviated from poverty reduction priority approach.

➤ Shift

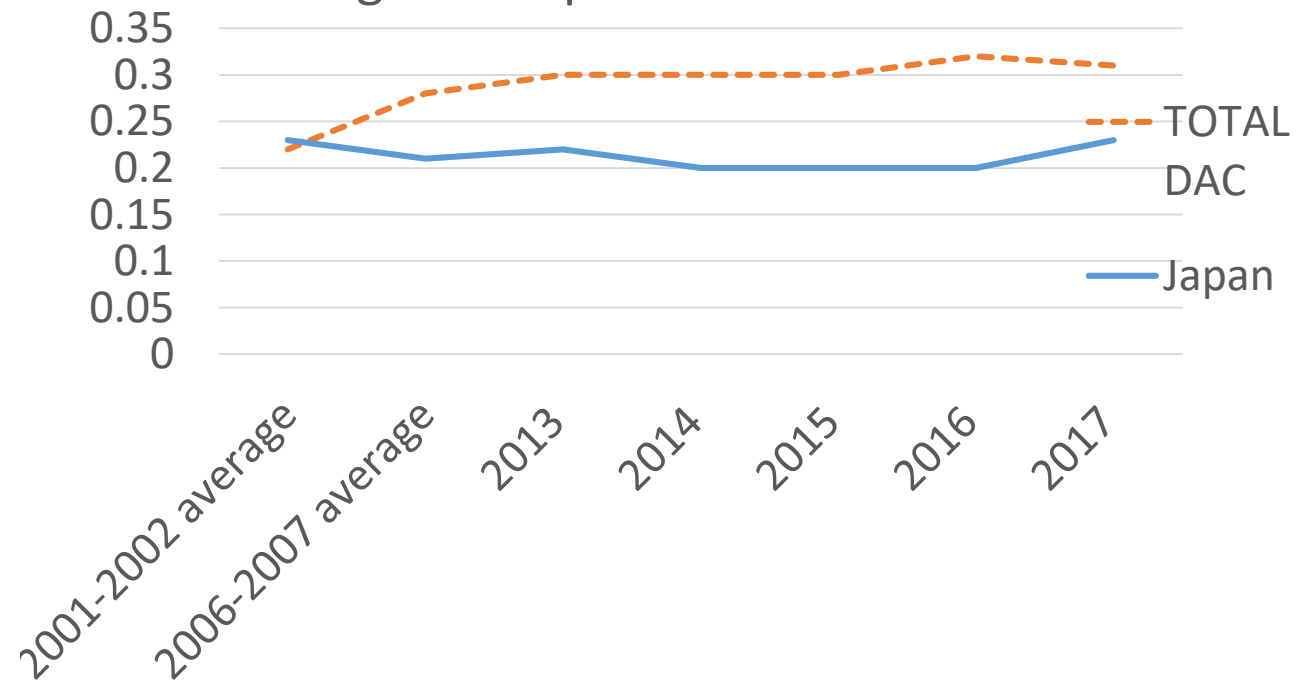
- First, In 1990's, Japan has gradually conformed to poverty reduction priority approach.
- Second, in 2010's, Japan conformed to economic growth priority approach and turned its policy to the original ones. Then, Japan has tried to cooperate in implementation of the SDGs, take several initiatives and create norms.

Figure3 ODA from major DAC countries (US \$ million)



- United States
- Germany
- United Kingdom
- Japan
- France

Figure 4 Japan's ODA • GNI (%)



Figuer5 : Grant Element of Total ODA (%)

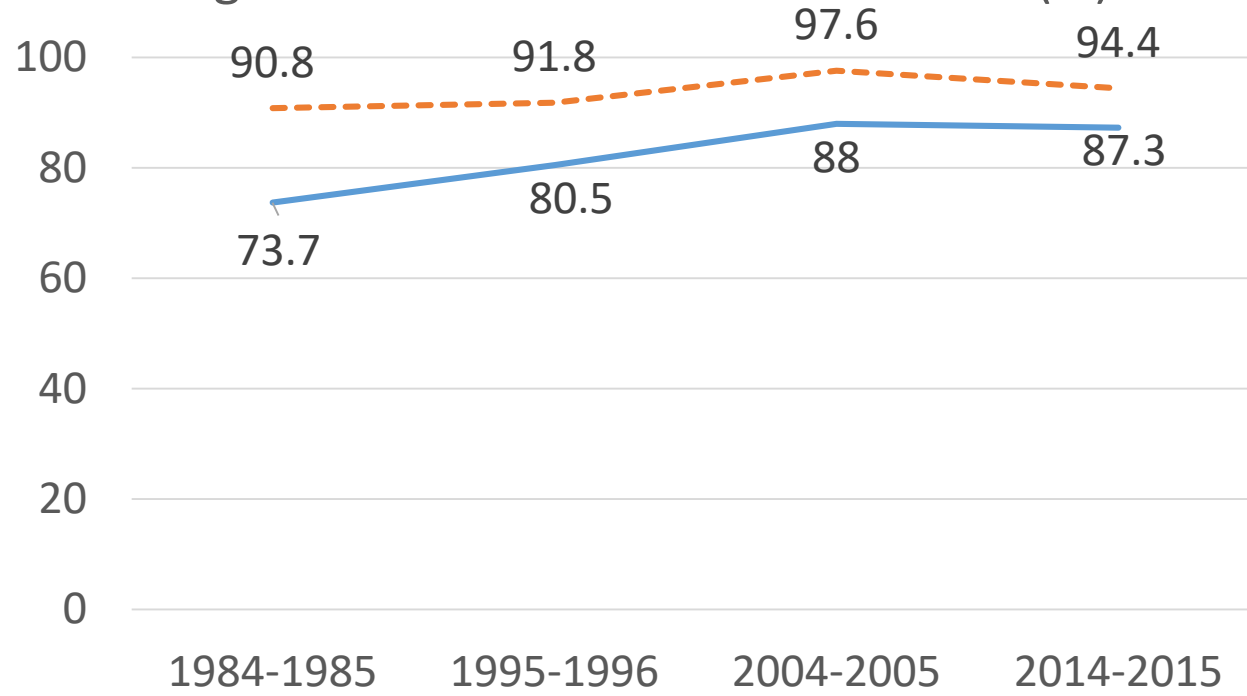


Figure 6 : Tying Status of ODA by Japan and TOTAL DAC (%)

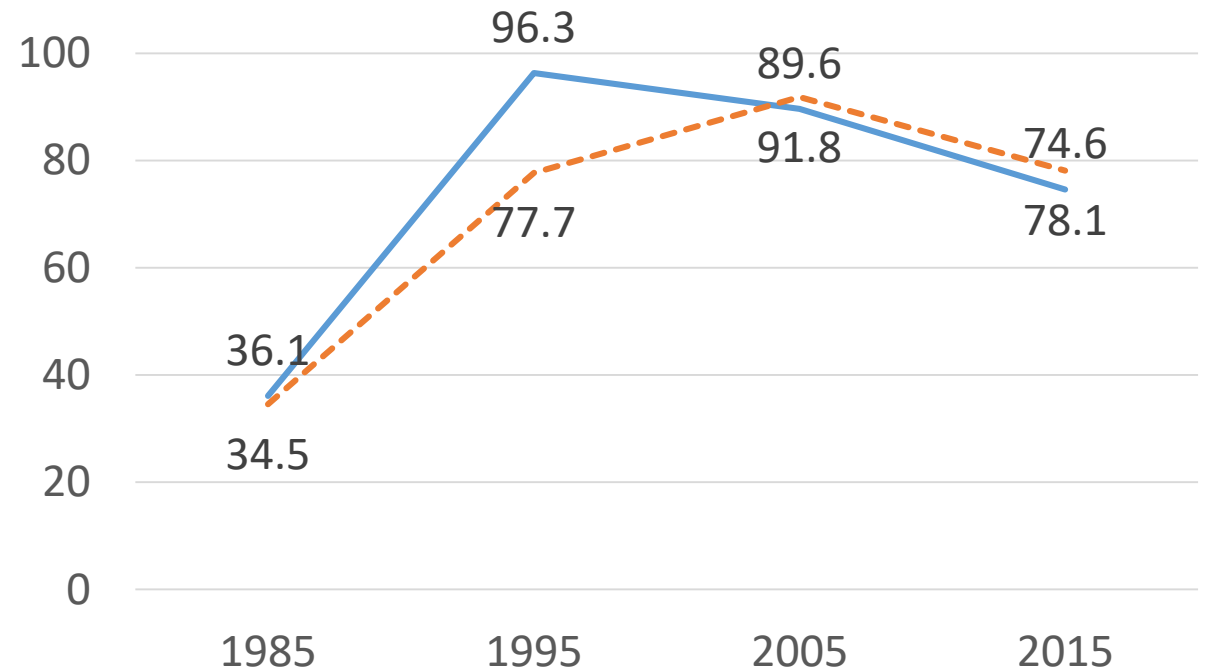


Figure 7 Social and administrative infrastructure of ODA by TOTAL DAC (%)

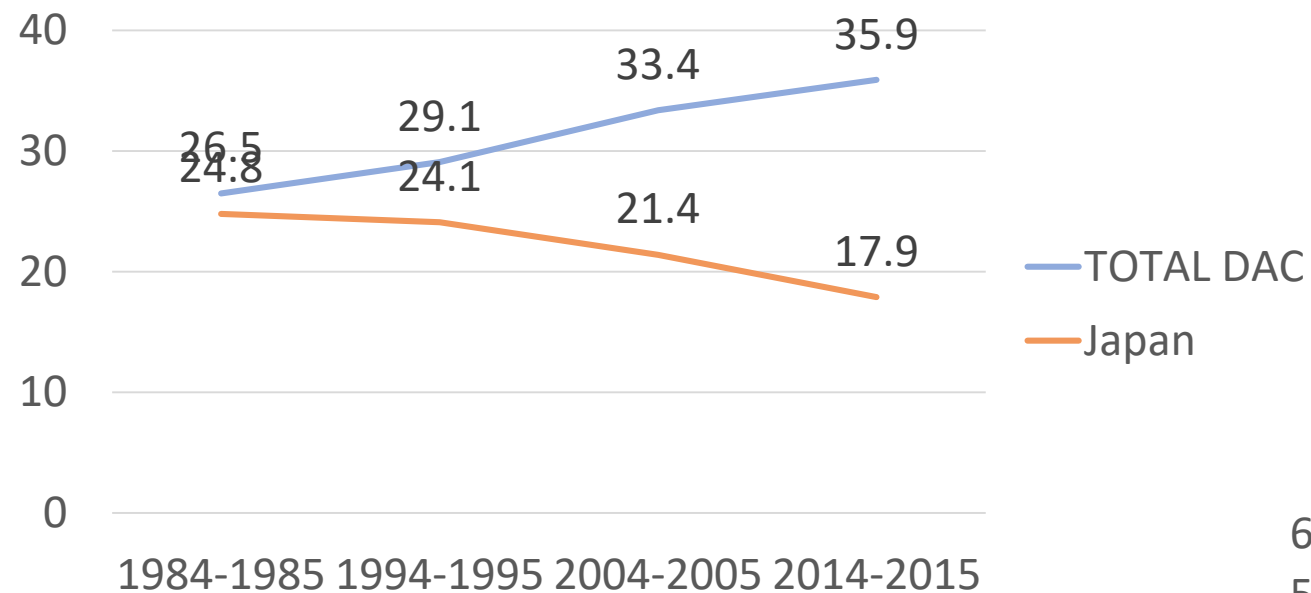


Figure 8 Economic infrastructure of ODA by TOTAL DAC (%)

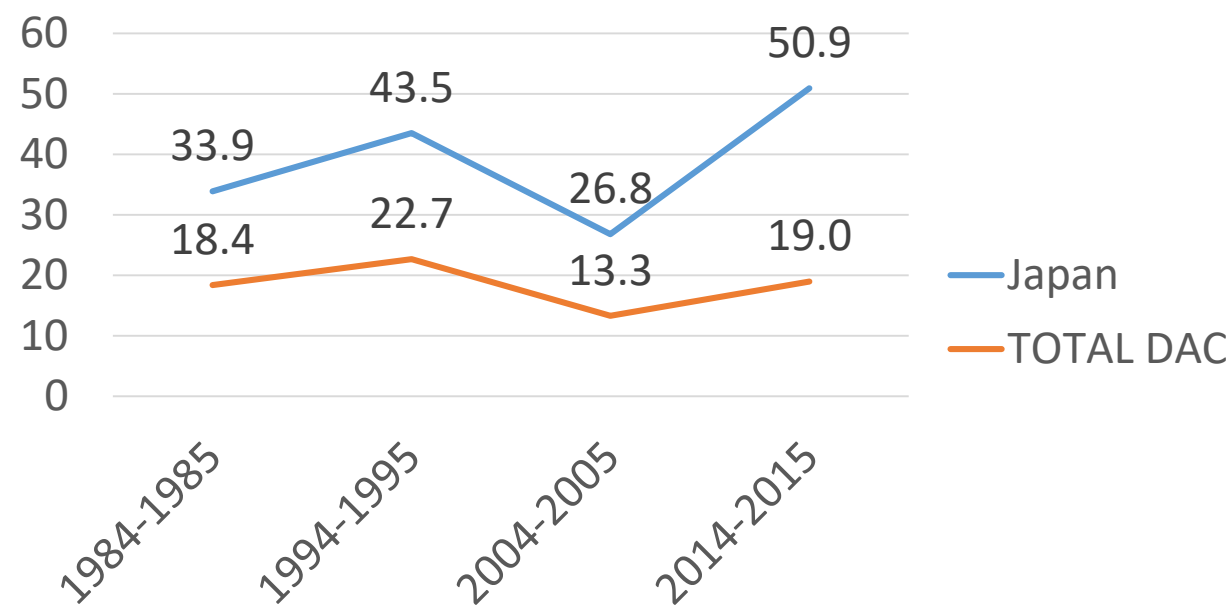


Figure 9 JAPAN ODA Income group (%)

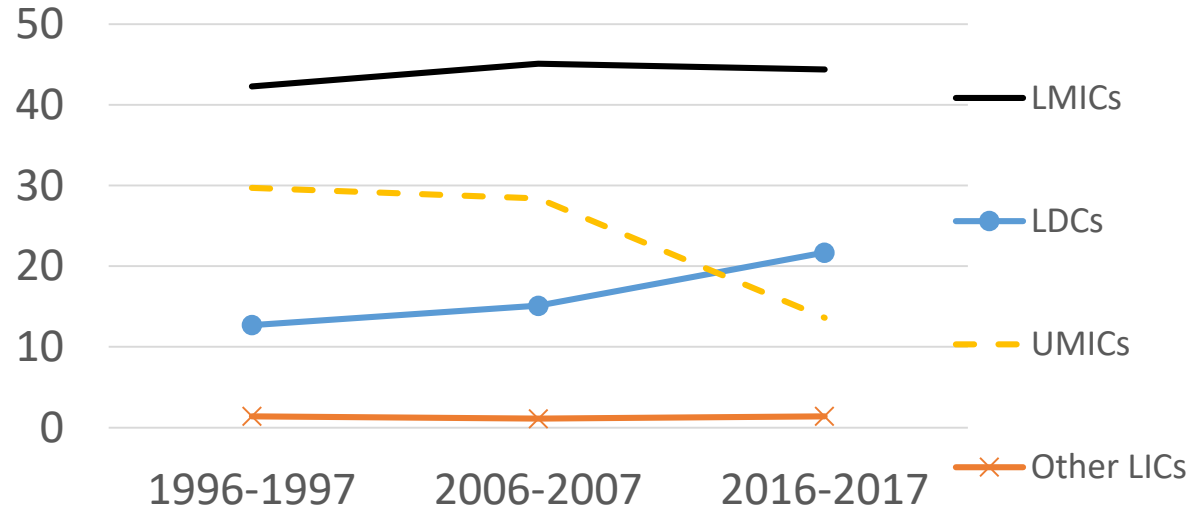
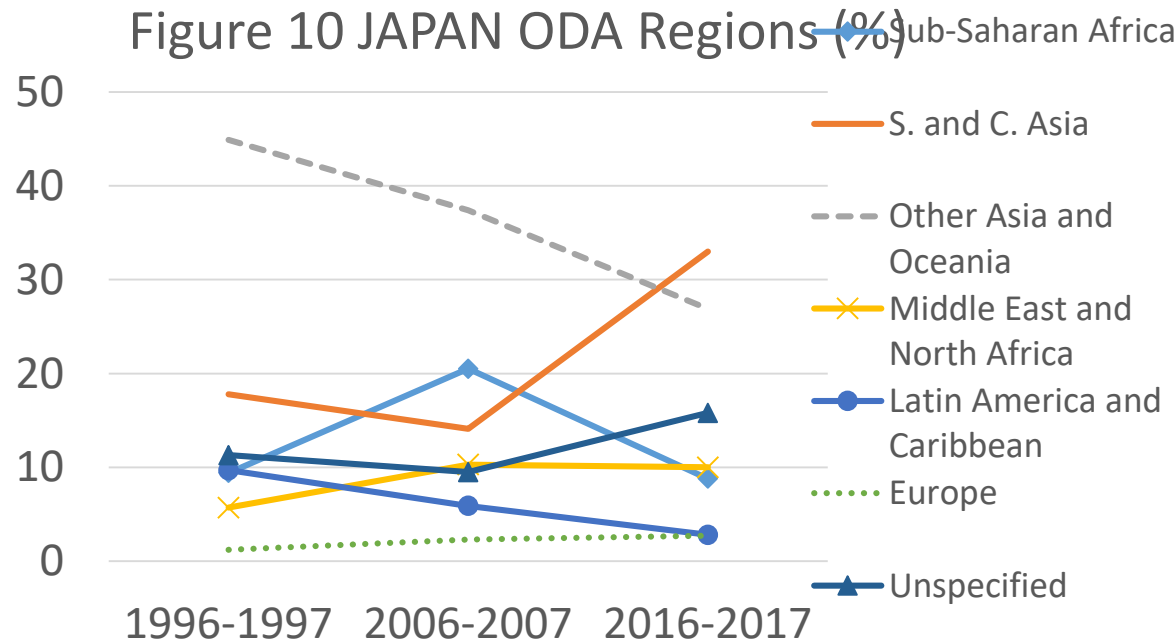


Table 2 Top recipients from Japan

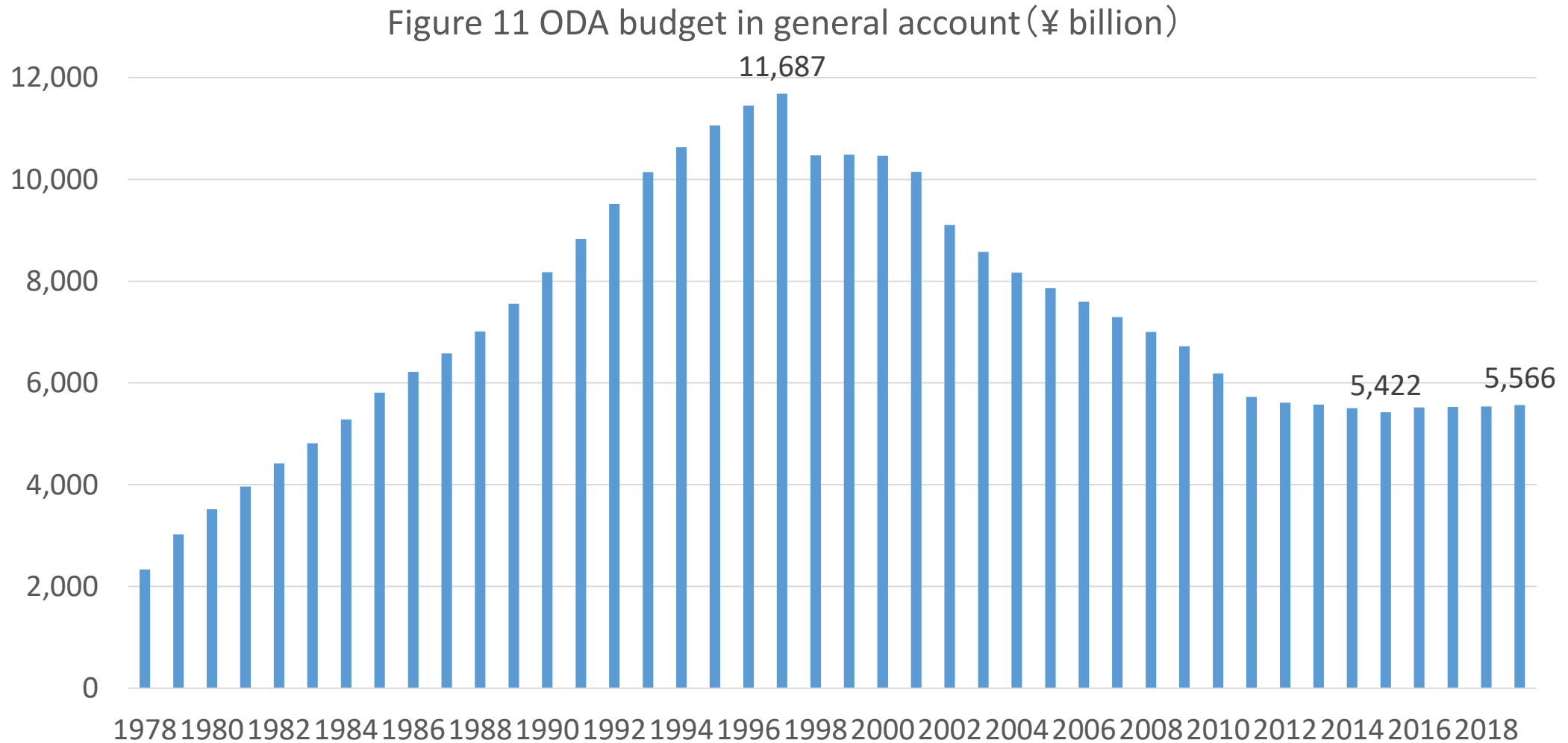
| | 1996-1997 | | 2006-2007 | | 2016-2017 | |
|----|-------------|-----|-------------|-----|-------------|------|
| 1 | Indonesia | 9.5 | China | 8.1 | India | 11.8 |
| 2 | China | 7.6 | Nigeria | 7.0 | Viet Nam | 8.4 |
| 3 | Thailand | 6.0 | Indonesia | 6.8 | Bangladesh | 5.6 |
| 4 | India | 5.8 | Iraq | 5.5 | Iraq | 2.8 |
| 5 | Philippines | 5.6 | Philippines | 4.8 | Indonesia | 2.6 |
| 6 | Malaysia | 2.9 | Viet Nam | 4.6 | Myanmar | 2.5 |
| 7 | Pakistan | 2.6 | India | 4.0 | Thailand | 2.3 |
| 8 | Bangladesh | 2.3 | Tanzania | 2.5 | Mongolia | 2.0 |
| 9 | Sri Lanka | 1.7 | Malaysia | 2.0 | Philippines | 1.9 |
| 10 | Viet Nam | 1.5 | Sri Lanka | 2.0 | Afghanistan | 1.5 |

Figure 10 JAPAN ODA Regions (%)



➤ Background in the 2010's

1. ODA budget decreased.



Source) MOFA, <https://www.mofa.go.jp/mofaj/gaiko/oda/shiryo/yosan.html>, Accessed on September 4, 2019.

2. Rivals emerged.

- Several Asian donors, such as China, Korea, Indonesia, have increased their performance of international development cooperation.
 - They received ODA from Japan and started to provide the similar type of ODA to Japan's one. They turned to rivals in the competitive bidding for the infrastructure projects.
 - Rivals may dilute the existence meaning of Japan.
- In Japan, there emerged the arguments that Japan should lead the trend of international development cooperation.

3.3 Norm entrepreneur of “quality infrastructure”

➤ Ideas in Japan

Ministry of Economy, Trade and Industry(METI): “Japan ODA model”(2005)

Ministry of Foreign Affairs (MOFA): The Usefulness of Growth through the Development of Infrastructure (2011-)

Cabinet office: Headquarters for Japan's Economic Revitalization, Strategy for infrastructure export (2013.1)

Keidanren(Japan Business Federation): “Towards Strategic Promotion of the Infrastructure Export” (2013.11)

→ “Development Cooperation Charter” (2015.2): "Quality growth" and poverty eradication through such growth

➤ International idea

Prime Minister Abe appealed “quality infrastructure” to the State Leaders in international conferences, such as G7, G20, OECD, UN, TICAD, Asia Development Forum to make consensus that we should cooperate in invest quality infrastructure.

Campaign for making Quality Infrastructure Investment into an international norm by Prime Minister Abe

| | |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 21, 2015 | Announcement of "Partnership for Quality Infrastructure : Investment for Asia's Future" |
| December 15, 2015 | Announcement of the Follow-up Measures of "Partnership for Quality Infrastructure" |
| November 15-16, 2015 | G20 Antalya Summit |
| May 27, 2016 | G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment |
| March 18, 2016 | The Sixth Asian Development Forum |
| August 27-28, 2016 | TICAD VI @ Kenya |
| September 4-5, 2016 | G20 Hangzhou Summit |
| December 19, 2016 | A seminar on Global Development Trends and Challenges Emerging in Asia: Making the most of the OECD Development Centre @ Tokyo |
| April 14, 2017 | First International Economic Forum on Asia Enhancing regional integration and development through quality infrastructure and resilience |
| June 7-8, 2017 | Meeting of the Council at Ministerial Level, OECD |
| September 19, 2017 | UN General Assembly High-Level Side Event: “Promoting Quality Infrastructure Investment” (co-hosted by Japan, European Union and the United Nations) |
| November 14, 2017 | The 12th East Asia Summit |
| April 12, 2018 | Seminar on Promoting Quality Infrastructure @Tokyo |
| May 30-31, 2018 | The 2018 OECD Ministerial Council Meeting (MCM) @Paris |
| June 9, 2018 | G7 Summit 2018 in Charlevoix |
| September 26, 2018 | UN General Assembly High-Level Side Event: “Promoting Quality Infrastructure” (Co-hosted by Japan, the European Commission and the United Nations) |

4. Conclusion

➤ Evaluation of Japan's activities

- Japan have create the Idea “Quality Infrastructure” into international norm in the same way as entrepreneurs of “life-cycle model” do and succeeded in making it the collective idea in international conferences.
- We can consider that it has turn to almost international norm.

➤ Question

- Does it have essential factors of international norms? The collective ideas do not necessarily mean norms.

--Regulations ?

--Commercial interests than community interests?

--Japan's advertisement?

--Differentiation from Asian donors? How about cooperation with them?

➤ New Asian Multilateralism?

5. Key questions

How/whether Japan's approach towards bilateral / multilateral cooperation shifted in recent years?

- Bilateral cooperation:

Japan has foregrounded “national interests” and distributed resources strategically.

- Multilateral cooperation:

Japan incrementally increased the ratio of multilateral ODA.

Japan has provided the most resources to IDA.

Japan decreased resources to ADB. Japan increased resources to other multilateral organizations, especially Global Fund.

→ Do Japan look for new framework?

Are there differences of Japan's interpretation of "multilateralism" in development cooperation with other North-East Asian countries?

➤ Japan's interpretation in development cooperation:

Japan has thought the most importance of IDA and ADB, the Bretton Woods organizations till now.

DAC has been less important than US to Japan.

Japan has tried to take initiatives in many projects and create international norms in recent years.

- Other North-East Asian countries' interpretation: ???

How can Japan generate synergy between the development cooperation conducted by their bilateral agencies and multilateral agencies they fund?

- ???

How other countries in the Asia Pacific view the North-East Asian countries' approaches towards their recent development cooperation strategies?

- ???

Thank you so much for listening.