

CHAPTER 4

OVERVIEW OF JAPAN'S ODA

4.1 Japan's ODA features

Japan's ODA shown some features along with the viewpoints. By widely accepted way it can be summarized for five terms as follows. It is that 1) 1945-1953; the post war revival term, which Japan received economic assistance from U.S and the World Bank. 2) 1954-1963; Past war reparation term, which economic assistance infant by mainly reparation. 3) 1964-1976; the economic assistance expanding term, which enlarged the amount of budget and variety of the assistant types. 4) 1977-1988; the planed enlarge term, which operated economic assistance by regular middle term plans. 5) Since 1988; being top donor term, which conducting a leadership as the largest donor.¹ On the other, Supinya characterizes Japan's ODA policy changed into five terms since 1954 to 1989 as following. 1) 1954-1965; reparation payment 2) 1965-1972; handling the ODA by motivating it to push Japanese economic development 3) 1973-1977; the development for an import cum development, resource diplomacy and initiation of cultural exchange policy 4) 1978-1984; comprehensive security 5) 1985-1989 internationalization for becoming the top donor.² Also another studies characterize the same as above although little difference is seen.

This directed Japan's ODA to handle it and reflect by form in following performance. Regarding the amount of development assistance, it marks geographical concentration to the Asia.³ as though little changes are found.⁴ (Figure.4.1). It traditionally distributed 70 percent of total ODA budget in order to put high priority

¹ Gaimushou. *Wagakoku no seihukaihatsuenjo 1994*. (Tokyo: Association for Promotion of International Cooperation. 1995).

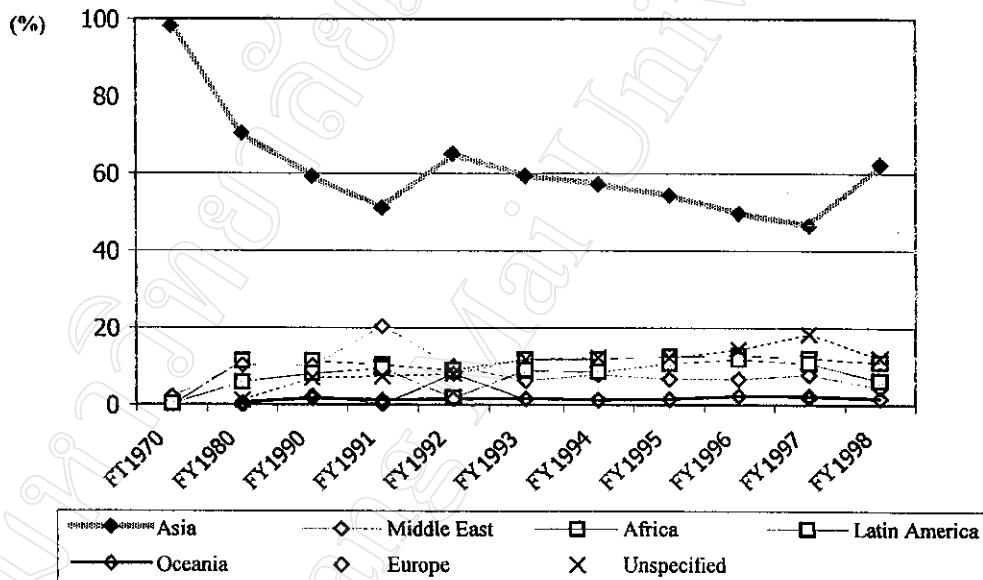
² Supinya (สุภิญญา นิเวสวัต). *ความช่วยเหลือแบบให้เปล่า จากประเทศญี่ปุ่น ต่อประเทศไทย ในช่วง ค.ศ. 1954-1989 และ แนวโน้มการเพิ่มความช่วยเหลือ ทางด้านวัฒนธรรม ต่อประเทศไทย;กรณีศึกษาศูนย์ญี่ปุ่น ศึกษา สถาบันเอเชียตะวันออกเฉียงใต้ศึกษา มหาวิทยาลัยธรรมศาสตร์. (สารนิพนธ์ คณะรัฐศาสตร์ มหาวิทยาลัยธรรมศาสตร์.2535).*

³ Kojima, Akira. ; *Towareru nippon no taiou*. (In Nakanishi, Terumasa(ed.), *Asia ha dou Kwaruka* (pp.362- 275),Tokyo: Nipponkeizai shinbunsha.1993). pp.366. / Shimomura Yasutami .*The economics of development assisrance ; Japan's ODA in a symbiotic world* (Tokyo : LTCB International Library Foundation. 1999). pp. 213.

⁴ Kusano, Atsushi.; a. *ODA isshou nese okuen no yukue*. (2th ed. Tokyo: Touyoukeizzaishinpousha.1993.), p39.

on neighboring countries.⁵ Kojima concerns the inclination can be originated from the reparations of the Second World War.⁶ Like as that another donors generally targeted recipients on their tied countries, it is naturally seen that Asia became Japan's target are due to geographical condition, historically close relations,⁷ politically, economically and culturally. Prasert argues that Japan's policy of overall diplomacy dominates the particularly important area in East Asia. To Western donor countries, East Asia does not attract a high priority in their overall foreign relations. Countries in East Asia have a long history of cultural relations with Japan and have suffered military invasions, occupations and colonization in Japanese imperialism. Moreover, the Association of Southeast Asian Nations is an important pillar of Japan's Asian Diplomacy.

Figure 4.1. Geographical distribution



Geographical proximity and historical ties, including a complex sense of war responsibility, all these factors push Asia to be high priority region in Japan's ODA.⁸ Japan enjoyed profound ties with the countries in Asia. Needless to say, these closed relationships have been established through over time.⁹ Shimomura concluded that to a certain extent it may be natural development that countries with such close

⁵ Gaimushou (1995).

⁶ Kojima (1993), p366.

⁷ Kusano (1993), p39.

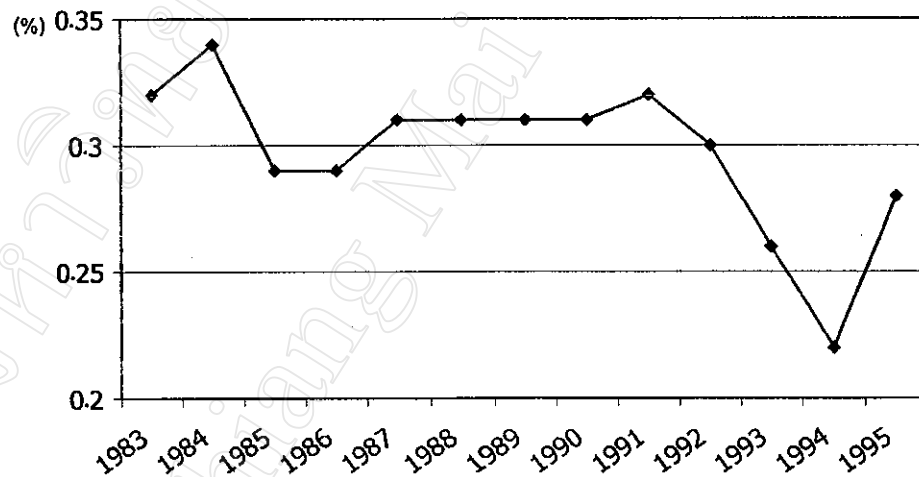
⁸ Prasert chittiwatanapon (ประเสริฐ จิตติวัฒนพงศ์) ความช่วยเหลือเพื่อการพัฒนาของญี่ปุ่น: ปัญหาประชาธิปไตย และ สิทธิมนุษยชน. ใน การสัมมนาระดับชาติ มิติใหม่ญี่ปุ่นศึกษาในประเทศไทย. (โครงการญี่ปุ่นศึกษา สถาบันเอเชีย ตะวันออกศึกษา มหาวิทยาลัยธรรมศาสตร์. 2538). p.6.

⁹ Nishigaki Akira and Shimomura Yasutami. *The economics of development assistance ; Japan's ODA in a symbiotic world* (LTCB International Library Foundation, Tokyo.1999). p 213.

ties to Japan should have become the important recipients to Japanese aid.¹⁰ Besides, war reparation formed Japan aid principle by setting to operate it by on recipients' request. Shimomura concerns that Asia countries, which had been occupied by Japan, suspect force under Japan's authority let them turn to deny getting Japan's military assistance.¹¹ Thus, that originated from regret of war and hegemony and response to recipients' suspicion of Japan turned to emerge as a concept for Japan to act towered development.¹²

Regarding the amount of budget, Japan's ODA is the largest in the world since the 1991.¹³ As though the large amount of ODA expense, the ratio to GNP is low when compared to DAC countries.¹⁴ We can see that grants aid shows low ratio to the total amount of Japan's ODA. (Figure 4.2.) Kusano point out that it is brought from the large amount of loan in order to push development in the economic sector, which results in high percentage of loan.¹⁵ It owns Japan's aid policy that gives priority to loan.¹⁶ Hence, it brought about high untied conditionally.

Figure 4.2 Ratio of ODA performance to GNP



Adding, Japan's ODA tend to operate for economic infrastructure in high percentage of the total aid. As whole, Shimomura explains key factors to form

¹⁰ Ibid.

¹¹ Suphinya (1992). p366.

¹² Kojima. (1993). p366.

¹³ Kusano (1993). p.39.

¹⁴ Ibid.

¹⁵ Kojima.(1993), p.366.

¹⁶ Kusano.(1993), p.39.

Japan's ODA features. 1.aid philosophy that emphasizes the importance of self-help efforts. 2.large ODA by small government. These two factors and Japan's ODA features are summed up in Table 4.1¹⁷

¹⁷ Shimomura (1999). p.223.

Table 4.1. Special features of Japan's ODA by two concepts

Special feature	Importance of self-help efforts	Big ODA by small government
High percentage of government loans; hence, high untied rate	The idea that the obligation to pay back a loan motivates borrowers to more effective projects, thus leading to a more efficient use of aid.	To overcome limited revenues from the general account budget, funding is supplemented by FILP, an expensive source of capital, which must be used in the form of loans.
High percentage of aid to Asia	An approach aimed at stimulating self-help efforts by providing aid primarily in the form of loans to countries that have the ability to repay them.	Limited revenue in the General Account Budget restricts the amount of aid available to countries that are not used to loans.
High percentage of aid for economic infrastructure	An approach aimed at promoting development and encouraging private investment by providing economic infrastructure.	Costly FILP funding is directed to projects with high economic profitability.
Small aid implementation system	An attitude intended to respect the autonomy of the developing country as much as possible.	There are severe limiting factors on organizational expansion or increases in staff size.

4.1.1. Overview of Japan's Aid by Terms

In the 1950s, ODA performance stressed export promotion. ODA was definitely concerned as one of the economic activities and operated for effective outcome.¹⁸ Following factors might bring Japan's ODA to this way. At first, Japan was a late-comer to the aid scene as to be a donor. Secondly, Japanese economic condition was not as strong as it is today, as though the constraints on Japan's international balance of payments weighed heavily on the Japanese economy.¹⁹ As the economy prospered, Japan forced to adopt this contradict policies on to reduce balance of payments deficit.²⁰ Referring the reason for Japan to push ODA policy to link economic policy, Suphinya argues that Japan utilized ODA instead of military force was pushing factor to go this way, because Japan was limited to seek national interest with keeping security, development and ascendancy by restrict force operation only to self-defense under peace treaty of national constitution. Japan was limited to operate force because of San Francisco peace treaty with US. At the same time, suspect of Asia countries to military force under Japan's authority, which had been occupied by Japan, result them turned to deny getting Japan's military assistance.²¹ As ever as Japan stay to operate abroad contribution by no use of military force, economic assistant is strategically important issue in order to play duty for alternative.²² Japanese government also stated clear in Hakusho in 1995, that export promotion, at a result, stated to be a high priority. Thus, Japanese government set every step of every economic cooperation, including ODA, focused for to push exports as much as possible,²³ which became to be definite measure in ODA operation.²⁴ At this time, Kubota, who construct an assistance frame by going on consultant company for development project-aid investment, refers that reparation can be concerned as a kind of advance payment for introduce trade in the future.²⁵ It is not any question that mixed concerning both reparation and economic assistance resulted in Japan's performance noted above because of Japan's economic condition, world status and

¹⁸ Ibid., p.212.

¹⁹ Shimomura,(1999). p.212.

²⁰ Ibid.

²¹ Suphinya.(1992). p.27.

²² Kojima. (1993). p.367.

²³ Gaimushou. *ODA Hakusho; Wagakoku no seihukaihatsuenjo 1994*. (Tokyo: Association for Promotion of International Cooperation. 1995)

²⁴ Shimomura. (1999). p.212.

²⁵ Gaimushou. (1995). p. Hakusho summarized that during 1945-1953, Japan received reconstruct assistance by Gria, Eroa of U.S., which supported to target enemy countries like Japan and German. It amounted five billion dollars for six years from 1946 to 1951 and it helped Japan get over suffering the time post-war. After that, multiplier effects of economic assistance and special procurement of Korea war, encourage apan to rapid economic progress. Japan received economic assistance loan from W.B. for 14 years since 1953.

world condition. To be added, at that time world issues didn't attract any conscious in the world yet as much as the later that DAC started to tackle as common issues.²⁶

During 1954-1963 at second term, Japan took part in regular countries of Colombo plan with aim to cooperate Asia countries for economic development. Japan initiated technical assistance projects aid of specialist attachment of bilateral. Japan kept out of technical assistance implemented by government body for the reason of past experiment, and then founded the corporation of Asia association and put assistance projects in its charge. That joint to Colombo Plan became the initiation of technical assistance, and while Japan- Burma peace treaty and the reparation and economic assistance agreement became the initiation of economic assistance for fund. The Japan- Burma peace treaty have notable importance because it noted that it isn't only payment for reparation to compensate damage and suffering from Japan, but also economic cooperation as to recover Burma's economy, development and satisfy social welfare. It marks important meaning to Japan.²⁷ Starting with this reparation and economic assistance to Burma, economic assistance also initiated to another countries like Philippines, Indonesia, and Vietnam. Grant assistant, as though not reparation as strict meaning, were carried out to Cambodia and Laos, which renounce reparation right to Japan, and Malaysia, Singapore, Korea, Mongol and Micronesia.

These reparation agreements had framed large part of Japan's diplomatic policy to Asia economy in the middle of 1960s, and reparation had continued until 1976. Economic assistance aimed to execute obligation of reparation agreement for post-war treatment and at the same time, to promote development and social welfare for countries in Asia. It, however, formed Japan's ODA feature geographic distribution by seeking merit that Japan get interest from ODA's tied fund to them so as to develop for enlarge Japan's economic market. In 1958, while, Japanese first loan was carried out to India, which was starting of economic assistance in earnest. To be apart from reparation issues, economic assistance start to operate under bargain condition at ODA loan. It marks important mean to Japan at new chance.²⁸ At that time, ODA's tied loan supplied actively through 1960s with stressing on to promote export interest because export prompting stated the highest priority of Japanese economy policy.²⁹

Japan's ODA targeted Asia countries from above reasons, while, at same term of 1950-1960, the Marchal plan made success to reconstruct Europe and it let economic assistance objects turn to developing countries. Last of the 1950s can be said the time of aid giving competition between east-west countries. Following, Oliver Franks who was banker and diplomacy, presented importance of south-north issues

²⁶ Taya. (1994).p.262.

²⁷ Gaimushou. (1995). P.12.

²⁸ Ibid.

²⁹ Ibid.

and its importance are recognized widely in 1960s. In 1961, president of U.S. Kenedy presented and made agreement on the 1960s policy named as U.N development decade at the United Nations General Assembly, that set gross of economic development for all developing countries at 5 percent.

During 1964-1976 at third term, Japan's ODA gradually turned aim from post war reparation to enlargement of the amount of budget and variety of assistance type. They also intend to get to step up in world status, at the same time. With change of exchange rate, ODA's performance increased for 10 times from 115 million 800 thousand dollar in 1964 to 1 billion 149 million dollar in 1976. Assistant types increase variety. Food assistance was initiated at grant aid in 1968 and these are followed, General grant assistance in 1969, two-step loan adding to project loan assistance in 1966 and products loan assistance in 1968. Regarding to seek efficient use of aid, untied condition of loan aid is progressively promoted.³⁰

On the other hand, since the last of 1960s, economic assistance of donor countries in the world turned the pace to down and recipient's disapproval to aid assistance emergent at that time. Responding to this situation, the Piason report presented at World Bank General Meeting in 1969, which concerned importance of trade as the Prebush reported in UNCTAD 1964. At the same time, it pointed out its limitation, and following emphasized the importance of international cooperation for development to make up to push economic action more over. In 1969, DAC of OECD introduced the concept for ODA in it. In the 1970s, following Tinbargain report, DAC also began to re-examine development concept of the 1960s, that development is concerned to be growth. It started to tackle serious issues including social problem, should be improved, It lighted up BHN strategy as a new assistance way. It stressed development for recipients by themselves at their own issue and emphasized importance of recipient's self-help. Japan government statement in Hakusho evaluated it for a notable fine report in 1970s.³¹ United Nations General Assembly adopted 'U. N. the second international development strategy for next decade' that set the grass ration of developing country's economic development for 6% per a year and the ratio of economic development per a person for 3.5 % and the rate of ODA to GNP for 0.7 %. Still more, What the first oil shock in 1973 made developing countries raise their nationalism made United Nation's Special General Assembly adopt New International Economic Order and while oil shock separated petropowers and non-petropowers that faced to deep economic crisis. It also impacted on Japan's ODA geographic distribution that enlarged the share to middle-east Arab.

As the Japanese economy gradually strengthened, the ties between export promotion and aid policy were rapidly diminished. In the mid 1970s, the OECF

³⁰ Gaimushou. (1995). p.14.

³¹ Gaimushou. (1995). p.15.

began untying yen loans, a process accelerated by the 1978 joint U.S. – Japan communiqué confirming the basic principle of untied funding.³² To be added, as a new movement, diplomatic concerning takes important part in ODA operation. Japan set ODA policy as the tool for diplomacy in due to achieve following aim.³³ ; 1) to push Japanese economic development 2) to tie diplomatic relationship with neighbor countries 3) to keep economic assistance polity, which bring benefit to Japan from recipients 4) to increase domestic income 5) to present Japan's authority and leadership to regional and world

During 1977-1988 at fourth term, As reparation payment to Philippines has finished in 1976, Japan's ODA began to set the middle term plan, which expand ODA in large scale. In the middle of 1970s, as though Japan's financial difficulty let ODA expanding ratio turned to slow down, which caused by oil shock, Japanese economic development and balanced budget financing rise world pressure for Japan's ODA enlarge. At the same time, to finish reparation push people's requirement to promote economic assistance. In 1977, Japan set 'Five years double product plan' and it set goal to achieve expand ODA scale than it was for double. Japan recognized the ODA's middle term plan that it played role as concrete tool to present Japanese foreign policy and state as an important factor to appeal Japanese contribution to world issues. Regarding for aid quality, Japan began to increase loan performance aid under untied condition little by little. To be added, new assistance projects are initiated, one of them is culture general grant aid in 1975,³⁴ emergency grant aid in 1976, and food aid in 1977. In 1984, Japan started to policy to open ODA's information to public by publishing ODA Hakusho in each year. At the same time of above new movement, ODA expanded scale at the amount of budget; accordingly the type of project and target more variety region.

Economic assistance new concept turned to tackle BHN field for greater importance. In the beginning of 1970s, BHN policy emerged to attract considerable attention for world aid policy but in actuary it didn't outcome because of worse economic condition rose serious and rapid change to developing countries. Especially, aid implementation was adopted to treat their accumulate dept and it promoted structure arrangement. In 1979 World Bank, which ordinary fund to projects, started non-project loan at aim for structure arrangement. In 1980, United Nation Assembly set the 1980s as the term of "the third UN development decade" which set the ratio of developing country's economic development for more than 7 percent. It, however, didn't make fruit because of world economic depression since second oil shock, primary products' price default and debt problem. Following to

³² Shimomura (1999). p.212.

³³ Supinya.(1992). p.27.

³⁴ Ibid.

world trend, Japan gradually increased the budget ratio of BHN assistance and human resource assistance.³⁵ It flamed assistance policy, which stress on BHN assistance and to bring up human resources and it can say that the flame initiated at this time became a basic policy of ODA for the later.³⁶ Japan set her basic stance of ODA operation to specify Asia area, especially East Asia and ASEAN as significant area.³⁷ Enlargement of ODA, however, has brought to get more number of recipients as well as government policy, that has stressed Asia area tied as before by close relation in historical, geographical and economic. It brought geographical distribution changed from concentrate on Asia to another regions like Africa, Middle South America, and pacific.³⁸

Regarding the term since 1988, it was founded that expanding ODA belong the middle term plan(Figure4.3). Worthwhile, other donors paced down aid performance. Thus, it pushed Japan to be the largest donor in the world. Japan began to conscious her leadership as a top donor more than before.³⁹ In June in this year, the reform outline for Ministries and government agencies was agreed on, too. The ODA reform committee for the 21th century that Ministry of Foreign Affairs set to be comprised by members of researcher, finances, broadcasts and NGO activists from divers sectors presented report on reform idea stressed following two points; people's consent and participation to ODA, and assistance's measures for efficiency and effectiveness.⁴⁰ Besides, what Japan pay intention for the more was the military behavior of aid recipient counties.⁴¹

³⁵ BHN assistance ; 13.2 % in 1977, 23.2 % in 1978, 30.3% in 1979/ technical assistance 5.6 % in 1974, 7.6 % in 1975, 9.8% in 1976, 10.4% in 1977.

³⁶ Aid's trend that concentrate on BHN, human resource, structure arrangement, ODA's globalization formed an important turning point, that ODA principle are agreed at the Cabinet meeting in 1994.

³⁷ Ministry of Foreign Affairs. *ODA :Japan's Official Development Assistance*, (ministry publishes, 1999.4), p.5.

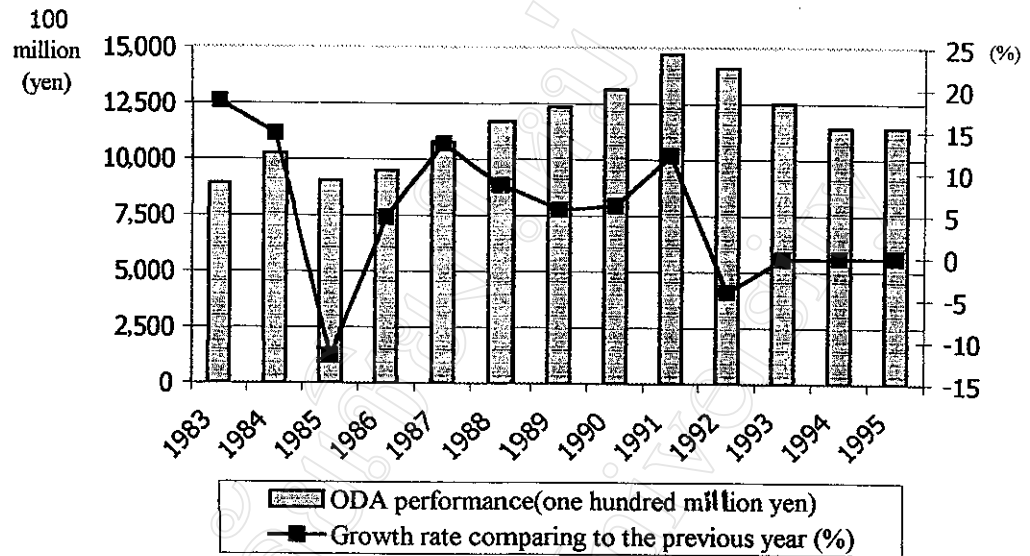
³⁸ Bilateral ODA to Asia 98.2% in 1970, 75.0 % in 1975, 70.5% in 1980, 67.7% in 1985.

³⁹ Gaimushou. (1995). p.21.

⁴⁰ Ministry of Foreign Affairs, (1999.4), p8.

⁴¹ Prasert (1995). p16.

Figure 4.3 Volume of Japan's ODA performance



Japan began to present her stance by definite ODA four principles announced by Prime Minister Kaifu in April 1991. New political wave that structure of cold war collapsed and gulf crisis of Iraq's intervention to Kuwait became a clue that attracted donors to pay attention to recipient's domestic policy such democracy issues, human right, military expenditure, weapon export in economic assistance. In implementing ODA, it stated that Japan emphasize following four basic rules regarding recipient's action. 1) trend of military expenditure, 2) invent and product of mass destruction weapon and missile 3) recipient countries' arms export 4) democracy promote, market economy initiation, human right and freedom security. MOFA noted that it is remarkable work in ODA history because it vigorously presented Japan's ODA policy to world and initiated relation of economic assistance and good governance on difficult issues like relation of economic assistance, military expenditure and democracy.⁴² Following, these were incorporated into the Japanese ODA Charter of June 1992. ODA Charter added to set the consistent both environment and development, and humanistic concerning BHN, population, human resource, environment protection (sustainable development), technical cooperation, economic and social infrastructure, structural adaptation, world security and assistance for self-help. Priority area is Asia as same as before. Besides, effective implementation is prompted by closed cooperation that stress on participation of various bodies and inter-projects between one of loan, grant and technical assistance or between international bodies and NGO. It ordered to reform inefficient ODA administrate system by closed network between relevant agencies. It set Foreign

⁴² Gaimushou. (1995). p.21.

Affairs Ministry being central body to arrange a whole design including a country's comprehensive assistant plan and design project for loan assistance and technical assistance that JICA as a main body. It also promoted open information system, advertising and education on development.⁴³ Together with definite these principles on ODA, that prevent to utilize for military purpose and international conflict, Japanese government managed to get these principles included in the Orientations Paper to DAC.⁴⁴

To be added, since 1989 two types of assistance are initiated that promote to assist NGO; NGO subsidy system and GGP. GGP targets economic and social development project operated by NGO, local government body, medical institutions in developing countries. As though Japanese development assistance program has since the end of 1980's targeted both Japanese NGO's and NGO's of the aid recipient countries, these emerged at in form of projects in this year at first time. Before the scheme was introduced, Japanese grant aid had been limited to the inter-governmental level. Japanese government, however, had watched significant diplomatic successes enjoyed by the other major donor countries through small-scale grant assistance schemes led the government. Thus, GGP was initiated. In field of development, it is with high expectations that it would allow Japanese overseas missions familiar with local conditions to make swift and well-tailored assistance for relatively small-scale projects.⁴⁵

Asia is still attractive area to Japan. Moreover, the area distribution policy to concentrate Asia emerged to be concrete action by minister's statement although actually it wasn't defined as government statement clearly. In 1993 in Bangkok, the Japanese Prime Minister Miyazawa visited ASEAN countries and declared 'Asia -pacific new era and Japan- ASEAN cooperation (Miyazawa doctrine). He stated his policy that enlarge Japanese role in the region with more powerful in political stage including security, not only economically one as past. Its frames are 1) Due to strengthen peace and security of Asia- pacific, Japan prompt dialogue concerning the region security and actively participate to order the region security system for the future. 2) It try to the region economical development keeping openness of the regional economy and prompting economy 3) It tackles universal issues such as coexist of both development and environment and prompt of democratization. 4) It encourages Japan-ASEAN cooperation for achievement of Indochina's peace and prosperity. This was called for Four Basic Policy to Asia. Therefore, Japanese policy concentrates on Asia as concrete action. The Prime Minister Miyazawa set private study team named at the concerning conversation for Asia, pacific and Japan in the 21 th century. He showed his vigorous concern on Asia

⁴³ Taya ,(1994). p248.

⁴⁴ Prasert. (1995). p.16.

⁴⁵ Gaimushou. (2000). p.19.

policy of ODA. His address in Bangkok in 1993 is made with report of this private conversation and discussion there.⁴⁶

Kojima noted on Japanese motive to do above in this term. Japanese government has consciously concerned aid policy focused on political and strategy intention throughout since initiating ODA. In this term, Japanese government actively presented the stance. It brought to concept that ODA's supply should be restricted against un-welcomed countries for donor, which exports weapons too much and/or has large amount of national defense budget. While, aid policy also began to concern to worldwide environmental issues.⁴⁷ Prasert also refers Japan's ODA tendency and context in the change for this term as following. In the years to come, Japanese government will face more challenges and pressures to make ODA contributing to democracy and human rights for the more. The end of the Cold War has provided Japan an opportunity to review past development assistance policies. There is a growing recognition that economic development assistance is inseparable from democracy and human rights. Democratic development is both a means and the goal itself. Development assistance that leads to or contributes to suppression of human rights is generally condemned. Kojima concerns on it that in the future, aid will color more political and strategic.⁴⁸

4.2. Mechanism of Japan's ODA policy

4.2.1 Trend of Japan's ODA concept

Through times, Japan's ODA policy and aim have ever been adapted with conditions in each term at international relations, world trend of concept for economic assistance, changing of Japanese economic power and advancement of Japanese international status. As a whole, Japanese government stated to take economic assistance for development to play a role as significant tool for diplomatic policy and contributed to national interest for all time.⁴⁹ Following, in 1999, Ministry of Foreign Affairs clearly began to define their concern on ODA that is a tool to seek national interest and pay attention to world trend,⁵⁰ as though we can find this feature since the first term of initiating ODA by statement of the deputy prime minister Kishi, and the Minister of foreign affairs in 1957. He stated about Japan's relation with Asia countries at diplomatic speech as following that 1) what strengthen the connection with neighbor countries forms basement to advance of Japanese international status. 2) That growth of economic assistance to South-East Asia lead to contribute for promoting welfare to the all Asia area by cooperate to construct a country. 3) From the view of promote Japan's economic development and people's prosperity,

⁴⁶ Kojima (1993). p.363.

⁴⁷ Ibid.

⁴⁸ Kojima.(1993),p.367.

⁴⁹ Gaimushou. (1995). p.22.

⁵⁰ Gaimushou. (1999)

repatriation and economic assistance contribute to prosperity of each countries and Japan. This is basic three concept of economic assistance. At this time, Japan that just returned to international society, demanded to advance of Japanese international status. And then she actively participated Colombo plan and concerned rapid conclusion of repatriation issues. Economic assistance, that are implemented with repatriation, aimed the contribution to enlargement of welfare to all Asia areas and promoted friendship with each countries of Asia. At the same time, she aimed to promote Japanese economic development, too. So Japanese repatriation and economic assistance loan for since 1950s to 1960s aimed at expanding export market, import of significant raw materials and Japanese economic prosperity. Since 1970s, as Japan's ODA expanded more, Japan less stressed economic assistance's aim as a tool for to expand export market and turned to set economic assistance to be untied conditionally. To be added, with world trend of economic assistant, Japan expanded economic assistance project to BHN. And the first oil shock made Japan's ODA recognized economic assistant's merit to keep natural resources like oil. It framed the interdependence concept with developing country. Since 1980s, Japan's ODA concept began to be well organized because of need to get favorable Japanese' understand to ODA, that need to smooth expand demanded from world at the end of payment of repatriation in 1976 and start of enlargement of ODA's projects. In 1978 the Ministry of Foreign Affairs started to state for public that ODA plays an important part because of international condition. It contented that 1) Japan will be able to keep her prosperity but under the peace and stability condition of world. Japan, being the peace-keeping nation has just the way to carry out the economic assistance for it. 2) Japan, that have poor of natural resources, must take importance on trade in due to keep import of natural resources and make closed interdependence with developing countries. Keeping friendship with these countries is important for Japan's economic development. At the later, in 1980 the Ministry of Foreign Affairs declared ODA basic concept, humanistic and morality concern and interdependence, which framed basic concept afterwards. Japan stressed that 1) to be the country of peace keeping 2) economic prosperous country that continue to develop in the future 3) High interdependence to overseas 4) being in at the status gathering special expectations from developing country as modern nation that is also not-western-country. These concepts aggressively push Japanese government to handle economic assistance to developing country more enthusiastic than other donors.⁵¹ ODA outline passed over Cabinet meeting in 1992 with government's concerning to the change of world condition by Cold-war ending. Besides it was the year of 40 years anniversary of Japan's ODA. It provide Japanese ODA basic concept, basic role and priority issues.

⁵¹ Gaimushou. (1995). p.24.

Based with it, Japan implements international contribution in the field of traditional north-south issues and world wide issues.⁵²

To be added, Japan had ever handled ODA implementation in order to work for advertisement to present good image to the condition that Japan's foreign aid gave rise to unfavorable image of Japan in a view, that actually Japan only got benefit. Therefore, Japanese government set policy for cultural grant-aid at after that managed to seek the way to make better image at the Hukuda and Tanaka government.⁵³ They initiated it because they intend to continue economic policy and ODA implementation, under which concealed aim for trade. It stated the aim that eliminate minus image by promoting proper understand of culture each other. In fact, it can say that this action is to seek Japan's economic power.⁵⁴ At the Ohira and Suzuki government, government policy stressed on national security. Every means concentrate on support national security whereas they are military, diplomacy and economic, including foreign aid and cultural aid, as to keep nation's condition. The cabinet of Nakasone stated policy the internationalization, especially at the field of economy, society and mind to foreign country. Therefore, foreign aid and cultural aid are set for to be significant keys in order to pushes these policies to be success. Japan needed to treat overseas pressure to Japan at trade issue, especially from U.S., that bring large demerit to Japanese economy. Whereas, foreign aid was operated by concerning recipient's opinion and to buy abroad goods, but it still left suspicious what quality it has and whether it really aim to promote understanding cultures between both countries.⁵⁵ At the cabinets of prime minister Takeshita, Uno and Kaihu, they started to re-exam cultural exchange policy in 1989 so as to seek more efficiency for future. To be concluded, cultural exchange program and foreign aid was motivated as the tool of diplomatic policy since initiation after end of second world war.⁵⁶

4.2.2. Mechanism of ODA policy making

It is no doubt that some ministries responsible for each projects actually operate projects on ODA policy. It should noticed mechanism to make and direct ODA policy, that does not consist by one ministry as simply. As one of concerning factors influencing aid policy and implementation in Japan's ODA, the domestic affairs need to be concerned. In Japanese aid decision-making and implementation process, as Praasert ;1995 p.5 put it, the Japanese business firms enjoy good access with support from politicians in the ruling party and to a lesser extent, bureaucrats in the ministries that control aid administration agencies. Generally, to mention over

⁵² Ibid.

⁵³ Suphinya (1992).p.180.

⁵⁴ Ibid., p.181.

⁵⁵ Suphinya, (1993). p.181.

⁵⁶ Ibid., p.182.

whole ODA projects, engineering consultants, general contractors, and trading companies play vital roles at various stages of aid implementation. Their close ties with conservative politicians in the ruling party inevitably make Japanese aid program go towards trade, investment and the logic of developmentalism. We can find Japanese government's logic handle self-help concept to utilize for them, that has ever formed as Japan's ODA philosophy. Japanese government stated in Hakusho in 1994 that with receiving economic assistance from U.S. and WB, Japan have experienced success to reconstruct economic condition from post war's suffering by basing on self-help policy and could succeed rapid economic progress. These experiment and success of Japan's ODA to Asia countries afterwards have formed Japan's ODA initiation to stress on self-help policy.⁵⁷ Kusano suspend the motivation of Japan's ODA philosophy "self-help" as following. "Japan's ODA was started from loan aid and war reparation. To concern motivation at that time, it is not reasonable to think that self-help have been basic measure to operate ODA. In years later, large amount of loan aid dominated. Thus, Japanese government utilized "self-help" philosophy to promote Japan's ODA by proper reason to expand ODA volume.⁵⁸ Abstract policy is less effective to ODA operation than domestic condition. Special concepts, such as democratization or human right, are hard to realize by the simply ideology for development, because domestic affairs may be key for it. This mechanism restrict Japan's ODA to commit to some clear policy in aid giving. It may bring to cause critics on Japan's ODA, which would be international affairs. In other words, bureaucratic pressures reinforce foreign policy considerations in the provision of larger annual aid packages.⁵⁹

To be added, we may observe power mechanism in aid implementation. Over time, the planning authorities and the relevant bureaucrats in the implementing agencies in the recipient governments learn how to play the aid game with Japan. Consequently, they make their aid requests fit the priorities and criteria of the Japanese aid program through the process of anticipatory bargaining. At one level of anticipatory bargaining, the planning authorities assess development projects included in the sector plans that compose the five-year plans in terms of their suitability for request in the actual aid negotiations. At another level, the process also goes on at the agency level during the pre-bargaining phase. At this level, informal communication among project entrepreneurs, including Japanese companies, the recipient ministries and the Japanese aid field offices helps determine which projects are likely to be reviewed for Japanese aid funding by the recipient planning authorities. Anticipatory bargaining is essentially a process of agenda setting.⁶⁰ We

⁵⁷ Gaimushou. (1995).

⁵⁸ Kusano, Atsushi. (1993) a. p.44

⁵⁹ Potter, David Matthew. *Japan's foreign aid to Thailand and the Philippines*. (Ph.D. Political Science University of California. 1992). p.430.

⁶⁰ Ibid., p.425.

found that limiting the number of players enhances the possibility of successful accommodation. A limited number of players limit competition, which makes interactions more predictable. The point of pre-bargaining is to reduce competition at the formal negotiating table. In term of promoting cooperation, the aid bureaucrats in Japan and the planning authorities in the recipient government are probably the most important actors because they limit competition for serious funding consideration to a few proposals. Recipients' expectations about what the Japanese aid program can do and how it works are more accurate than any other actors; on the recipient side.⁶¹ Japan's ODA works under mechanism that anticipatory bargaining allows the recipient to strengthen what appears to be a weak position.⁶² The addition or subtraction of any increment of aid is more important to recipient than donor, which puts the recipient in a weak bargaining position. The recipients do not possess the power to demand or coerce the Japanese environment into giving it aid. Nor do they have the ability to influence the decisions of the Japanese aid bureaucracy, except at the margins. Therefore, they bargain within the limits of an environment major parts of which they cannot control.⁶³ Accommodation occurs in an environment of institutional weakness. For all its pronouncements in the late 1980s, Japan's aid bureaucracy still operates on the request principle, and its people in the field are still few in number. The policymaking ministries in Tokyo still rotate their policy-level personnel every two or three years, so that just as bureaucrats become expert at the aid process they are transferred elsewhere. Institutional adaptation has occurred to the extent that the planning authorities in the recipient countries in particular have learned how to deal with Japan's aid program. In part, this is due to the fact that key personnel stay longer in their aid-related roles than do their Japanese counterparts.⁶⁴

It is notably that the process whereby accommodation takes place in Japan's aid will tend to occur with those nations which meet two conditions: repeated aid transactions and perceptions that the other nation is an important object in one's own aid game. Accommodation is likely to take place between Japan and a handful of countries. They will be those countries designated by Japan as annual aid recipients, and will more than likely be ASEAN members.⁶⁵ At the same time, opposite attitude is found to other countries in Japan's handling ODA policy. Prasert point out that it is thus no surprise that Japan has carried out economic sanctions against a number of countries that Japan considered less important to its overall diplomacy.⁶⁶

⁶¹ Ibid., p.435.

⁶² Ibid., p.427.

⁶³ Ibid., p.429.

⁶⁴ Ibid., p.432.

⁶⁵ Ibid., p.439.

⁶⁶ Prasert. (1995).p.6.

This mechanism may bring government's concepts for development hard to be realized, whereas how philosophy is presented on Japan's ODA. Besides, to examine these concepts defines concrete contents unclear.⁶⁷ For example, on the concerning of interdependence that government express as a ODA's policy, it still holds the question that for whom ODA is utilized; whether it is to keep natural resources for Japan or to prosper economic development for developing countries so as to co-resist in world. Besides, conditionally in ODA implementation is on debate how treats human right in facing to suspend to operate ODA by Japanese ODA outline. It is not easy to say that ODA contribute for peace or human right in actual.⁶⁸ Moreover, Prasert pointed out that the characteristic of ODA decision-making in Japan is one of restraining factors to present some policies such as democratic value and human rights as conditions for aid-giving. The pattern of policy-making in Japanese foreign aid program that the bureaucracy is four almost solely in control contributes to the reluctance of using ODA to promote these concepts in aid recipient countries. Generally speaking, bureaucrats have a tendency to concern about the orderliness and long term-orientation in providing aid to developing countries. Disruption in implementing the planned aid program is undesirable. This is particularly true in the case of Japanese bureaucracy that has long enjoyed enormous independence from the ruling political parties both in terms of actual policymaking and personnel administration. Moreover, the bureaucracy in charge of the largest ODA budget, the loan assistance program through OECF, is not a weak agency as in some Western donor countries. In the case of Japan, It comprises of the three strongest ministries, Ministry of Finance, Ministry of International Trade and Industry, Ministry of Affairs, including the Economic Planning Agency. Those bureaucrats in charge of economic affairs are generally not enthusiastic about the abstract things like democratic values and human rights. It is the bureaucrats in the Ministry of Foreign Affairs exposed to Post-cold war international trends and pressured by Western donors who are relatively more conscious about the need to pay attention to the issue of democratization and human rights.⁶⁹

4.2.3. Economic sanction

ODA four principles became one of concrete policies. Kojima accept that economic assistance should tackle new concept as for the role charged for one of military force and pointed out that in the future aid will be more politicized and strategize.⁷⁰ On the contrast, Kusano pointed it is unconvincing as though Japanese

⁶⁷Taya ,(1994). p.249.; Regarding to tackle humanism concerning, Taya noted that it is lack of definite

motive whether it is on Christian mercy or a kind of obligation in fairness.

⁶⁸ Ibid., p.249.

⁶⁹ Prasert (1995)

⁷⁰ Kojima (1993). p.367.

government expressed their stand point that ODA outlines are concrete criteria in handling ODA.⁷¹ With following the standard of the Charters of United Nations, which are especially on sovereignty, equality and noninterference in domestic affairs, alternatively Japan is to handle aid operation by concerning points on recipient government's request, economic social condition and bilateral relations. Kusano observed that these four principles should hardly prevent undergoing projects and accept new projects without notice of bilateral diplomatic relations.⁷² Whereas some insist that Japanese diplomatic policy take positive sanction to economic assistant policy,⁷³ but the outline does not work as being real sanction. It may be just ideal condition. Suspend also may damage on the poverty, that ODA should support.⁷⁴ Japanese government also accept it noted that these principles treat sensitive issues of recipient's security and domestic affairs, so it is not easy to make effort in short term and improvement.⁷⁵

There are some cases that Japan applied the four principles of ODA outline. As concerning to the coup d'etat in Haiti, Japan grasped it against democracy and stop assistant. To treat domestic serious issues in Kenya and Malawi, Japan take measures by not announce the amount of aid budget from the view of human right, corruption and slow down economic revolution. Japan measures recipient situation by these principles and then Japan offers that with unwelcome situation turned to better she attempt to operate more active assist. We can see another approach, too. The more develop democratization and market economizing, the more increase ODA. It is observed at some cases: the case of Nicaragua in 1990, which take peaceful government change from Sandinista government to Chamoro government and the case of El Salvador in 1992, which reached peace agreement on between government and guerilla.

Had faced to serious affairs objected by ODA outline, we can predict the set up flow that would take recipient's government into attention through dialogue before implementing. Then Japan is to keep to assist like as before by conceiving recipient's challenge to improve their affairs, or if it doesn't work, Japan still insist her requirement to recipient's attitude at the more by continue to operate aid, not stop it.⁷⁶

4.3 Evolution of NGO's participation in Japan's ODA

Here, we focus on initiating NGO's participation to ODA projects. A kind of world trend might become Japanese government's motivation to promote

⁷¹ Kusano (1993), p.174.

⁷² Ibid., p. 174.

⁷³ Kojima. (1993), p.367.

⁷⁴ Kusano (1993), p. 174.

⁷⁵ Gaimushou (1993)..

⁷⁶ Gaimushou (1993).

NGO's participation to Japan's ODA. "Closed relation of voluntary activity have been expanding with worldwide and we can see the rising of the number of recipient's NGO and wide variety of activities. After the end of Cold -War, it became phenomenon that recipients' NGO appeared. Direct assistant services are to be shifting to recipients' NGO and the role of developed countries will be the partner of activity of recipients' NGO and to coordinate them."⁷⁷ Historically, to promote NGO's participation in official development project, that is to develop GGP program the later, was brought from UN's default in development project in the 1960s, thus it emerged since 1970s. In 1960s, development project of international organizations and western development NGO has failed because of operating by Top-down system, which was operated at metropolitanization, large project and new technology industrialization. Reflecting this work, since 1970s they shifted their concept for development form to agrarian form, small scale, and correspond to grass-root requirement.⁷⁸ At same time, western NGO also fined recipient's structural problems and turned to take patient to tackle poverty issues, as not past charitable work. NGO took participate to UN's development project and NGO in recipient's countries are emerged. In 1971 social economic board stated that the UN development for decade carry out to promoting NGO's participation. UNDP hadn't ever concerned to cooperate with NGO but in 1979 published policy to cooperate with NGO. It encouraged NGO participate to UNDP projects. Actually, NGO began to attract considerably attention since 1972 in UN human environmental conference in Stockholm.⁷⁹ Other then NGO projects subsidies, grant assistance for grassroots projects is also available to fund projects implemented by NGO active in developing countries. JICA also began program cooperating with NGO. It dispatched JOCV and Senior Volunteers to local NGO. The channeling between ODA and NGO is one of new challenge of Japan's government. JICA has increasingly extended NGO's role as an import factor in assistance. JICA set trainee course, participation in study team, lecture at seminar and specialist dispatch to projects. JICA recognized NGOs' importance and contribution to cooperate to participatory development and began a pilot program. OECF is also cooperate with NGO in implementation of some projects. Although both governments contracts projects, in implement grant or under contract various kinds of NGO cooperate them. In Tokyo, the Ministry of Foreign Affairs started to set periodic meeting with Japanese NGO treat international development issue. In some countries, Japanese NGO began to take on to make NGO diary and do a quality and ability survey on recipient's NGO.⁸⁰

⁷⁷ Kokusai Kaihatsu Koutou Kyouiku Kikou, FASID. *Kusanonemushouenjo wo koete: ODA to NGO no renkei no arikata*. (1998).p.3.; An Assessment of the Atate of the USAID/PVO Partnership; Advisory Committee on Voluntary Foreign Aid.

⁷⁸ Taya. (1993). p.66.

⁷⁹ Ibid., p. 180.

⁸⁰ FASID (1998) p.28.

We can see GGP initiation originated from abroad influence, that is one of typical forms in Japanese policy making as mentioned above. Since the end of 1980's, the Japanese development assistance program has targeted both Japanese NGO and NGO of the aid recipient countries. Japanese government's attention to NGO at significance could be seen in the sharp rise of the allocated budgets. For local governments, it was 82.6 million yen in fiscal year 1989, 817 million yen in 1996, and million yen in 1999. The project-based assistance budget for Japanese NGO rose sharply during fiscal years 1989-1999 : , and million yen. In term of volume, as Prasert (1995) supposes that is was very small compared to the large total grant assistance, and even smaller compared to the total of ODA budget, yet it occupied a significant place in Japanese thinking on development. Correspond to expand of volume, various surveys are implemented with leading by the ministry of Foreign Affaire, that worked out has made several surveys focused Japanese NGO and Japanese ODA will tend to expand to cooperate with Japanese NGO much more.

⁸¹

Japanese government encouraged NGO activities for development to become an integral part of Japan's economic assistance program. With their provision of specific and personalized attention to local needs, NGO has been contributing to improve the standard of living in developing counties. We notice government's concerns in white paper named Hakusho that they aim to promote ODA to public by NGO's participation for government economic assistance for development.⁸² At that time, the number of Japanese NGO has emerged and peoples interest towards NGO activities has become keener than ever.⁸³ Hakusho noted that government is to extend participatory economic cooperation for the local people and NGOs have played an important role for it in due to seek public understanding and broader participation of the public.

Following, they noted that in concrete terms, NGO activities have the following advantages; 1) direct implementation of development cooperation projects at the grass-root level 2) provision of assistance which is highly responsive to the basic human needs of local communities 3) provision of flexible and proper relief in emergencies such as victims in armed conflict, natural disasters, etc. (including refugees and displaced persons, particularly to urgent rehabilitation and reconstruction projects undertaken by Japanese NGOs).⁸⁴ 4) participation in new development approaches and experimental aid efforts In other survey operated by government agency, it also presented that NGO's assistance has these merit for 1) works to peoples through grass-root level. 2) quick and flexible response to emergent

⁸¹ Ibid.

⁸² Gaimushou.(2000). p.18,

⁸³ Ministry of Foreign Affairs' NGO support sheme, NGOs Assistance Division , Economic Cooperation Bureau in Japan NGO Project Subsidies (1998) p.2.

⁸⁴Gaimushou.(2000). p.18.

needs of disaster and food disturbance 3) delicate deal with high demanded and humanitarian problems as though small scale 4) promote for better understanding on economic assistance through grass-root activities 5) rich experience on special field and region. To be added, NGO's assistance take important part in for the reason that encourages delicate assistance to each people of recipient's country. It aims to bring good result to variety and general peoples of recipient's country, while ODA gives priority to large projects like economic and social infrastructure, medical and education facilities to be implemented. So, both of them are on relation to cover their assistance and need to encourage effective economic assistance with their alternative cooperation.⁸⁵ As much as the Ministry of Foreign Affairs will assist Japanese NGO for more active, it also hope to more strengthen cooperates with recipients' and international organizations because of following reason. 1) Special techniques and information on the field. 2) Unique and influential role at all kinds of international forum and conference. 3) Access to another donor partnerships other than Japan.⁸⁶ Japan support NGO on furnishing data of assistance projects and dispatch of specialist to NGO's project and grant a subsidy to NGOs. As a whole, government's supports are in 1) NGO's grant subsidy project by the Ministry of Foreign Affairs, the Ministry of Agriculture, Forestry and fisheries, and the Ministry of Construction, 2) Grant subsidy to specific NGOs by the Ministry of Foreign Affairs 3) GGP initiated by the General Affairs agency's recommendation.

As one of actual cases to assist government considers the refugee relief operations of Japanese NGO in Kosovo conflict in March 1999 as following. The Japanese government flexible supported subsidies for NGO and grant assistance for grassroots projects, and has hammered out new support initiatives for NGO engaged in the field of emergency humanitarian relief. NGO projects in Kosovo takes operation more speedy than government assistance, so the government will plan to devise and implement more substantive support measures that effectively harness these frameworks.⁸⁷ Japanese government closed this chance up to present in Hakusho and tended to bring good estimation to whole government's challenge to initiate NGO's participation such as that Kishiya referred for Kosovo's case. He noted that GGP works as well for humanitarian relief under emergent situation because it's quick and flexibly operation made timely action possible.⁸⁸ Although NGO generally employ their way to operate their projects, which is different way and process from government project, the Ministry of Foreign Affairs strongly believes that the activities of NGOs and IDA are complementary. It is also fully aware of the necessity

⁸⁵ Soumouchou gyouseki kansa. *ODA no genjou to kadai* (1995), p.568.

⁸⁶ FASID. (1998). p.3.

⁸⁷ Gaimushou.(2000).p.17.

⁸⁸ Plaza for International Cooperation Praza ,Vol64 International cooperation promote association, (Oct, 1999) p. 9 ; Kishiya miho. Japan Emergency NGOs assistant chief of office.

to design and carry out projects for to adequately support NGO activities.⁸⁹ Moreover, conditionally began to be reformed with corresponding to it. Japanese government operate some reform at in emergency case, some reform are found in proposal procedure, conditionally, amount of fund and time. Kosovo conflict in March 1999 renewed awareness of the important role played by NGOs not only in small-scale but also in large-scale emergency humanitarian relief activities. To support NGO efforts, the Japanese government decided to provide for greater flexibility in operation of the NGO subsidy framework and other NGO support schemes. Later, acting in response to the mounting require for urgent and massive assistance for the repatriation of Kosovo refugees after the peace agreement in June, the government in August decided to introduce and enhance support measure for emergency humanitarian assistance projects undertaken by Japanese NGOs. Specifically, aside from the existing NGO support schemes, a channel for grant based funding of substantially higher amounts was opened for Japanese NGOs to cover the necessary costs associated with the startup of large-scale emergency assistance projects in Kosovo. Efforts will also be made to speed up the disbursement of financial support to NGOs in this context, paring the time involved in examining and approving NGO applications from several months down to around a month. For GGP, 10 million is funded.

4.4 Overview of Japan's ODA to Thailand

Through understanding Japan's purpose in handling ODA to Thailand, this chapter focuses on GGP, what Japan wish to get through it. At first, it overviews Japan's ODA to Thailand since the 1960s to the 1990s, and picks up its features. It seeks what mechanisms are worked in aid procedure between two countries and how Japan handled ODA to Thailand. Thailand began to receive economic assistance from abroad since 1961, in which Thailand operated Thailand's development plan named for the First national economic development plan. Japanese aid program began to Thailand at the second national economic development plan for period (1967-1971). In the 1960s, with aid of the United States, Thai government carried out "social overhead" programs. It mostly targeted on infrastructure of road, communications and also counter-insurgency measures such as the accelerated rural development plan. At the term, Thailand pushed infrastructure development by depending on both foreign aid and another source. Mostly the infrastructure sector required both foreign loan and grant aid as much as or, more than domestic fund.⁹⁰ It is also expected that Japanese aid would follow the general priorities of Thai government development-

⁸⁹ Ministry of Foreign Affairs' NGO support sheme (1998). p.2.

⁹⁰ Potter, David Matthew. (1992). *Japan's foreign aid to Thailand and the Philippines*. Ph.D. Political Science University of California. □.131.

plan. On Japan's ODA in Thailand for this period, we can see followed features. First, Japanese fund predominantly easy to flow into capital "big" projects like highways, bridges, and dams. Second, Bangkok and regional growth centers are main target areas. Third, at the specific time, Japan allocated aid to the Northeast more than to other outside regions of the Bangkok-central plain area. That is why Thai government put importance on specific regional development for political aim. In this term eastern area was target due to the instability caused by Indochina war. Finally, Thai government began to seriously deal with rural poverty and took action for rural development.⁹¹ To be added, it should be noted that at late of the term, in the course of the Second Plan period of Thailand, Japan became the most important donor for a bilateral aid to Thailand. It surpassed both the World Bank and the ADB as a donor of loan aid, as well as becoming the largest grant aid donor of the Colombo Plan countries.⁹²

In the term of Thailand's The Third Plan 1972-1976, foreign aid still played greater role in the infrastructure sector, as though the budget for the social development dominated larger than the infrastructure portion. Loan, one of ODA type, marked big change. The term is noted as a turning point on ODA-loan aid. In the late of the year 1973 a general untying clause was added to the original Exchange of Notes on the loan.⁹³ During the Prime Minister Tanaka's good will visit to Thailand in January 1974, he promised to utilize loans and reduce the interest rates on half the amount of the project loans as soon as he could.⁹⁴ The trend of capital aid in the Japanese program during the Second and Third Plans can be explained by the fact that Japan was a few donors willing or able to fund on large projects in Thailand.⁹⁵

The Fourth-social economic development plan in 1977-1981 marked as an important turning point in the aid relationship between Thailand and Japan because they started the annual bilateral discussion. It aimed on setting for each year's aid package. Japanese aid did not only increase in volume, but also become more uniform in terms of the timing of package commitment. The changes in the relationship occurred for domestic reasons in both countries. Japanese government announced formal consensus that Japan set Southeast Asia as an important region in Japan's foreign policy. The Fukuda Doctrine was an outcome from it. Although most observers agreed that the Doctrine marked no major change in Japan's foreign policy toward Southeast Asia, it indicated a new level of seriousness on the part of the Japanese government in dealing with its counterparts in the region. The political

⁹¹ Ibid., p.136

⁹² Ibid., p.138

⁹³ Ibid., p.150

⁹⁴ Ibid., p.153

⁹⁵ Ibid., p.143

significance of the Fukuda Doctrine can be shown in the timing of yen loan packages to Thailand. The Fourth and Fifth yen loans were agreed upon in 1977, an unusual circumstance. After Fukuda's visit to Southeast Asia in August of the year, they immediately took place negotiations as much as for five times. Only for Thailand, aid procurement was un-tied. A concession afforded no other ASEAN members except Thailand. That Thailand's economic situation was better also affected on the aid relationship. The second oil shock of 1979 forced a reassessment of Thailand's economic development. At the same time, however, it accelerated its medium and long-term public borrowing in latter the 1970s.⁹⁶ By the end of the Fourth Plan Japan has become the largest aid donor in Thailand.⁹⁷ In 1981, Japan accounted for almost 70% of Thailand's total aid.

In term of Thailand's the Fifth Plan 1982-1986, aid program targeted on social sector development. Japan's second commitment for the New Village Development Program constituted a significant portion of the Thai government's poverty alleviation efforts in the first two years of the Plan. Mostly, grant aid flowed to projects on manpower support, education and training facilities. The increase is particularly watched at support for industrial training facilities.⁹⁸ Grant aid peaked in 1983 at 14.42 billion yen, and after three years later in 1986, it declined to 12.78 billion yen. As a proportion of total ODA, moreover, Japanese grant aid remained flat throughout the plan period at about 16%.⁹⁹ In 1985, it is noted that the Thai government initiated two policies. It attempted to change condition of Thai-Japan aid relations. In 1981 and 1986, Japan sent survey group to survey comprehensive economic cooperation by foreign affair adviser, and hold consultation on Thailand's significant issues.¹⁰⁰ The first issue was to limit Thailand's borrowing in order to reduce external debt. The second issue was to present the so-called "white paper for Thailand-Japanese Economic Structure reform"¹⁰¹ In 1986, Japan suggested that the Thai government should concentrate efforts on infrastructure and human resources development. It was going to prevent to make the limited resources to be thinly. The Thai government ultimately agreed with the Japanese recommendation in no small part because Thai also concerns the need to development on these issues.¹⁰² Thailand accepted Japanese suggestion and continued to borrow Japanese aid because Thai domestic fund afford to do. By the mid-1980s, Japan accounted for over half of

⁹⁶ Ibid., p.156

⁹⁷ Ibid., p.159

⁹⁸ Ibid., p.174

⁹⁹ Ibid.,p.178

¹⁰⁰ Gaimushou, *ODA Hakusho; Wagakoku no seihukaihatsuenjo 1988*. (Tokyo: Association for Promotion of International Cooperation,1989) p.66

¹⁰¹ Potter, David Matthew.(1992), p.178

¹⁰² Ibid.,p.179

Thailand's external concessional lending.¹⁰³ The amount of aid rose up because both technical assistance and loan aid enlarged whereas grant assistance has decreased since 1987. At the total sum of grant aid before 1988, Thailand recorded the second large recipient next to Bangladesh.¹⁰⁴

During Thailand Sixth year's social and economic development plan for 1987-1991, structural adaptation was promoted much more than qualitative enlargement. Japan's ODA initiated new grant project of cultural development aid. Some popular projects to Thai people are two constructions of Ayutthaya historical museum and Thailand social education and culture center. Since this term GGP was initiated.¹⁰⁵ Japanese government accepted that Thailand became large influence country in Indochina at the time.¹⁰⁶

In the term of seventh plan for 1992-1996, since Thailand's good economic condition, most of donor countries dropped Thailand from the grant-aid targets and withdrew from grant-aid scene in Thailand, as though loan aid is still carried out. After World Bank's consortium conference, which works to arrange adjustment between donor countries and organizations, set Thailand to be out of grant-aid target. As a result, Japan's ODA emerged to be the largest donor for all types of aid to Thailand since other aid bodies withdrew from Thailand. Japan's ODA accounted for about two-third of Thailand's total bilateral aid. Had Japanese government decided to suspend ODA to Thailand, the impact could have been great.¹⁰⁷ At the same time, Thailand became Japan's the fourth largest recipient of bilateral aid. At the later, Japan followed world trend and withdrew from providing grant aid, except some grant aid projects. Japan continued grant aid project of the relief aid project for refugee camps and for displaced, comprising about half of the grant aid projects to the region.¹⁰⁸ Since annual ODA publish in the 1994, Japan began to refer the trend of Thailand's economic action that strengthened ties with neighbor countries. It noted that after Cambodia achieved peace treaty, Thailand encouraged to form the better relations with Indochina at economic sector.¹⁰⁹ Japan's ODA also began to emphasis Thai-Japan interdependence relations at trade and investment more than other sector. It noted that Thailand and Japan were closed with favorable relation

¹⁰³ Ibid., p.156

¹⁰⁴ Gaimushou. (1989) p.65

¹⁰⁵ Saitou Suguru, Economical study on Japan's ODA in Thailand. in S.Takayanagi (at al.), *Nippon no ODA sougoukenkyuu*. (Tokyo; Chuuoudaigaku shuppanbu,1995), p.182.

¹⁰⁶ Ibid.

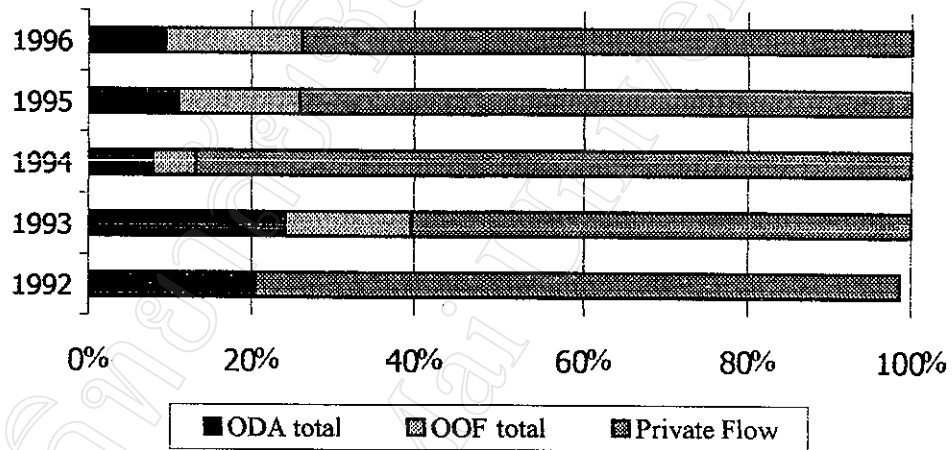
¹⁰⁷ Prasart Chittiwatanapon, Nihon no kaigaijenjo ni kansuru mondai. in S.Takayanagi (at al.), *Nippon no ODA sougouenkyuu*. (Tokyo; Chuuoudaigaku shuppanbu,1995). p.8

¹⁰⁸ Potter, David Matthew. (1992). p.191.

¹⁰⁹ Gaimushou, *ODA Hakusho; Wagakoku no seifukaihatsuenjo 1993*. (Tokyo: Association for Promotion of International Cooperation,1994).p.78.

at politic and culture and we were on closed interdependent relations at trade and investment.¹¹⁰ At the term, Japanese economic assistant to Thailand increased at large, from 3 billion 662.8 million dollars in 1992 to 8 billion 562 million dollars in 1996. In all economic assistance, ODA took up 24.2% in 1996 and Private Flows (PF) is 75.8% of them. The percentage of ODA occupied to all economic assistance had been down from 21.0% to 9.7% in the five years and the one of Other Official Flows (OOF) to them had rose from -1.4% to 14.5%, and then as totally 4.6 % has rose. (Figure 4.4)

Figure 4.4 Japan's ODA and Private flow to Thailand (%)



(OECD, Geographical Distribution of Financial to Aid Recipients, 1992-1996, 1998 FROM 'Thai kaihatsu kyouryoku series No.7 p.48)

DAC members shared 96.5% of all donors. International organization placed at 4.2% and Arab countries 0.8 % in 1996. In assistant type, loans were towered to larger amount and grant has turned to be smaller, loan is 60.8% and grant aid is 39.2 % of all. Big donor was Japan and German, CEC, Australia, Denmark, and Switzerland were following. In 1996, Japan shared 79.8% of all donors and German 2.8%, CEC 2.7%, Australia 2.5%, Denmark 2.3% and Switzerland 2.3%. While United States, which ranked the third or the fifth in the 1980's, ranked down since 1990 and in 1996 he stayed the sixteenth country.

New change was founded in Japan's ODA trend to Thailand. It was to decrease of grant aid because Thailand realized good economic development. Loan and technical assistance were main projects and new challenge was started. Three type of assistances was collaborated to work for one project.¹¹¹ In annual publish on this year, Japanese government noted that Japan's assistance to Thailand is at turning

¹¹⁰ Ibid., p.80.

¹¹¹ Gaimushou. *ODA Hakusho; Wagakoku no seihukaihatsuenjo 1990*. (Tokyo: Association for Promotion of International Cooperation, 1990) p.70.

point because Thailand's favorable economic development pushed Thailand out of grant-aid's target and tied agreement of Thai-Japan partnership program.¹¹² In August 1994, Thailand-Japan technical partnership program was signed, that is cooperative operation to promote Thailand turn to be a donor for neighbor countries. The main aim is to enlarge the third country training in Thailand and to cooperate to dispatch specialist to another countries. Thailand was the second initiated country later Singapore's trial.¹¹³ Beside the change, new policy was initiated in order to improve project's effectiveness. JICA International cooperation research institute established the economic assistance country survey team for Thailand by heading Nishino. It studies effective and efficient assistant plan with correspond to Thailand's require for development.¹¹⁴ Since this term, in annual publishes, contents that Japanese government stressed Thailand's significance to Japan are remarkable more and more. Then Japan conscious Thailand's significance as the huv-country for Indochina with as follows. With cooperating with ASEAN, Japan and U.S. in near years stressed to tie cooperative relations with three countries of Indochina. It was the end of Cole-War and change of Southeast Asia situation. Concerning step up the status in the world, Thailand presents active initiation by presiding ASEM in 1996. It marked a more significant role of Thailand and ASEAN to the world. Thailand set itself as the gateway to Indian sea as well as to Indochina.

Thai economy had smoothly development, however, since 1997 economic crisis had attacked Thailand. Then aid donors and organizations, IMF and World Bank started to assist various programs for total 17.2 billion dollars.¹¹⁵ To tackle monetary crisis by depress of bath value Japan treat macro economic stability under IMF program and getting some favorable outcome, but on the other hand, structural problem was seen notably at such as lack of human resource, infrastructure, increase of jobless and bad impact to social weakness. Japanese government concerns that to keep stability of macro economy in Southeast Asia, Thailand's economic stability is required to confirm. Thus, Japan carries out economic assistance. Japan started to operate grant aid project again as an emergent-assistance. In ASEAN summit meeting in 1997, the Japanese Prime Minister Hashimoto initiated "Japan-ASEAN human resource program and supported the program. He carried out emergent grant aid to support Thai student in Japan. To be added, it happened to tackle constructive issues; environmental issues, lack of human resources, insufficient infrastructure, expanded regional gap, adding usual issues. Aid requests were increased from above new problems that impacted on unemployment persons and

¹¹² Gaimushou. Country report Thailand (1996)p.82

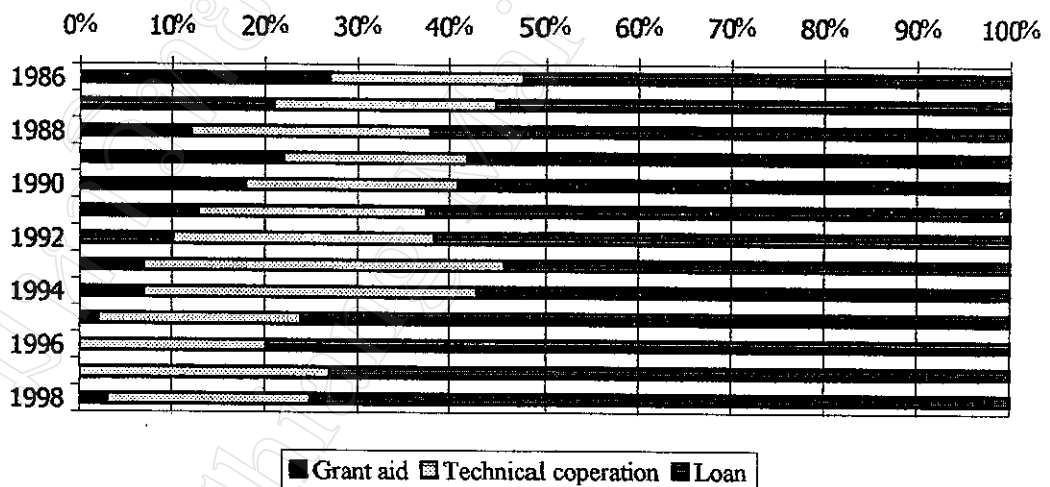
¹¹³ Gaimushou. Country report Thailand(1995)p.82

¹¹⁴ Gaimushou. *ODA Hakusho; Wagakoku no seihukaihatsuenjo 1996*. (Tokyo: Association for Promotion of International Cooperation.1997)

¹¹⁵ Gaimushou *ODA Hakusho; Wagakoku no seihukaihatsuenjo 1997*. (Tokyo: Association for Promotion of International Cooperatio.1998).

damage to the social weak. Japanese government refers, then, they implement foreign aid from the reason that Thailand's stable economy is indispensable for ASEAN's stable macro economy. Japan set Thailand as a center point for Indochina development and "Japan-Thailand partnership program" was initiated to support Thailand's south-south assistant. Japan regards Thailand as a significant country. To be adding that, one of New Miyazawa program in October 1998 carried out loan assistance for 2.5 million dollars (300 million yen) in order to support public enterprise to enlarge employees. Another loan assistance to agriculture sector was on discussing to implement for no more than 3 million dollars (360 million yen). After this, Japan perceived that Japan needed to operate continual assistance for economic structure reform and training for human resource for sustainable economic development.¹¹⁶ In 1989, basically grant aid was stopped, but as special treatment for economic structure reform assistance to economic crisis, Japan exceptionally operated non-project grant aid for 20 million yen and another 2 million yen. Regarding GGP, it tackled social sector of education and Aids and vocational training.¹¹⁷ (Figure 4.5)

Figure 4.5 Ratio of Japan's ODA to Thailand by type (%)



4.5 Mechanism of Aid game

4.5.1 Power balance in ODA operation

As a whole, overseas aid concentrated to do industrialization and modernization being along with Thailand's development plan since ever. Thailand utilized Japan's ODA for infrastructure to accelerate industrialization and

¹¹⁶ Gaimushou ODA Hakusho; *Wagakoku no seihukaihatsuenjo 1998*. (Tokyo: Association for Promotion of International Cooperation, 1999). p. 70.

¹¹⁷ Ibid., p. 72.

modernization so as to attract foreign direct investment.¹¹⁸ Japan carried out ODA by recipient initiation.¹¹⁹ Generally, Japan's aid has conformed to the priorities established by the Thai government's five-year plan. Japan's ODA has less willing to control recipient's policy for development through aid program procedure. As noted above, Japanese aid performance concentrate on infrastructure development. This was emerged after that US changed his development policy to target on from infrastructure construction to rural development and then Japan's fund flowed into infrastructure construction projects instead of US. To support Thailand's development plan made Japan the largest donor for Thailand. Influential aid of USA or International organization aid and Japan's internal power balance can be concerned as an important factor to direct aid performance between Japan and Thailand. In the 1950s as the starting term of forming aid performance, USAID carried out a sizeable infrastructure aid program emphasizing transportation development larger than Japan. Most of the projects had been completed by the early 1960s, just as America's interest shifted to counterinsurgency and other security aid. In the mid-1970s, USAID turned its focus to poverty allocation and basic human needs development and Japan's aid program was shaping up. Similarly, although the World Bank allocated three-quarters of its loans to Thailand between 1954 and 1972 to infrastructure, it shifted development target field to agriculture and rural development in the mid-1970s, as did the ADB. Throughout terms, then, Japan implemented infrastructure development.¹²⁰ During the fourth and five years economic and social development plan, Japan stated the largest donor instead of U.S. Thailand's largest donor, however, has not been actively involved in assisting the planning of the Thai economy. The World Bank has played the leadership role in Thai development policy, while Japan didn't control it. Until middle of the 1970s, U.S. is the largest ODA donor to Thailand. U.S ODA strategic policy is to present and advertise his development ideology in the implementation, which is not same as Japan's ODA because Japan's ODA is operated on recipient initiative system. Saitou, then, concerns that U.S.' impact is very large to both Thailand and Japan in the point of influence on development.¹²¹ As Saitou noted, it may say that through development cooperation for Thailand, during early stage, U.S. supported political stability and later Japan supported economical development.¹²² While this situation allows Japan to avoid critics "interference in domestic affairs", it has limited Japanese scope to affect on shaping Thai development policy.¹²³ It is deferent from USAID or another international aid organization. Moreover, Japan's capital aid has allowed Thailand to

¹¹⁸ Saitou Suguru (1995), p.160.

¹¹⁹ Ibid.

¹²⁰ Potter, David Matthew.(1992), p.195

¹²¹ Saitou Suguru (1995), p.159.

¹²² Ibid., p.161.

¹²³ Potter, David Matthew.(1992), p.195.

substitute for the changes in other donors' programs.¹²⁴ Japanese aid has generally followed Thai government's the regional and sector priorities of Thailand development plan. Japan stressed to talk with Thailand about priority sections and development procedure. Japanese government stated that Japan have tried to support by responding Thailand's real demand.¹²⁵

Since Thailand started to receive Japanese ODA, most of it flowed to infrastructure construction project because Japanese aid program favored capital assistance, and branched out into the "soft" sectors like social services and rural development in later plans.¹²⁶ At the same time, international companies invite infrastructure construction by using ODA. These are on independent relation.¹²⁷ Japan's bias toward capital projects is well known in Japanese aid program. Although infrastructure projects have tended to dominate the loan aid program, even in the grant program, Japan tended to carry out it in the form of providing equipment or facility construction. The benefits followed to the Japanese companies that were awarded contracts for these projects.¹²⁸ Japanese companies or consultant act as intermediaries between governments because they well know aid system in both environments. They well understand Japanese way how to proceed aid projects. They take priority to most Thai companies. Therefore Japanese consultant advises the agencies about how to go about formulating fundable request.¹²⁹ The capital projects, however, does not exist on only the Japanese side. The agencies on the Thai government share this orientation.¹³⁰ Although the contracting portion of Japanese loan was untied, the continued success of Japanese companies in project bidding received a great deal of public criticism. At bilateral consultations in early 1988, the Thai government requested opening to Thai business of specifications for loan and grant conditions, and priority of Thai products in materials supply. The Japanese government replied that the requests would be difficult problem from the "systematic viewpoint," meaning that such decision would have to be worked out at the policy level in Japan and were therefore not easily agreed to. Nevertheless, Japan agreed to untie consultant services in loan aid that Japan had agreed Thai demands for more participation for Thai firms and greater usage of Thai goods and services in grant aid projects.¹³¹ As seen above, infrastructure development has constituted a major portion of budget for total development plan.¹³² Japan's ODA concentrated to large-scale

¹²⁴ Ibid.

¹²⁵ Gaimushou (1989), p.65.

¹²⁶ Potter, David Matthew.(1992), p.193.

¹²⁷ Saitou Suguru (1995), p.159.

¹²⁸ Potter, David Matthew.(1992), p.194.

¹²⁹ Ibid., p.300.

¹³⁰ Ibid., p.194.

¹³¹ Ibid., p.183.

¹³² Ibid., p.194.

projects of infrastructure construction along with past Thailand's authoritarian political control of power-block administration.¹³³ Thailand wants aid for infrastructure development; at least as stated in the five-year development plan. There is a surprising degree of uniformity between what recipients are included in foreign funding system in their development plans and the kind of aid they get.¹³⁴

The conditionality of aid, however, is another matter. Japanese government takes priority. Discussion of interest rates, repayment periods, the ratio of loans to grants, and the status of untying have been problematic throughout the period under investigation. Japan has made concession in these areas, but because decisions on terms of aid are made at the policy level in the four-ministry system, and because these decisions affect on all recipients, Thailand has little power to affect such decisions consistently. Aid terms, moreover, are based on DAC norms. As a middle-income economy, Thailand can expect a certain level of concession in the aid it receives, but not beyond a certain level. While Japan has room to adjust its aid terms for specific recipients, those adjustments will be made within a framework set outside the bilateral aid relationship.¹³⁵ Until middle of the 1970s, U.S. is the largest ODA donor to Thailand. U.S ODA strategic policy is to present and advertise his ideology in its implementation, which is not same as Japan's ODA because Japan's ODA is operated on recipient initiative system. Saitou, then, concerns that U.S' impact is very large to both Thailand and Japan.¹³⁶ During the fourth and five years economic and social development plan, Japan stated the largest donor instead of U.S. Therefore, we can say that in Thailand development cooperation, during early stage U.S. supported political stability for development basement and after that Japan supported economical development.¹³⁷

4.5.2 Influential actors in implement system

The Japanese aid bureaucracy doesn't design development projects by themselves but actually other actors work in aid system. They play as informal role in it. They generate proposals for aid funding projects. Three groups showed up most frequently in the data on Japan's aid to Thailand; consultant-company, Japanese officials and Japanese embassy. Consultant companies play a role in project creation. Japanese officials make suggestions about appropriate projects. Japanese embassy personnel cultivated good relations with recipient's government then they take role as projects' source. Embassy personnel often have a good idea of what kinds of projects

¹³³ Sakai Yumiko, *Thai ni okeru nihon no ODA furyoukaihatsu* NGO in S.Takayanagi (at al.), *Nippon no ODA sougoukenkyuu*. (Tokyo; Chuuoudaigaku shuppanbu, 1995), p102.

¹³⁴ Potter p.421

¹³⁵ Potter, David Mathew, (1992), p.196.

¹³⁶ Saitou Suguru (1995), p.159.

¹³⁷ *Ibid.*, p.161.

have gotten funding, and can therefore suggest possible areas, which need development.¹³⁸ Japanese companies/consultants are more active source of proposals, but as a Japanese aid official stated flatly, "if we didn't suggest projects we wouldn't get any requests."¹³⁹ The consultant companies play a role in the aid process because they fulfill a function that neither the Japanese government nor the Thai government nor the Thai private sector can.¹⁴⁰ The Japanese consultant companies understand the incentives. The trading companies have several employees in the major recipient countries. They identify possible projects. These employees regularly have informal meeting to consult proposal with officials in the recipient government ministries about ministry's priority. It helps the recipients to make their proposals conform to Japanese aid requirements, then carry out the project findings.¹⁴¹ The Japanese aid bureaucracy suffers from understaffing and lack of expert. As a result, the Thai ministries find it difficult to generate project proposals themselves because their people lack the time and skills required to do so.¹⁴² In creating development project, Japanese consultants are influential. Project-level pre-bargaining occurs mostly in Bangkok because the kinds of information exchanges are hold there from the Japanese embassy or the aid implementing offices. The cost of taking an idea to Tokyo is high, and the payoff is rarely worth it because no commitments will be make until after the formal requests are make.¹⁴³ A staff of consultant-company said that each company use large amount money to make development proposal for about more than five millions yen. They start to invest feasibility study on a project that capable to carry out. Before finishing proposal, Japanese consultant confirms to get order from Japanese government if there isn't Japanese rival consultant to it. Mostly they compete with Japanese company more than Thai developer because they don't know how make proposal easy to get Japanese government approve.¹⁴⁴

In term of Grant aid, particularly in the early 1980s, was a major buttress to their business: in some year Japanese grant aid projects represented half of all new large-scale projects undertaken. In a closed system of aid tying, lobbying for projects strengthens Japanese companies' chance of winning contracts because competition from foreign firms is reduced¹⁴⁵

4.5.3 ODA as strategic tool for Japanese interest

To concern Japanese aid performance with bilateral relations at each period can find Japanese government's some attitude in handing it. For Japanese handling

¹³⁸ Potter, David Mathew, (1992), p298

¹³⁹ Ibid., p299.

¹⁴⁰ Ibid., p300.

¹⁴¹ Ibid., p303.

¹⁴² Ibid., p.300.

¹⁴³ Ibid., p.316.

¹⁴⁴ Interview with Consultant agency staff of Mae guang dum

¹⁴⁵ Potter, David Mathew (1995), p.305.

ODA program, Spinya concluded that the cultural exchange program and another ODA program were motivated as the tool of diplomatic policy since initiation after end of the second-world war.¹⁴⁶ Potter reviewed Japan's ODA performance at this scope. He picked up several definite matters between Japan and Thailand and could explain typical Japanese handling of ODA to bilateral relations. For example, anti-Japanese feeling in Thailand was the definite experience, which could features Japanese way to utilize ODA. That Japan's economic influence increased in the early 1970s made it stronger. The large influx of Japanese goods coupled with Japanese low levels imports from Thailand. Then, the perceived cultural insensitivity of Japanese businessmen was sore points in the two counties' relations.¹⁴⁷ Japan's ODA also was target to critic on the point of that actual benefit flew into only Japan side more than Thailand and brought Thai people unfavorable image on Japan since the 1970s.¹⁴⁸ As for loan aid, since Thailand is one of developing countries that developed more smoothly than other countries, so Thailand has stood at high significance to Japan's loan aid, but Thailand hold the afraid of increasing payment of interest.¹⁴⁹ On the other hand, some Japanese stated the merits brought from loan and estimate it positive as follows. Even the loan aid is expected some favorable estimation on it. Generally it may be suspected and criticized on the effect, but developing countries eagerly required funds to encourage economic development on infrastructure and stock foreign currency at enough. Therefore, Japan's loan aid has importance to those countries because interest is lower rate than private fund, and then concluded that it is not obstacle for their development. Resentment about Japanese aid performance, however, boiled over in 1972 and denied Japan's ODA from commercial motives and calculated profits. It was in the form of a ten-day university student boycott of Japanese goods at department stores in Bangkok. Tanaka's 1974 trip to Southeast Asia was greeted with riots and demonstrations including in Thailand.¹⁵⁰ Although the aid program was not direct target of the criticism in Thailand, the Japanese government used aid concessions to calm down Thai anger in other areas. The timing of Japanese concessions matches the major political events of the time.¹⁵¹ Therefore, Japanese government set policy for cultural grant-aid at after that managed to seek effect to make better image at the Fukuda and Tanaka government period.¹⁵² They operated it because they wanted to continue to do their economy policy and ODA projects, but keep to conceal the aim for trade. At this time Japanese government stated that the ODA new performance would promote

¹⁴⁶ Spinya.p182

¹⁴⁷ Ibid., p.154.

¹⁴⁸ Suphinya p180

¹⁴⁹ Kusano, Atsushi. *ODA isshou nese okuen no yukue*. (2th ed. Tokyo: Touyoukeizaishinpousha. 1994). p.44.

¹⁵⁰ Potter, David Mathew (1995), p.154.

¹⁵¹ Ibid.

¹⁵² Suphinya p180

proper understand on cultures of each other and it could eliminate minus image on Japan. It can say that actually this action was to seek Japan's economic power.¹⁵³

Purpose to initiate cultural grant aid was counter measure on anti-Japanese movement. At the later, this aid was continually revised to timely situation of international relations. The both cabinets of Ohira (1979-1980) and Suzuki (1981-1983) stressed on national security policy. Every capable means concentrated on support for national security whereas military, diplomacy and economic means. Foreign aid and cultural aid were considered as tool for keeping better condition.¹⁵⁴ Thailand was one of the first priority countries to be designated by the Ohira cabinet as a "country bordering areas of conflict," and therefore worthy of greater attention and increased aid. Yasutomo argues that for Thailand, which had received Japanese aid since the early 1960s because of Japan's concentration on Asia, assistance under the new formula did not constitute a change in aid policy direction.¹⁵⁵ Only real difference in aid to Thailand under the countries bordering area of conflict formula was the amount of new aid committed.¹⁵⁶ The government of Nakasone (1983-1987) stated the internationalization policy to open for more free at economy, society and also mind to foreign country. Therefore, foreign aid and cultural aid are set to be significant keys so that pushes these policies to be success. It aimed of work so as to decrease overseas pressure to Japan at trade issue, especially from U.S., that bring large demerit to Japanese economy. Foreign aid operated to concern recipient's opinion and buy abroad goods, but it rose problem that what quality it has and promote to construct understanding between foreign cultures.¹⁵⁷ At the government of Takeshita, Uno and Kaihu, they started to re-exam cultural exchange policy in 1989 so as to seek more efficiency for future. Ministry of foreign affair noted that Japan and Thailand have extended friendship in various fields of politic, economy, and culture since starting the diplomatic relation. Japan officially stated of Thailand as one of the most significant countries because Japan and Thailand were on close relations in economic and geographic matters.¹⁵⁸ Since 1990, in ODA annual book, Japan has continually used this sentence every year and stressed significance of Thailand to Japan in aid scene. To be added, following sentence appeared and made economical interest cleared by the sentence that "as for trading and investment, intimately we are on interdependent relations". At annual meeting in July 1991 Japan reported that Japan planed to decrease grant aid and while promoted Japan's new trial for a complex

¹⁵³ Ibid., p181

¹⁵⁴ Ibid.

¹⁵⁵ Yasutomo.T. Dennis, *The Manner of Giving ; Strategic Aid and Japanese Foreign Policy*.D.C. Health and Company, translated by Watanabe Akiko. *Senryaku enjo to nihon gaikou*. (Tokyo: Dobunkan,1986). p.43.

¹⁵⁶ Potter, David Mathew.(1992).p.164.

¹⁵⁷ Suphinya p181

¹⁵⁸ Gaimushou.(1991).p 70.

project by mixing three types assistance to Thailand.¹⁵⁹ Following prompt economic development of Thailand before 1997, Japan has removed Thailand from grant aid country list. Following, grant aid is to be decreased. Loan and technical assistance will be main projects and let three types of assistance collaborate to work.¹⁶⁰ It should be noticed that as though general grant aid was cut out, grant aid of cultural grant aid and grass root aid were still specialized and continually implemented.

Beside cultural grant aid, some Japanese specific attitude to Thailand can be seen in ODA operation. From overview ODA at chapter three, we found that generally Japan would control ODA by strategic tool. Japan tends to present political consensus by control the budget volume to priority targets, but didn't act by another positive way like economic sanction or some compelled way. Regarding Thailand's case, Yasutomo noted that the only real difference in Japanese aid to Thailand in due to present Japan's political presence was the amount of new aid committed.¹⁶¹ To be added, we can find Japan's specific attitude in negotiations. It was about modifying the project, not cancel it. The Japanese government had a stake in seeing the project continue, especially since it was clearly intended to serve a political function. To pick up Ayutthaya project, it was linked not only to the aid program, but also for to the significance of political relations in the bilateral relationship. Expected benefit from the Ayutthaya project linked to pursuing cordial bilateral political relations, thereby altering the payoff structure of the decision to cooperate or defect in the Ayutthaya case by itself.¹⁶²

Beside, Thailand's incident on May 1990 can be picked up as another case that shows Japan's operation in the view of political function. To Coup d'etat in February, 1991 Japan took attitude for just watching Thailand's situation would change. For treating ODA new projects to Thailand, Japan decided to wait and correspond with new government's plan for social and economic development. After that, Japanese government stated that because we confirmed Thai government's better attitude to tackle for civilized government. Regarding annual meeting in July, Japanese annual publish on ODA, Hakusho, didn't refer on it as though it was hold after significant incident happened in May. In annual publish on ODA, Japanese government noted as following. This incident is very little, so Japan keeps watching how the situation changed. At annual meeting in July 1991, Japan announced new trial operation that initiates new complex project from three types assistance and at the same time to decrease Grant aid in volume.¹⁶³ Japanese government presented it just two months later after incident in May, but didn't touch the incident in annual

¹⁵⁹ Gaimushou.(1992).p.72

¹⁶⁰ Ibid., p.70.

¹⁶¹ Potter, David Mathew,(1992).p.164.

¹⁶² Ibid.,p333.

¹⁶³ Ibid., p.70.

publish and do any actual treat to it. To serious situation of clash between the demonstrators and police and force, Japan showed attitude to regret it and hope to restore this situation through democratic procedure. After that, Thailand's situation turned to betterment by king's direction.¹⁶⁴ To be noted, in April 1991, on recipient's democratization and human right, Japanese government set basic measure.¹⁶⁵ This is just one month before Thailand's incident in May. It was the significant matter to Japan's ODA because it was Japan's first challenge how to treat it by the agreed consensus on ODA. Japan didn't show any definite action on Thailand incident at the time. After Thailand's situation had recovered, Japan actively refers Japan's policy to Thailand. Japan keeps non-action and non-presence on ODA operation to Thailand while incident didn't recover, and after recovering Japan began to refer Thailand's favorable attitude to incident. At the same time, favorable economic development make Thailand' status as a recipient step up to play the role as donor to neighbor countries of Indochina. Japan welcomes it and intends to actively support by guide recipient assistant. Kaifu, the prime minister, made sure that Japan kept to support Thai government's development plan for social and economic problems and would support Thailand's challenge of economic development at the summit in spring 1994.¹⁶⁶ Japan pushed to appeal Japanese special conscious to Thailand by describing as follows. For the future, there will be cooperation with Thailand at development assistance for Third country.¹⁶⁷ Here, it's the first time to state Thailand's status to cooperate for Third country. As to be noted, this new movement presented at the same time of serious situation in 1991 May. To concern both Japanese government statements, we can find Japanese purpose to Thailand through ODA. It may Japan would hardly operate it correspond with political presence through ODA and hope to utilize to tie friendship for economic purpose.

We can find out some cases that Japan put importance on Thailand and don't favor to do negative action to Thailand. Besides, it can be seen that Thailand gets priority in Japan's ODA. Japan has incentives to cooperate because aid has some purpose more significant than monetary one. Japan sees Thailand as important objects of foreign policy, and uses aid as a way to foster good political relations. So it wishes to continue to provide the aid to promote good relations The recipient's incentive to continue to cooperate stems formed the fact to continue to receive aid. Thailand continues to have the needs for development by requiring foreign aid to resolve. Cooperation reduces transaction costs by reducing the marginal cost of engaging in

¹⁶⁴ Gaimushou.(1993) p.74.

¹⁶⁵ Ibid.

¹⁶⁶ Gaimushou.(1992) p.71-2.

¹⁶⁷ Gaimushou.(1993) ,p.75.

negotiations in subsequent rounds.¹⁶⁸ Besides, Thailand's priority is found at to bring accommodation at Japan's aid stage. As accommodation in aid game, Potter examined that accommodation develops when players engage in repeated games and Thailand and Japan have repeated aid concession and Thailand is counted for a few target country in the mechanism. He found out an aid mechanism that over time, they come to understand one another's priorities, capabilities and limitations. Learning takes place. Accommodation begins because each side perceives that the other has something it wants and decides to cooperate to get it. The process whereby accommodation takes place in Japan's aid will tend to occur with those nations which meet two conditions: repeated aid transactions and perceptions that the other nation is an important object in one's own aid game. Accommodation is likely to take place between Japan and a handful of countries. They will be those countries designated by Japan as annual aid recipients, and will more than likely be ASEAN members.¹⁶⁹ With recent years' Thailand rapid economic development, various problems are happened of environment issues, lack of human resource and infrastructure, so assistance require enlarged. Thus, Thailand is one of the most priority recipients.¹⁷⁰ □

4.6 Overview of GGP

Grant assistance for grassroots projects is a scheme of assistance in response to requests from local public bodies, research and medical institutions, and NGOs and similar groups active in developing countries. In 1989 the Japanese government initiated grant aid for grassroots projects called Small Scale Grant Assistance (SSGA) with an initial budget of 300million yen. In 1995 it was renamed the Grant Assistance for Grass-Root Programs (GGP) because the amount of budget was not small to recipients. The verbal note is exchanged on rough outline of whole projects between recipient's government and Japan before local office directly carries out the GGP to recipient bodies. They make basic framework and concession condition on GGP.¹⁷¹ In this process, recipient's government will control GGP before Japanese consulate officials in local area operate their action.

It targets on sectors of basic sanitary, primary education, poverty relief, public welfare and environment. To select countries, Japanese government takes the ratio GNP to person into account and begins negotiation with each recipient country.

¹⁶⁸ Potter (1992) p 427 The time lag between project commitment and implementation has decreased over time as well. While the time lag between commitment and the commencement of implementation of some projects in the first two yen loan packages was up to two years, by the early 1980s the time lag was considerably shorter, down to a few months in some cases. (potter p308). The pre-bargaining phase is defined as the period of informal negotiation before the recipient government makes its formal project requests to the donor. (potter p313).

¹⁶⁹ Potter, David Mathew, (1992) p.439.

¹⁷⁰ Gaimushou, (1995), p 80.

¹⁷¹ FASID. (1998). p.14.

¹⁷² By support, it funds the cost of procurement of equipment and construction, excluding cost for management, salary, transportation expense, and other expense.¹⁷³ Regarding service cost, it is acceptable but some cases are not accepted. The Japanese government discreet it may bring problems of salary support for NGO stuffs. At application procedure, Japanese concerning office require three price estimation forms of purchase and other application form, attachment of project map and recipient background data.¹⁷⁴ In principle, GGP fund provides for projects under ten millions yen. Projects under four million are administrated by Japanese embassies and consulate-generals in the recipient country, and projects funding more four million yen and under ten million yen require the agreement of the central governments in Tokyo, higher than that are submitted for agreement of the Ministry of Finance.¹⁷⁵ The official procedure can be completed within only several weeks or months.¹⁷⁶

The government has steadily extended the GGP volume for the decade since its initiation. It expressed this rapid challenge is to satisfy the growth of recipient's requirement. In the first year of 1989, the budget for GGP was three hundred millions yen. In 1995, when the scheme was renamed "grant assistance for grassroots projects", the budget was expanded to 3 billion. By 1999, the tenth year since the program's inauguration, the budget was seven billion yen. Corresponding to budget increase, the number of projects has risen. In 1989 there were nineteen five projects, then it expanded steadily to 1,064 in 1998.¹⁷⁷ Among all assistance to NGOs in ODA, GGP is the largest assistance in term of the number of projects and the amount of budget. (Figure 4.6)

¹⁷² Ibid.

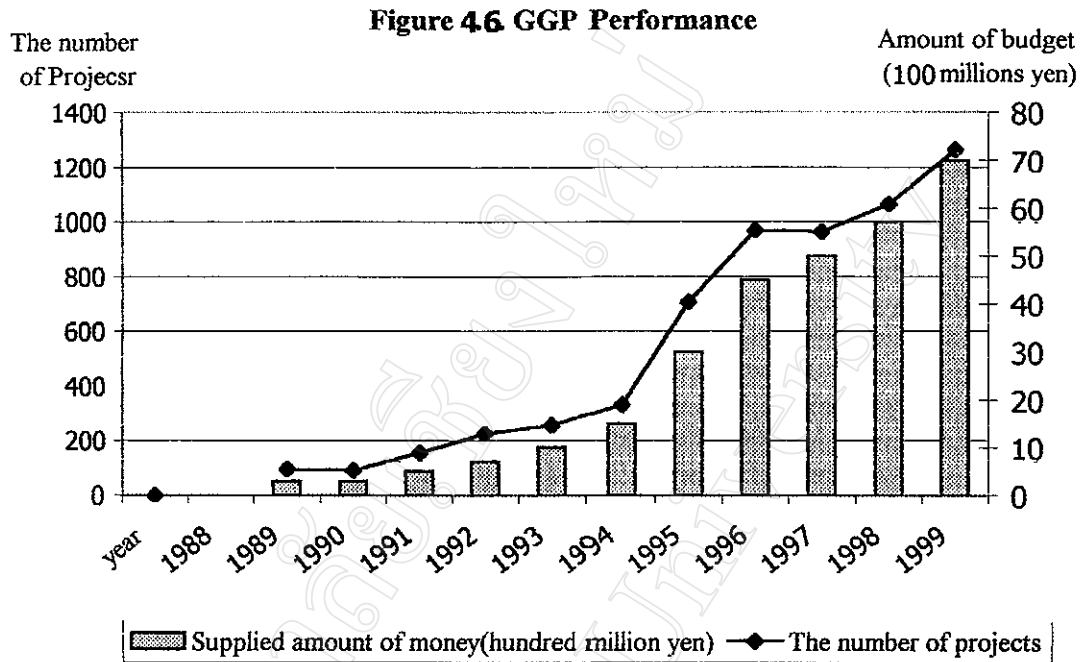
¹⁷³ Ibid., p.15.

¹⁷⁴ Ibid.

¹⁷⁵ Ibid.,p.14.

¹⁷⁶ Gaimushou.(2000). p.24.

¹⁷⁷ Gaimushou.(2000). p.24.



Large part of GGP is provided to NGO (in 1989, around 55 percent of the total value disbursed under the scheme), in particular to local NGOs (43 percent, ideal). Significant disbursements are also made to local governments (21 percent) and education and research institutions (15 percent) in developing countries. Japanese NGOs receive around 4 percent (figure 4.7).¹⁷⁸ The number of countries eligible for GGP funding has also continued to expand over the last decade, increasing from 32 countries in 1989, 93 countries (region) exchanged the verbal note and one region in 1998.¹⁷⁹

¹⁷⁸ Ibid.

¹⁷⁹ Ibid.

Figure 47 GGP target bodies

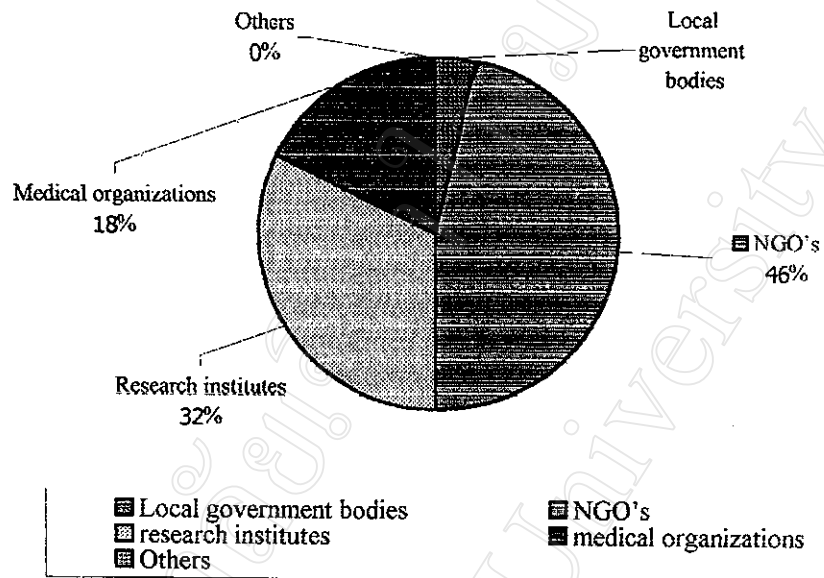
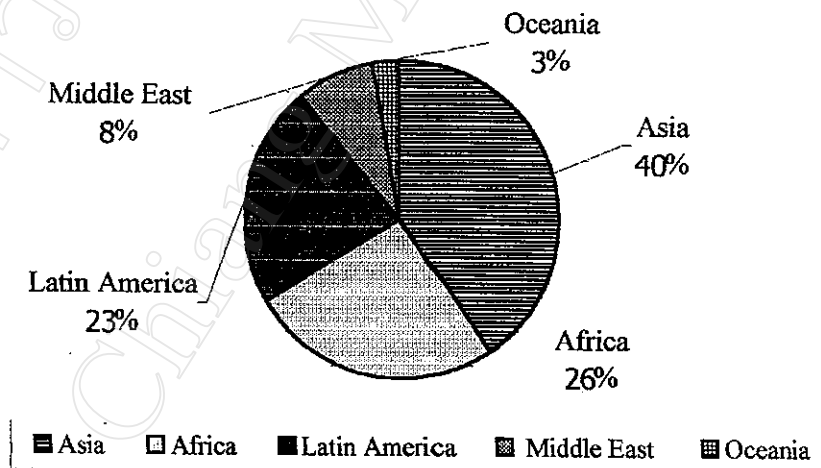


Figure 48 GGP geographical distribution in 1998



In terms of geographical distribution, most funding has flowed into Asia and Oceania since the GGP initiation. We can see trend had a little change in regional distribution. Government noted that GGP geographical distribution was handled on emphasizing of ODA priority sector and to correspond to world trend, besides the emergences of new independent countries is one of the reasons.¹⁸⁰ It is allocating large parts of the budget into Asia and Oceania for 40% of the total and followed by Africa

¹⁸⁰ Ibid.

and Latin America.¹⁸¹ 23.7% in Africa, 21.0% Latin America, 7.4% in the Middle East, and 9 % in Oceania in 1998. It is notable that Africa is the second largest recipient area, that Japan hardly carries out economic assistance strategy, only grant aid. (Figure 4.8.)

The Ministry of Foreign Affairs takes the following points into account in selecting recipient countries. 1. developing countries' national income level (basically, countries qualified for general grant aid). 2. proper operating condition of Japanese government established abroad in recipient countries. 3. estimation for favor sound from assistant effect ¹⁸² Assistance performance showed that GGP was operated even to inappropriate countries although Ministry defined objected recipients within properties for general grant aid. (Their GNP are under 1235 dollar per person in 1993),

Some inclinations are found. In term of recipient country, there were 7 inappropriate countries that GGP was operated; Thailand, Malaysia, Micronesia, Costa Rica, Paraguay, Tonga and Fiji. While there are also 34 countries that GGP was not implemented as tough they are accepted to do because of insufficient operation system of government establish abroad.¹⁸³ (Table.4.2.).

¹⁸¹ Ibid.

¹⁸² Gyousei kanri kenkyuu center soumuchou gyousei kansatu kyoku. *ODA's situation and theme ; Grant aid and Technical assistance*, (1994). p. 65.

¹⁸³ Ibid.

Table 4.2 Recipient's countries and GNP level

		GNP per a person (\$)	Total number of countries	
			Aid implemented countries	Aid unimplemented countries
qualified countries for General grant aid	I	Under 635 dollar	54	
			34	20
			Egypt, Lesotho, Comoro, Maldives, Turkestan, Benin, Gambia, Togo, SaoTome and Principe, Guinea, Nigeria, Burkina Faso, Luanda, Chad, Guinea- Bissau, Malawi, Burundi, Sierra Leone, Afghanistan, Sudan	
	Subtotal	636~1235	34	
			20	14
Subtotal		54	34	
un-qualified countries for General grant aid	II	1,236~2,555	30	
			6	24
	Fiji, Costa Rica, Thailand, Paraguay, Tonga, Micronesia		15	
	V	2,696~4,465	1	14
			Malaysia	
	Over 4,465		0	10
Subtotal		7	48	
Total		61	82	

(Ministry of Foreign Affairs from Gyouski kanri kenkyuu center- 1995 P.66)

(The General Affairs Agency composed based on World Bank financing guide line in 1993;GNP in 1991)

(GNP recipients are added these region to the number of aid implemented countries 61; Tubal, South Africa(the blacks' society) and Palestine occupied territory)

In term of funded are in recipient countries, large cities were concentrated in GGP operation and very few local projects are found. The Japanese government noted that this inclination was brought about by insufficient budget for research on aid recipient bodies and field condition in remote area. Besides, governments established abroad was not well regulated and its poor operation system was one of the reasons to.¹⁸⁴

As to the background of this new initiative, MOFA document offered three explanations. First, the necessity to respond precisely and quickly to the diversified needs of developing countries. Second other major donor countries had success to utilize grass-roots projects support to enhance their diplomacy. Third, the Japanese government directed that grass-roots support system should be introduced. Prasert noted that a rapid expansion of GGP for both of terms of budget, projects and countries was accelerated with favorite operation by GGP relevant official of “ very rapid not easily seen in other government activities.”¹⁸⁵ We can see GGP characters compared with general project grant aid, that may result in rapid and flexible operation. (Table.4.3) Besides a procedure flow, another features are found.(Table.4.4)

¹⁸⁴ Ibid. p.68.

¹⁸⁵ Prasert.(1995). p.33.

Table. 4.3 Compare of GGP and General grant aid

	GGP	General project grant aid
Objects	NGOs, local government bodies, research institutes and medical organizations	The central government
The amount of budget	5 million yen per a project	Mostly more than 1 hundred million yen
Assistance's authority	Grant contract between government establish abroad and recipient organization	Exchange of official document between nations (E/N) (governments' agreement)
Main agency of projects' selects	Government establish abroad (Embassy and consulate)	Ministry of foreign affairs
Term from proposal to G/C or E/N	Several weeks to several mantes	As usually 2 to 3 years

(Ministry of Foreign Affairs from GYOUSEI KANRI KENKYUU SENTA- 1995 P.61)

Table. 4.4 Official procedure of GGP operation.

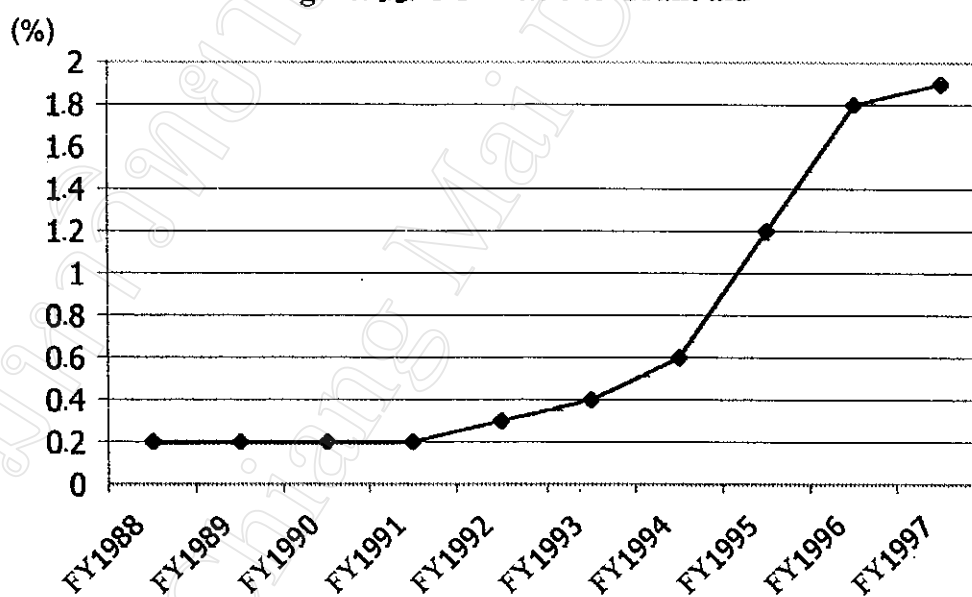
Process	Flow
1 Aid request proposal submit	Recipient organizations \Rightarrow government establish abroad
2 Data collecting on the details	Government establish abroad
3 Examination on proposal contents	Government establish abroad
4 Offer of approval for the total grant-aid contract	Government establish abroad \Rightarrow Ministry of Foreign Affairs
5 Notice of approval for the total of GGP contract	Ministry of Foreign Affairs \Rightarrow Government establish abroad
6 GGP contract	Government establish abroad \Leftrightarrow Recipient
7 Request of the amount of money	Government establish abroad \Rightarrow Ministry of Foreign Affairs
8 Remittance	Ministry of Foreign Affairs \Rightarrow Government establish abroad
9 Procurement contract (P/C)	Recipient organization \Leftrightarrow Supply trader
10 Procurement contract confirmation	Recipients \Rightarrow Government establish abroad
11 Money paying	Government establish abroad \Rightarrow Recipient
12 Staffs and services procurement	Supply trader \Leftrightarrow Recipient
13 Report and monitoring	Government establish abroad \Rightarrow Recipient
14 Reporting from government establish abroad	Government establish abroad \Rightarrow Ministry of Foreign Affairs
15 Report to Cabinet meeting	Minister of Foreign Affairs \Rightarrow Cabinet meeting

(Ministry of Foreign Affairs from GYOUSEI KANRI KENKYUU SENTA- 1995 P.62)

4.6.1 GGP Features

GGP is a scheme of assistance to target on developing countries' local public bodies, research and medical institutions, and NGOs and similar groups active in developing countries. The Japanese government recognized that in ordinary system it is difficult to deal with such small-scale projects via grant aid arranged between central governments as it was done formerly.¹⁸⁶ By total GGP amount, it shares very small ratio as compared to the large total of grant assistance, and it marks even smaller compared to the overall ODA budget. FASID pointed out about allocated budget as following; 1) Although general ODA budget has been cut down to average 10% since 1998, the Ministry of Foreign Affairs have kept GGP volume, moreover, enlarged the budget for GGP. (Figure 4.9.) 2) Political worldwide cooperation for assistance, such as Japan-US common agenda, tend to much promote GGP. GGP was expected to outcome for goal experiment, initiate and perfect operation in the projects.¹⁸⁷ Prasert concerns that GGP stated at a significant place in Japan's ODA concerns on the contrast its small projects.¹⁸⁸

Figure.4.9. GGP ratio to Grant aid



Regarding the selection of recipients, we can find GGP marks quite different from general ODA program. By regional, Asia state at major recipient like as another ODA programs do, but GGP funds to Africa so much, that don't attract another ODA program so much. To be added, we recognize some inclination to select recipient countries. Assistant performance showed that GGP operated even to inappropriate countries to receive it, whereas the Ministry of Foreign Affairs had defined that they objected recipients leveled in proper for receiving general grant aid

¹⁸⁶ Gaimushou.(2000)..p159.

¹⁸⁷ FASID (1998).p.13.

¹⁸⁸ Prasert.(1995). p.29.

as mentioned above. While there are also thirty four countries that GGP was not implemented although they are accepted to do.¹⁸⁹ not mentioned about operation to inappropriate countries but it explain on the failure to operate for proper countries that because it is brought in by government established insufficient operation system. To be added aid requests submitted to government establish abroad show that two hundred thirty nine projects were implemented by funding over ten millions yen in 1993.

GGP has earned high marks in abroad NGO's estimation on it in spite of its small funding, which average is as much as about five million yen per project basically under abroad office's direction.¹⁹⁰ We can find most GGP is getting favorable estimation on it both from home and abroad.¹⁹¹ Though Taya point out GGP system effected as spot but didn't succeed at large,¹⁹² to be contrast most of their favorable reviews tend to concentrate on only the point of its smallness of GGP, that might directly benefit the local people.¹⁹³ Whereas on GGP effectiveness to recipients, estimations are found alike above, it is few to describe into other points. Fixed views may bring ordinary estimation on it. Here, we, however, pick up Japanese government's concerning the GGP operation adding to above effectiveness. They conform to operate GGP as following. That is particularly effective in promoting national involvement in the visibility of Japanese aid. Then they think it can work because of the directness that benefits at grassroots level in developing countries.¹⁹⁴ As already noted, critic has rose in home that Japan's ODA is not ineffective. Then it brought review of ODA and new direction to treat it. In particular, to accelerate effectiveness is attract issue because that can directly reach the local peoples in developing countries, and highly versatile NGOs have been increasingly assumed to be taking significant role in providing aid.¹⁹⁵ NGO's participation was concerned to help effectiveness and may bring favorite opinions in post estimation. Effectiveness and GGP are tied in new trend and Japan concern it as an important means to provide aid, that could be a key for effectiveness.

We find the directness characterizing GGP brings two different means from two sides. The aid is actually sought to promote national involvement and utilize for its merit through direct relation between government and civil. Japanese government stressed to concern to establish broadened public understanding and support ODA. They encouraged it promote the disclosure of information and public relations activities¹⁹⁶ Then they put importance on heightened cooperation and participation from the various strata of society and community organizations.¹⁹⁷ The concept of the participation for development is also set at one of the goals to establish public understanding for ODA in the means of directness between government and

¹⁸⁹ Gyousei kanri kenkyuu center, soumuchou gyousei kansatu kyoku (1994). p. 65.

¹⁹⁰ Gaimushou.(2000). p.24.

¹⁹¹ Plaza for International Cooperation,(1999), p 8; Imanishi yausji, Ministry of Foreign Affairs economic assistant bureau grant aid section.

¹⁹² Taya. (1993). p. 67.

¹⁹³ Gyouseki kanri kenkyuu center. (1995). p.59.

¹⁹⁴ Gaimushou.(2000). p.16.

¹⁹⁵ Ibid.

¹⁹⁶ Ibid.

¹⁹⁷ ibid.

civil. Moreover, as mentioned above, GGP performance marked defined inclination in geographical distribution and selection of recipient countries. The Ministry of Foreign Affairs's concept can help to explain it. It takes the following points into consider as the selection of recipient countries. 1. developing countries' national income level (basically countries qualified for general grant aid). 2. Proper condition of Japanese government establish abroad in operation in recipient countries. 3. Estimation to get favorable sound from assistant effect ¹⁹⁸ Here, we may find government concerns to encourage public understand and support for ODA. Thus it is of use for two means. The one has got steady favorable estimation in actual assistance for development that benefit to recipient, whole the same, another aim is to promote overall Japan's ODA with good image, which take role as an advertisement. Same as Japanese government had handled some projects for advertisement in ODA implementation since ever as noted above, GGP may be charged as same as them. Thus it may touch upon government's another aim of operating GGP.

As for general grant aid Ministry Foreign Affairs is only one in charge but as for GGP, basically the officials in the embassy or consulate is the one in charge.¹⁹⁹ After exchanging the verbal note on the GGP implementation between governments of recipient and Japan, they make basic framework under recipient's government permit. Compared with procedure of general grant aid, GGP procedures are characterized as following. At first, aid proposal is directly submitted to the government establish abroad from aid request bodies without passing trough diplomatic channel of Gov.-Gov. Secondly as for all projects, it is needless to pass through the step of the implement plan consulted by Ministry of Finance and the Cabinet deliberation. Thirdly, official procedure is simplified. In actual operation, two actors of governmental establish abroad and recipient are get in touch with each other at grant operation. It no needs to conclude official document exchange of between governments (E/N).²⁰⁰

Japanese government concerns that this bring swiftly and appropriately administration by Japanese embassies and consulate-generals, in which staff are well acquainted with the economic and social conditions in each developing country, which allows Japan to respond better to the diversity of needs in developing countries.²⁰¹ Taya noted that authority decentralization makes possible alternative work suitable to local condition.²⁰² To be added, it opened way for some new challenge. Prasert refers that as generally speaking, in ODA implementation, bureaucrats have a tendency to be concerned about the orderliness and long term-orientation in providing aid to developing countries. Disruption in implementing the planned aid program is undesirable.²⁰³ This character result in contribute to the reluctance of using ODA to bring some clear aid policy in concrete action, like as promoting democracy and human rights in aid recipients. In contrast to this typical character, however, new

¹⁹⁸ (ODA's situation and theme ; Grant aid and Technical assistance, gyousei kanri kenkyuu senta-, soumuchou gyousei kansatu kyoku 1994 p. 65)

¹⁹⁹Prasert.(1995). p.4.

²⁰⁰ Gyouseki kanri kenkyu center.(1995). p.61.

²⁰¹ Gaimushou.(2000). 159.

²⁰² Taya (1993).p. 293.

²⁰³ Prasert. (1995). p.4.

challenge since about the 1990s are able to mark deferent feature in it because decision-making is not so complicated as much as another aids. The program supporting Japanese NGO's is handled by the Ministry of Foreign Affairs and the program supporting recipient countries' NGO's is handled by the Japanese embassies overseas. Diplomatic consideration and practices allow them only little room to make a courageous step: moving into the proper area of government's definite concept.²⁰⁴ In term of GGP, it is a form of realization of authority decentralization of ODA, but, we also need to concern the feature of aid policy of Ministry of Foreign Affairs.²⁰⁵ As Prasert pointed out, it tends to reflect world trends and pressure by Western countries more than her original concerns. For instant, as for democracy and human rights in aid giving, he noted that the aid policy of Ministry of Foreign Affairs that bureaucrats in charge of economic affairs are generally not enthusiastic about the abstract things like democratic values and human rights. It is the bureaucrats in the Ministry of Foreign Affairs exposed to Post-cold war international trends and pressured by Western donors who are relatively more conscious about the need to pay attention to the issue of democratization and human rights.²⁰⁶ That is to say, so far as restriction in aid policy-making and decision that we can find at typical Japanese bureaucrats' feature, GGP is, however, able to show some clear policy or conditions in aid giving. We can say that GGP is concrete emergence of partnership between government and Civil for the first time.²⁰⁷ It, however, isn't say no room was left for recipient's government. In process of negotiation, some case faces problems of disagreement at conditions that some governments offer collateral charge. In Brazil, as a case of them, it faced disagreement that government intends to examine all projects before making agreement and pointed out duty free to all purchases imported under GGP that Japanese government accepted. This negotiation finally standstill since then now it is not implemented.²⁰⁸ Anyway, It is in charged to show Japan's government policy through giving aid. Prasert ;1995 wrote following like this. "It is not true that Japanese government has ignored or disregarded the values of democracy and human rights. We can see this in the cases of Japanese responses to the violations of human rights in China's Tinmen square incident in June 1989, Indonesia's East Timore Incident in November 1991, Thailand' military coup in February 1991 and May Incident in May 1992, and Myanmar's SLORC suppressive rule since 1989. There are also Japanese efforts in supporting non-government organizations, grass-root institutions that is vital to the development of a sound democratic society."²⁰⁹

4.6.2. GGP for Thailand

GGP supports the projects proposed by NGOs active in Thailand at local level or through Thai local government and agencies, by funding relatively small amounts of grant to the latter. Recipient organizations are not only development

²⁰⁴ Ibid.

²⁰⁵ Taya (1993).p. 293.

²⁰⁶ Prasert.(1995). p.4.

²⁰⁷ International Cooperation Plaza. (1999) p.9 ; Miyake takashi, Shanti, International voluntary team chief of abroad work and design survey section.

²⁰⁸ FASID.(1998) p.15.

²⁰⁹ Prasert.(1995)

NGO's. A few of them were internationally recognized prestigious research institutes like Thailand Development Research Institute and Thailand Environment Institute. But they were offered grant assistance only for certain activities, for example, those related to environment conservation, which occupied a high priority in GGP objectives. Ministry's publication defined that projects must be aimed at the social and local development for Thai people at grass roots level in Thailand and for the benefit of Thai nation as mentioned in the recommended project areas.²¹⁰ In term of priority sectors, GGP for Thailand mainly target on socially, economically and physically disadvantaged people; 1) Rural and urban poor 2) Hill tribe people 3) Women and children 4) Handicapped people. Beside, following projects are actively supported. 1) Alleviation of poverty 2) HIV/AIDS projects 3) Women in development 4) Basic education.²¹¹

Japanese government recognized that in developing countries there is regional gap between the rich and poor considerably. GGP is a grass root assistant supplying directly for basic human needs (BHN demanded that local target project should be implemented more by active). So it is networking between Consulate Corporation's abroad offices, Japanese specialist members of Japan Overseas Cooperation Volunteers.²¹²

One of GGP targets: NGOs in Thailand

Japan initiated GGP since 1989. At that time, both Thai and Japanese NGO expanded actions in number and budget. Referring NGO, in Thailand NGO list in 1990, there are 375 associations registered in the whole country. Most of association in BKK is of nationwide network. There are 79 associations in Northern area, 78 associations in eastern area, 52 associations in the south, 26 in middle area and 140 in BKK. Type of activities are seen in 1) human right, 2) regional cooperative development, 3) research, advertisement, and seminar, 4) training for NGO, 5) fund and action project for NGO 6) social welfare and civil development, 7) campaign, 8) follow up for government initiative social welfare development project. These target to 1) child and youth 2) women, 3) minorities in border area and high land, 4) a day labor 5) slum, 6) handicaps 7) village community 8) development worker and NGO. Their scales are various, at the largest one manage budget 1200million bath, 50 staffs, including ones supported by overseas organizations, and other hand, the smallest manage budget 8 thousands bath, 1 staff, supported by people donation.²¹³

In local, we can find much of NGO activities tackling development for life and social welfare of village community. In the eastern and the northern are, much of activities concerning High land and border area's minorities. They reflect regional issues.²¹⁴ These divers issues are conceived as local response to government development project. NGO orientation in government projects can help their variety

²¹⁰ Embassy's aid applicant form

²¹¹ Ibid.

²¹² GYOUSEI KANRI KENKYUU SENTAI- 1995 P.68)

²¹³ Sakai Yumiko (1995), p102.

²¹⁴ Ibid.

of regional specific feature of economic and social condition.²¹⁵ As seen increase of NGO, it reflects problem to government initiative "top-down development" in Thailand.²¹⁶ It is worth to note that NGO expansion in Thailand work to push local people's social and economic interest into realize, that are not treated by national development project, and at the better, work for mechanism to channel their opinion into central political process in BKK.²¹⁷ As development progress, center-around relation has changed. Local area came to insist regional specify, priority, needs for development and require diverse aid pattern from abroad.²¹⁸

NGO activities were expanded since the 1980s. Before military a coup d'etat in 1976, NGO became center for activity of intellectuals and students to promote democracy. After that, they hide themselves in forests and continued anti-establishment action. In the 1980s, however, agreement with government and them are tied on common acceptance of their cooperation and turned to the way for people's democracy by peace. At Tammasart university in 1983, agreement between government and NGO are stated that government will support NGO initiative development project.²¹⁹ So, NGO is developed from democracy action in 1973-1976. NGO promote people's participation and self-organization and promote self reliance.²²⁰ To examine first emergence to impact on Japan's ODA implementation, the Ayutthaya case is found. It is one of a very few cases in which non-governmental actors have been to effect a change in a Japanese aid project, which had already been agreed upon.²²¹

4.6.3 GGP Features in Thailand

In term of volume of GGP, it marks continual expansion. Especially, since 1993 both of the number of project and the budget was accelerated, that is the term after the year that stopped to operate General Grant Aid. (Figure 4.10)(Figure 4.11) In annual publish, It noted that since 1993 Japan stop grant aid but we consider to operate GGP and cultural grant aid continually.²²² Cultural grant aid and GGP is in same category as exceptional project in grant aid projects. Then, since Japan has limitation in grant aid performance, GGP corresponding with JICA project began to tackle on priority issues and appeals Japan's performance and described good estimation on them.²²³ Annual publish noted that Japan set Thailand as an important country for Aid's care cooperation and Japan carried out assistant by project type technical assistance and GGP. Concerning to serious issues that attract donors attention in world, AIDs issue is one of serious social problems in Thailand. Japan aggressively supports it through project-type technical assistance and GGP setting

²¹⁵ Ibid., p105.

²¹⁶ Ibid.

²¹⁷ Ibid., p.103.

²¹⁸ Ibid., p.159.

²¹⁹ Ibid.

²²⁰ Ibid., p.106.

²²¹ Potter, Davie Mathew (1992), p.330.

²²² Gaimushou (1995). p81.

²²³ Ibid. p82

Thailand as the most strengthened country. “ Aids prevent project in 1993, project-type technical assistance to 1996, promoted an experiment analysis study on Aids and public education. These project supported at product of education materials so as to improve medical service to Aids patients.²²⁴

Figure 4.10 Trend of GGP and Grant aid in volume

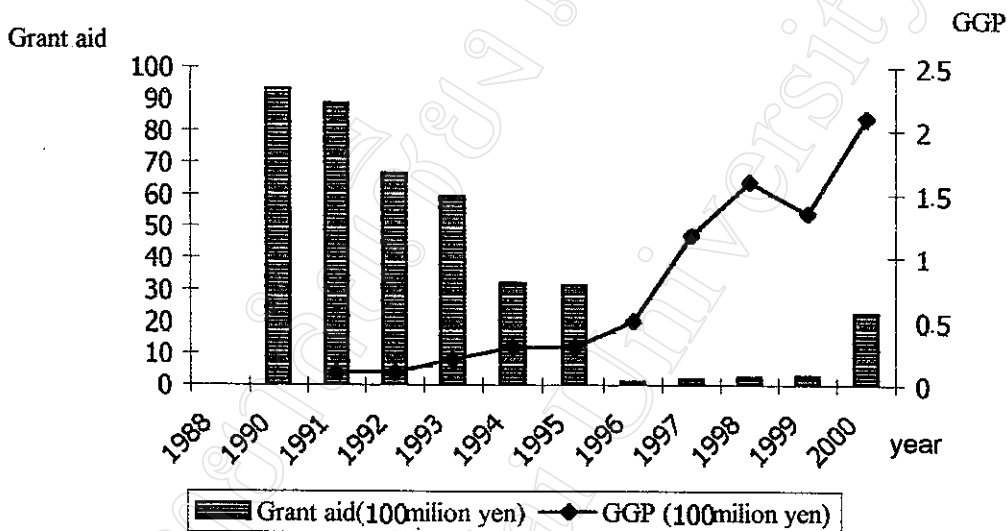
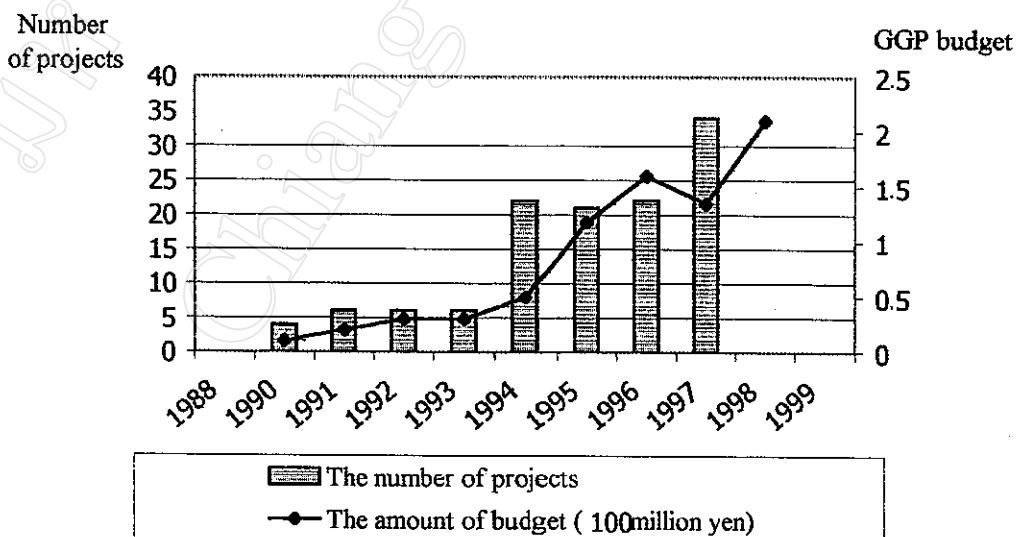


Figure 4.11 Trend of GGP budget and number of project



²²⁴ TAI KAIHATSUOTJOUKOKU KEIZAI KYOURYOKU SIRI-ZU NO7 P.57