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REVISING JAPAN'S ODA CHARTER:
AIDING NATIONAL SECURITY

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PROCEEDINGS

MS. SOLIS: Today we have a very exciting program. As you well know economic assistance has been a centerpiece of Japan's engagement with the world for the past 60 years. And now very important changes are in store for these central elements in Japan's foreign policy. Just three days ago -- talk about time -- just three days ago Japan's Cabinet approved a revised Charter for Official Development Assistance. This charter is very important because it sets out the philosophy, the principles, and the implementation guidelines of Japan's development aid.

The revision of the ODA or Official Development Assistance Charter is part of a broader redirection in Japan's foreign policy that seeks a more active role for Japan in world affairs. This policy was launched by Prime Minister Abe and is known as Proactive Passivism. This policy was fleshed out in Japan's first ever national security strategy launched in December 2013 which explicitly called for a more strategic utilization of ODA.

The changes to the Charter are far from cosmetic. They actually are significant enough and they required a change, coining a new name for the Charter. Now it's known as the Development Cooperation Charter. This means of course that our twitter hash tag now has to be changed, but please feel free to use it during the event. We have #JapanODA as our twitter hash tag.

There are many novel elements in the Charter that we're going to discuss this morning. For instance, the introduction of the notion of quality growth, the concern with helping countries that face special vulnerabilities such as the middle income trap or disasters brought about by climate change, allowing the disbursement of aid to boost the law enforcement capabilities of countries to promote maritime safety or to foreign militaries when they engage in non military operations such as disaster relief, the

call for greater synergy between ODA and private flows, and a more explicit articulation that development assistance is both a contribution to the world and a strategic tool to ensure Japan's national interest, such as peace, prosperity, and an international order based on universal values.

We have a very distinguished set of panelists to help us understand better the new direction of Japan's development aid. Let me introduce them briefly in the order in which they will make their presentations. Ambassador Kimihiro Ishikane. You're the Director General of the International Cooperation Bureau of Japan's Minister of Foreign Affairs. And prior to this he was Japan's Ambassador to ASEAN. Professor Taizo Yakushiji is Professor Emeritus at Keio University, Visiting Professor of the National Graduate Institute for Policy Studies, and Board Member of the Institute for International Policy Studies. Professor Yakushiji led the Advisory Panel on revisions to the ODA Charter. And Mr. Hiroshi Kato. He is Vice President of the Japan International Cooperation Agency, JICA, who I'm sure you all know is a premier agency for administering Japan's development assistance. So really a terrific group of panelists for all of us this morning.

Through these presentations we will be able to understand the role that development aid plays in Japan's policy of proactive passivism, the process by which the Charter was revised, and the extent to which the new Charter will influence the way in which economic assistance is implemented.

So I would like then without further ado to ask Ambassador Ishikane to please come to the podium and get us started. Thank you.

PROFESSOR ISHIKANE: Well, thank you very much. I think you covered almost all the points which I am going to make. Well, 60 years have passed since Japan has started its ODA, Official Development Assistance, and our economy

cooperation through ODA has made significant contributions through the peace and stability of international communities in the Pacific, Africa continent, and Middle East, et cetera. And our efforts of course are just a tiny part of all the efforts of many countries and people, the United States in particular, but have made a significant difference in lifting quite a few number of people out of poverty and in putting many countries on the course of economic growth.

And this year marks the 70th anniversary of the end of the last war for Japan, and I think much will be debated, discussed on the way we have come along, and where we are going. But in my current capacity I think I can safely say that we are proud of our Development Cooperation contribution to the international community through peaceful means, something that symbolizes Japan's post war diplomacy. We have produced results and made a difference. Of course I think I have to be fair, our Development Cooperation was not solely intended to be charity or philanthropy activities. Our contributions through ODA has at the same time greatly contributed to secure diplomatic environments favorable to Japan. ODA has been and continues to be in that sense an extremely important diplomatic tool.

As you see, ODA has been useful in preparing favorable economic development with Japan economy by assisting basic education in many developing nations and offering technical cooperation. We have contributed to capacity building in those nations and we have assisted in constructing basic economic infrastructure such as roads, bridges, ports, power plants, and so forth. And basic economic infrastructure together with basic education paved the way for economic growth through domestic investment and prepared (inaudible) for foreign direct investment, including that from Japan.

And investment, especially in the manufacturing field creates

employment and employment produces income and consumption, and that leads to economic growth. This kind of virtuous cycle is what happened in Asia, Asia that now offers enormous economic opportunity for Japan as a growing market and a favorite destination of investment.

Number two, it's about security. ODA has been useful in securing favorable security involvement for Japan. Well, because needless to say Japan-U.S. alliance, and other alliance networks U.S. has established in the region has been the cornerstone of security environment that continues to assure predictability in Asian Pacific. But we need to recognize at the same time economic cooperation that Japan, United States, Australia, and the other donor countries and institutions have extended to Asia contributed greatly to assure economic growth of recipient countries and thereby contributed to the relative social and political stability. And social and political stability of Asia, especially in Southeast Asia, is critically important, critically important for Japan. As you see here on the map, Japan's major sea lane of communication transporting more than 85 percent of imported petroleum passes through the region. And we should remember that Asia region is a place that counts largest number of Muslim population in the world.

Number three, it's about soft power. ODA has been useful in promoting Japan's soft power. Because economy cooperation is not all about delivering the systems to the people in need. Taking economic cooperation through dispatching the volunteers, experts who are inviting the trainees not only contributes to the capacity building, but also to networking friendship among people and to promoting our image in the country. We have sent more than 40,000 young volunteers in more than 80 countries all over the world since 50 years ago. Our youth volunteer system that took after U.S. Peace Corps makes 50th anniversary this year. People in developing countries see the

image of Japan or the United States through the people they work with. So our cooperation and the basic economic infrastructures are also remembered, especially when it leads to economic growth of the recipient country.

So now I'd like to talk a little bit about of revision of ODA Charter. But I have briefly sketched the history of Japanese ODA and its role in Japanese diplomacy. These Japanese ODA activities have been directed by what we call ODA Charter, a document that set forth our ODA philosophy, principles, and the guidelines. The Charter was first adopted in 1992, revised 2003, and its second revision has just finished Tuesday this week. It's all brand new. We started the process March last year as we thought it's high time to revisit this basic document for a couple of reasons.

Reason number one, Japanese ODA is now expected to play diverse roles not limited to poverty eradication per se. Japanese national security strategy which Dr. Solis mentioned adopted December 2013 asks ODA to play its role in securing favorable and secure international environment for Japan. And Japan revitalization strategy also adopted by the government in June 2013 says ODA should be used to help revitalize Japanese economy through promoting economic development of international community.

Reason number two, new development agenda post 2015 is ahead of us. Various discussions are actually underway on post MDGs post 2015, though of course we cannot tell the outcome of those discussions our new Charter has to demonstrate our determination and readiness to cope with this international challenge.

Third, last but not least, we need to take into consideration the growing role of no ODA, no ODA in economic development. A dramatic change we are recently witnessing in international arena. As a matter of fact, say 10 or 15 years ago a major part of the money which is inflowing into the developing world was ODA, but nowadays 2.5 or

3 times as much money is coming from private sector into developing world. So how to make the best use of ODA as a catalyzer to this private money is a new challenge.

So now I'd like to briefly touch upon some new important elements of our new Charter. Well, first of all the change of the name. We have decided the name from ODA Charter to Development Cooperation Charter. And this for three reasons. Reason number one, we cannot talk about economic development by limiting our focus only on ODA. Our focus should be broadened. More and more private resources as I said earlier is flowing into developing countries in terms of investment and that resource is promoting growth. So we need to think about how we can mobilize private sector resources so the development in appropriate manner. Reason number two, Japan should not necessarily limit its assistance to those DAC listed countries. Some countries such as small islands like those in the Caribbean Sea enjoy relatively high per capita income and thus have graduated or will soon be graduating from DAC list. What those countries face however particular vulnerability due to climate change or natural disaster, and has to address income gap. Japan should be able to cooperate with those countries if we consider necessary regardless where those countries listed, either or not those countries are listed in DAC list. Reason number three, ODA, the terminology ODA stands for Official Development Assistance. Of course some countries still do need pure assistance, but others are gradually growing on their own. For the latter kind of countries it could no longer be assistance, but partnership that are needed. Assistance is not always a word appropriate to describe our relationship with developing countries.

And about some contents of the new Charter. The new Charter calling for some basic policies of developing cooperations. Number one, our cooperation is to contribute to peace and stability through no military measures. Japanese government promotes the idea of proactive contribution to peace, the current Abe government. If

active cooperation with United States and other strategic partners in security field, including preparation for the eventual exercise of the rights of collective self-defense is a major agenda of Abe government. Economic cooperation has been and continues to be another major pillar of a proactive contribution to secure, stable, and peaceful diplomatic environment through non-military measures. So this has been the symbol of post war diplomacy and continues to be so. Number two, promoting human security. And the human security continues to be one of our basic policies on cooperation. Although a growing number of developing countries enjoy relatively high economic growth recently there exist pockets of places where people are in dire need for basic service, food, water, et cetera, and are not able to have hope for tomorrow. Even countries registering in relatively high economic growth some people are left behind and gaps are persisting, sometimes widening. Human security focuses on individuals not just economic figures that do not always reflect reality on the ground. Outbreak of Ebola, growing number of refugees, internally displaced persons in Middle East, truly requires human security approach. And our third based policy is to be the emphasis on self reliant development. We need to give food, water, medical services, et cetera, to those who are on the verge of collapse, but our systems could not and should not continue eternally in that way rather than giving just people fish. We need to tell them how to catch fish and maybe eventually help them create income generating fishery industry. Development cooperation should be something more than charity. We need to promote capacity building, sharing the experience, good or bad, so that people in developing countries can stand on their own feet and move forward.

And also we need to address diverse (inaudible) development challenges. Let me touch upon just two priority areas of cooperation under new Charter. Number one, quality growth. We need to aim at achieving quality growth through our

development cooperation. Poverty eradication remains a main purpose of economic purpose, but so that poverty be continuously eradicated economic growth is indispensable. But growth should not be just a matter of economic figure such as GDP or GDP per capita. Growth we need to attain is one that benefits as many people as possible so it includes some of hits gap narrowing. And the growth we need to attain should be environmentally and socially sustainable. Growth should pay due attention to the environment and to the social impact that might be brought about. There are quite a few experiences, good or bitter, ones Japan can share with others. And growth should enhance the resilience of the community or society. Communities should become more resilient against impacts such as natural disasters. So quality growth is something we, traditional donors, should pursue, wishing that other emerging donors to join.

Number two, for the economic development to continue and for many people to enjoy fruits of growth, peace, stability of the society, the peace and stability of the society is a pre requisite. We need to facilitate promoting universal barrier, rule of law, basic human rights, democratization, good governance, and so forth. Law enforcement capabilities should be also enhanced. We have helped -- under helping a number of countries in making civil codes and criminal codes, economic related laws, or in capacity building by dispatching the experts while accepting trainees. And in the field of law enforcement the training of law enforcement officers, the provision of equipment such as communication facilities or in some cases (inaudible) of vessels are some examples of our cooperation. And in order to achieve tangible results in priority areas as I mentioned traditional ODA is not sufficient, especially in filling gaps, infrastructure gaps that is constituting a bottleneck for development and growth.

An amount of 2.5 or 3 times as much as ODA is flowing into developing world as I said from the private sector. So we need to think how we can make the best

use of non ODA resources for the development of the world, and need to think how we can utilize ODA as a catalyzer to induce private resources into the field of development in the appropriate manner. Our traditional approach was to prepare appropriate investment climate by promoting capacity building and providing basic economic infrastructures. But some countries have progressed more and wish to bring in private money through PPP, Public Private Partnership. So of course we can help PPP through legal framework making assistance or by facilitating interested government to invest in special purpose vehicle, SPV or SPC, by offering (inaudible) funding. And given the huge infrastructure demand all over the world, Asia in particular, we should pull together our efforts and innovative ideas to make a breakthrough in this area as well.

Well, ladies and gentlemen, I just tried to give a brief sketch of our new Charter that indicates new framework for our actions in the field of development cooperation. In concluding my remarks I shall like to quote two Japanese maxims. One is (speaking in Japanese), that means a friend in need is a friend indeed. Another one is (speaking in Japanese), charity is a good investment. So those two ideas reflect two sides of the same coin and these ideas are enshrined in the preamble of Japanese Constitution that goes, "We desire to occupy an honored place in an international society, striving for the preservation of peace and the banishment of tyranny and slavery, oppression and intolerance, for all time from the earth. We recognize that all people of the world have the right to live in peace, free from fear and want. We believe that no nation is responsible to itself alone, but that laws of political morality are universal." Well, the near Charter clearly maintains our firm commitment to this basic idea and tries to cope with diversified development challenges we are facing.

Thank you so much. (Applause)

PROFESSOR YAKUSHIJI: Good morning. I had nothing to do with

ODA when I was asked to chair the expert meeting to draft a basis of ODA Charter and this is the new ODA Charter. But I was expert on science and technology policy for nine years at the government. I was political appointment to make Japanese science and technology policy with the budget. That budget is ten times bigger than ODA's budget. So I have to talk about structure of ODA in terms of statistics, not the concept. Concept, you know, I'll be very good at the concept and philosophy of ODA charger, but roughly speaking ODA money blew up so steeply in the beginning and because of primary balance the deficit of the income of the government, the taxpayers' income and spending, too much spending. So primary balance -- so ODA suffers from declining so sharply, and then because of good effort of the foreign ministry talking about ODA and the JICA's sincere effort to help laws for our people and for our state, then as long as ODA money stay so far, but like a pyramid went up so steeply and went down. And so in the beginning of 1992 when we got the first ODA Charter and after that we declined. And just the last, you know, figure maybe Japanese yen went down, so this is very rough figure. In 1997 we have a peak of (inaudible) of the budget, \$11.7 billion at that time. Now we have \$5.5 billion, so it's declined. So that's why we need partnership to bring up, you know, the other money sources. So this is certain because all globally speaking 2.5 times bigger private money funded to the developing countries with a couple of the, you know, all ODA. So this is very important statistics. We need partnership with the private activity. Also we have the national security argument, and also Japan back argument. Who have to cope with them. So ODA new Charter very strong said ODA is the catalyst to bring up the partnership so important as Ishikane pointed out. That's the first thing.

And the second statistic is 75 percent of very poor people live in the Middle East accessible state. This is in fact called the Middle Trap. How could we do this, you know? So just praying, you know, the poverty to bring up, but it didn't work. So

we knew we needed a concept, the philosophy. So we started this philosophy of inclusiveness, bring up, include poor people, the Middle East accessible people state. So it is easy to fund the money to very poor country, but the serious problem, the core of the problem is different. Inclusiveness is -- so international committee has started an argument (inaudible) United Nations post 2015 MDGs. So we have to cooperate with those in international argument, right. And so don't forget the statistic, 70 percent of poor people living in the Middle East accessible state, how could we do this? So governance, rule of law, and we have to touch, and the concept of inclusiveness and sustainability and resilience, now become (inaudible) and suffer from the weak state economically. So we have to help them not to be non resilient. So we put -- the importance of idea is let them be resilient. So international committee is discussing these (inaudible) things.

So it's my presentation is so short, but strong. Okay. And historically as Ishikane pointed out we marked historical statistics. We got the 70 years when we are defeated and bring up a peaceful state. So constitution preface said two hypothesis, Japan's survival and prosperity are due to good will of international community. That is the basis of ODA. And second argument or preface of Japanese constitution says there are a lot of people suffering from tyranny on the poverty. This is the basis of ODA. So Japan has to help those people; that's our commitment. And so this is ODA -- that's why ODA and the human security is our security. Because Japan has to be secure if we help human security in other areas. So this is a logical argument. And new evolution. My assistant staying here gave me a lot of logical arguments, you know, because catalyst is a very important thing in the world. And also we face the changing global world, expanding and becoming more complex. And so how could this, you know, ODA is the same ODA. So we argued that philosophically, logically, statistically, and by the same outline of 11 years ago, the previous, you know, we didn't, you know, create our own, we

followed the previous argument, specter of ODA argument. Philosophy, the basic, you know, what the -- so we changed a lot from supporting the previous structure of ODA argument. So we are not discarding all the previous rounds. We are very much honest in following that.

So all newspapers said, no, no, no, Yakushiji's new report are very hocus. No, no, no, I am hocus, but as far as I organize the report, report is very soundly healthy, not the hocus. And so inclusiveness -- so we have -- how we can get those people included in the middle state? So my argument is governance and rule of law is so important for them. So we paid ODA what the -- even military people who are doing -- helping, bringing poor people back and also non military conduct. So (inaudible) and others all criticize me. I am happy. And so that is the general argument and also basis of the argument is very much simple and articulated and the concept is logical. We have to -- ODA is a catalyst because of primary balance. Money is not growing. The money is not -- (inaudible) money is very important, but we have to bring the other favorite kind of argument, like government policy, government ODA, security policy, talked a lot about ODA. And so you have to read it. This is not the hocus, you know, statement. So this is part of the drives of ODA as long as I am concerned. I am not representing whole argument for -- at this time argument, but behind that we such as very logically and conceptually and (inaudible).

Thank you very much. (Applause)

MR. KATO: Good morning. I am Hiroshi Kato, Vice President of the Japan International Cooperation Agency. I first of all would like to convey the apology of my boss, Mr. Tanaka, President of the Japan International Cooperation Agency, who wanted to come to this occasion very much, but due to this other engagements he couldn't make it. And when I asked him, Mr. Tanaka, what I should tell to the Washington

audience on his behalf, he said to me well, you can say whatever you like but you have to tell the audience that everything you say is your personal view and not necessarily representative of (inaudible) of the Japanese Agency. So what I am going to tell you is my personal opinion and not necessarily represent the view of Mr. Tanaka or the organization itself.

But I would like to share some of the views that I have as a development practitioner working in Japan for Japanese ODA or development cooperation or broadly. Well, I expect that the fundamental question that you might be expecting to understand from my presentation is how Japanese ODA in practice will be changed or will be affected by the introduction of the new Development Cooperation Charter. Well, as I see it and as my previous speakers have talked about, the idea of the new Development Charter is to articulate what Japan has been practicing or Japan has been adhering to in a systematic manner. And as such I don't see the introduction of a new Development Cooperation Charter will bring about a drastic change in the operation of Japan's ODA or JICA's operation for that matter. However, what we have been intensifying in the recent years must be intensified with introduction of the new Development Cooperation Charter. So I'd like to talk about some of the things that I believe will be intensified in the coming years. And in that context I would like to talk about the role of ODA as a catalyst which Mr. Ishikane emphasized in his presentation.

The fundamental premises of the new Development Cooperation Charter of Japan I believe comprises several contentions. Number one, the international community needs to mobilize whatever resources it needs to deal with the ever increasing and ever changing global challenges. And those resources might include not only financial resources, but also intangible resources such as knowledge, expertise, and know-how. And premise number two, ODA remains to be an important mechanism

through which resources are mobilized, but ODA alone will not be sufficient to satisfy the global needs. And premise number three, and therefore other sources than ODA must be tapped into. And number four, ODA must be playing a catalytic role in mobilizing resources other than ODA.

I believe that this world view, a view of international cooperation is very convincing and can be accepted almost globally. And my contention today is that that view of the need for mobilizing whatever resources we might have at our disposal and that ODA must play a catalytic role is very relevant, particularly relevant to the Japanese context. And in other words there are a number of factors that make this structure of international cooperation possible and necessary in the Japanese society. So let me touch on these factors one by one.

First of all luckily I think the Japanese ODA system has evolved in such a way that ODA playing a catalytic role is possible. Japanese ODA system was always often criticized as overly fragmented, or fragmented and lacking in guiding principles and leadership. And that is fortunately a thing of the past. We now have a fairly streamlined ODA system starting from the top at the Prime Minister level down to the implementation level. We have strong leadership of Mr. Abe, and we have a mechanism at the governmental level to coordinate various interests of various actors. And the coordinating role, or the foreign affairs ministry, international cooperation has been intensified. And importantly, most importantly, at the implementation level we have a streamlined system. Now we have a unified JICA which was a merge -- which came to existence as a result of a merger of two then existing organizations, OECF or JBIC, and Japan International Cooperation Agency. Now JICA has an operation budget of more than \$10 billion and covering a wide range of activities starting from loans, grants, technical cooperation, volunteers, energy development, and emergency relief, human

resource development, and infrastructure development. JICA is the largest bilateral aid organization in the world.

When the two organizations were being merged in 2008 some people said that is it okay to have such a huge organization covering a wide spectrum of activities. Well, in my view the merger turned out to be a very successful one. We now have one single major ODA implementing agency, and Mr. Ishikane doesn't have to talk to a variety of presidents of various implementing organizations, all he has to do is talk with Mr. Tanaka on important issues on international development. So now I think we have a very good system where ODA can play a catalytic role for various stakeholders that might be interested in international development cooperation.

Number two, there are huge needs in the Japanese society for ODA to play such catalytic roles. For example, the private sectors faced with the shrinking population in Japan, the private sectors if they want to survive in the 21st century must reach out to the markets in developing countries, especially in Asia and growing economies like in Africa. But they have insufficient information and knowledge about such areas and they needs some support from the ODA in terms of information or knowledge or human networks. And even universities much internationalize themselves if they are to survive in the 21st century faced with the international competition, global competition, and declining number of children in Japan. So there are huge needs for the Japanese entities to internationalize themselves and in that respect ODA can play a role.

And number three, I believe maybe this is a kind of view biased on being a Japanese citizen, but we believe that Japanese society has a lot to offer for the development of the international community. For example, energy saving technologies accumulated in small and medium sized enterprises in Japan can offer a great deal to countries suffering from energy crises, or local governments which have accumulated a

huge amount of expertise on sewage systems or public health systems might offer a lot of knowledge and know-how to local governments in developing countries. So my basic premise, one of the premises behind Japan's new Development Charter is that Japan has a lot to offer for the benefit of development practitioners working in poorer countries, or not only poorer countries but in middle income countries.

And finally the world of international development has changed. In the 1970s and '80s Japan used to employ an attitude which is called request basis principle. That means the Japanese government waits until the official requests are made by the partner countries on project implementation or human resources development. Kind of passive attitude. But we no longer believe that that kind of passive attitude is effective in today's world. There are hundreds, thousands, and millions of workers or entities willing to participate in the international development activities. Private firms, NGOs, local governments, and universities around the world are now competing for the acceptance of their ideas, knowledge and expertise. Well, if Japan wants to remain relevant in the international development scene I believe that we need to be more proactive in appealing what we have to offer to them and what kind of expertise and know-how and technology we can offer for the development of the international community. So I think this kind of proactive attitude is also one of the things that his highlighted in the new Development Charter.

So for overall I have talked about how the important that the ODA could play in the coming decades and that it's a catalytic role in tapping into the resources which are currently dormant in the Japanese society. So that is one of the things that we are going to intensify with the introduction of the new Development Charter.

There are other things that I would like to talk about like the qualitative growth and human security and other things, but I may discuss these matters in the

question and answer session.

Thank you very much for your attention. (Applause)

MS. SOLIS: Thank you so much. I think that was a terrific set of presentations. They have fleshed out so many issues that we now are going to get into in more detail.

So I would like to start asking the panelists a few general questions. They're not directed to just one of you, but whoever wants to share an opinion that would be very welcome. And then of course I want to bring you all into the conversation and we'll have an opportunity for Q&A from the floor.

So I want to start by talking about some of the novel elements that have generated a lot of attention, and as Professor Yakushiji was saying some of them debate. And I think that one of the issues that has really generated a lot of discussion is this new provision whereby foreign militaries when they are carrying out non military operations could be recipients of Japanese aid. And I think this very much realizes, it shows a realization that the military can play a very productive role in situations such as disaster relief, in situations where we have infectious diseases like the Ebola outbreak that we just experienced, and also in post conflict reconstruction efforts. But I think that the critics would argue, and this is where I would like to get you to address this possible source of criticism, the critics would argue that money after all is fungible, and therefore that when you are helping foreign militaries to carry out these very important tasks, nevertheless indirectly Japan could help these militaries as they develop their more traditional areas of operation. So I wonder if any one of you would like to address this concern and to give us an idea of why we wouldn't be worried that this could indeed be a result. And I understand that the Charter envisions that each instance of giving aid to foreign militaries will be done on a case by case basis. So if you could discuss what criteria will be used

before that decision is made, who in government will make that decision. And I imagine that many of the situations would actually be emergency situations in case of (inaudible) disaster emergency relief. So how can you do this in a very quick manner? Ambassador Ishikane, thank you.

AMBASSADOR ISHIKANE: Yes. Well, actually what has been pretty much discussed by Japanese media and international media as well is just avoidance of any military use of ODA. The stipulation goes like this, the panel will avoid any use of Development Cooperation for military purposes or for aggravation of international conflict. This is the sentence which we had in the former ODA Charter and we added another sentence here. In case the armed forces or members of the armed forces are in recipient countries involved in development cooperation for non military purposes such as public welfare or disaster relief purposes, such cases will be considered on a case by case basis in light of their substantive relevance.

So first of all I have to say which those activities or those ODA related activities which had not been possible under the former ODA Charter because of this first sentence of no use for military purposes or aggravation of international conflict. That sort of activities will not be allowed in the new Charter, no. As she just rightly pointed out given the station where the role of the military is growing in terms of say infectious disease control or disaster management or disaster relief, we thought it appropriate to write it down in a proper manner how we can cooperate with the military organizations and organizations or military personnel to conduct that sort of development related activities. The point was as she said well the money is fungible. So there is always a risk that the money invested in military organization or personnel will be used for other military purposes, but first point is that that point is not inherent in the new ODA Charter, the same thing could have happened in the former Charter. If you construct the bridges

(inaudible) who can assure that bridge or roads will never be used by military in times of emergency. So this is not something inherent in the new Charter. But of course I shouldn't say we are not worrying about that, we continue to be cautious. So when we try to extend our ODA assistance to military organization or military purposes we need to think about to whom we are extending our cooperation, and what is the real nature of the activity which that organization or personnel will be implementing. And also we need to think about the governance of the country, if that kind of money will not be used for other purposes and so forth. And if there remains still some kind of doubt on something we will try to have some exchange of notes or some other document by which we try to safeguard the no use of ODA for non military purposes. So number one, this is not inherent, but number two we need to be cautious.

So this is my answer.

MS. SOLIS: Thank you. Very good; very interesting.

PROFESSOR YAKUSHIJI: You know, I am a political scientist. When you look at the (inaudible) committee's argument of the foreign policy there are cities of argument not to go beyond giving ODA for those who are making mass destruction weapons like missiles and others, and to focus on the kind of environmental point completely, you know, repeatedly they have (inaudible), so we need to follow that as he said. But as I said before how could bring up not included people? How could this, you know? And then we have to carefully judge whether or not we spend ODA. But we are very careful because already political (inaudible) may not give money or military people to make, you know, missile and world destruction. It's everybody know that, you know. So we are not going beyond that. But carefully, you know, decide whether or not they are doing civilian activity. And so we wrote this, but the media forget that we wrote very carefully not to go beyond but the importance. And so my comment is.

MS. SOLIS: Thank you so much. Very interesting answers. And let me then move to the next issue because another very important innovation is that Japan will now give aid to ODA graduate countries, that is countries that are above a certain income threshold which I think is something like \$12,000, almost \$13,000, and that this new target is justified on specific vulnerabilities. And I have to say that prior to listening to your presentations I was going to ask why focusing those vulnerabilities and not others, but I think that Professor Yakushiji made it very, very clear that if you have 70 percent of the poor in these countries that are doing relatively so-called better it does merit the target to serve the needs of these people who are in desperate need. But what I think this raise is the possibility that if Japan begins to target these countries that are ODA graduates then the share that least developed countries perhaps will go down. And we already know that the average that Japan gives to LDC countries already below what OECD donor countries give. So I think my question to is do you think that the international donor community should move to Japan's side on this issue and then realize that perhaps we should have a broader criteria for identifying countries that merit aid? Or how do you think in general that the OECD donor community will react to this change in Japanese ODA philosophy and principles?

AMBASSADOR ISHIKANE: Well, I think it's the other way around. It's not the other OECD donor countries approaching Japan, we are approaching other OECD donor countries because unlike United States or UK or France or other traditional donor countries the only pocket Japanese government has to use for cooperation is ODA. And other governments have other pockets. So we've been quite faithful in the definition of DAC definition. And that means most of the cooperation which we have extended to other countries more in line with the DAC definition, but other countries, United States, France, and Germany could extend a kind of cooperation to many

countries not limited to the DAC listed countries, but we didn't do that. We are quite faithful in the DAC definition. So this time we have changed that too so that means we are approaching to other DAC member states.

MS. SOLIS: Interesting. Yakushiji and (inaudible)?

PROFESSOR YAKUSHIJI: For the sake of argument I said I had nothing to do with ODA, but I had something to the ODA of many years, you know, because I started helping developing countries in five areas, infectious disease, including Ebola, and environment and energy and natural disaster, preservation of natural spaces. And this is the fund we call science and technology diplomacy. (Inaudible) being science and technology budget and capital ODA. The ODA side of JICA is helping us because the JICA is given the 1,000 ODA a month to JICA for activity. So this is already 80 years around helping in developing country with the science and technology using ODA, putting them to Japan to study infectious disease area. And so I think you are talking about the precious tangible money, but the bringing with other budget we can develop very sincere new area of the -- using the different budget. But the concept is the science and technology diplomacy. So science and technology in Japan still okay, but the (inaudible) the strengths and, you know, a part coupled with ODA. So this is a new approach. And so I think we are some fruitful questions only ODA. When you look at this as I said besides ODA, there is (inaudible), but the idea is very poor, you know, when you talk about we cooperate with others. That is ODA is a catalyst. (Inaudible) bringing others.

MS. SOLIS: Thank you. Vice President Kato?

MR. KATO: Yeah, a quick comment. Dr. Solis said that Japanese ODA, the larger portion of Japanese ODA goes to middle income countries. Well, on the aggregate figure level that might be true, but if you look at the different modalities of Japanese ODA the Japanese government places different priorities to different

categories of countries. For example, for grant aid and technical cooperation Africa takes a lion's share vis a vis other regions of the world like Asia, South Asia, Southeast Asia, and Latin America. And the trick is that Japan provides a huge amount of loans and that kind of overshadows other modalities' priorities. But if you look at different modalities of Japanese ODA I think there is a very careful consideration as to what kind of money should be allocated to certain different categories of countries, and I think that possibly will be maintained ever after the introduction of a new Charter.

MS. SOLIS: Thank you. Very interesting. So let me ask you my last question so that the audience has plenty of opportunity to ask questions of you. And I would really recommend all of you to read the new Charter. It's really a very well polished, interesting, compelling, document. So my question really derives from reading the introduction, the first section of the Charter because I think it makes a very good assessment of the multiple challenges that we face in this period of turmoil in international affairs. For example, it makes reference to transboundary risks such as food crisis and infectious diseases, threats to peace and stability because of piracy and terrorism, and humanitarian crises in fragile states. And the idea is that Japan is stepping up its global engagement through development cooperation precisely to address these challenges. But of course the flipside of this greater engagement is that Japan may also be more directly affected by these international crises. And I think I probably share everyone's views here that we are very deeply saddened by the tragic and barbaric killing of Japanese hostages just recently. And of course we applaud the position of Prime Minister Abe to never give in to international terrorism, but I am sure that these events have shaken Japanese society. So my question is not about government policy, but about views among the Japanese public regarding support for the more strategic use of ODA. So my question is do you think that recent hostage crisis in any way undermined

public support for the more strategic use of aid, or do you think that in the country it created the sense that internationalism, activism, this kind of commitment is the only way forward? How do you read Japanese reaction regarding humanitarian aid in hot spots of the world in the aftermath of these very sad set of events?

MR. KATO: Well, regarding that particular issue, it was a quite sad incident and we can never allow those kinds of barbaric acts for any reason whatsoever. Well, of course in a country like Japan there are many sort of opinions. There are those who say, you know, or they firmly are supporting the Japanese government's stance in that we should never give in the terrorist activities, we should continue our humanitarian assistance. And retracting or shrinking our humanitarian assistance in front of that short of challenges will be just giving in terrorism and giving excuse for those terrorist activities to move forward. Of course there are some other opinions which goes that we should be a little bit more cautious at least in expressing to the outer world about the cooperation which we are extending. But I think my overall assessment -- this is my personal assessment -- overall assessment is that strategic use of humanitarian assistance still having a growing number of support from the general public. As a matter of fact, when we look at some opinion polls conducted in Japan the number of people who is becoming supportive of Japanese ODA assistance because of its strategic use is on the rise. So this is the overall trend. I think this is in part due to the very constrained Japanese (inaudible). So the money be used in a strategic manner. So this is overall trend. And how does current recent tragic incident could have impact upon this overall trend remains to be seen, but I think all in all my reading that the people will support this sort of humanitarian assistance even though we had gone through that sort of tragic event.

MS. SOLIS: Thank you so much. So I think that the audience has been very patient and it's time to bring them into the conversation. So if you could please raise

your hand, identify yourselves. Please ask a short, concise question. Wait for the mic to arrive. I will take two questions at a time just to make sure that we have plenty of opportunity for everybody to participate.

So this lady here.

MS. CAMPBELL: Thank you. Raelyn Campbell with the United Nations Foundation. And maybe sort of piggybacking on your comment, my question is kind of overall PR around what Japan has done over the last 60 years. Echoing Ambassador Ishikane's comment that Japan has done a lot to be very proud of and I think Vice President Kato said it well that Japan isn't necessarily changing what it's going to be doing, but articulating better what it is doing and why it's doing and why it's important to be doing this. But I was struck two things I guess in the talks, and that's the lack of two words in any of the comments, innovation and impact. Coming from the Gates Foundation very recently those are the two words that are the focus of conversations around ODAs and a lot of the ODA reviews taking place in different countries around the world. But to be honest, Japan has been very much at the forefront of innovation and impact, but does not articulate that well. And just to cite a couple of quick examples -- and in full confession I was involved in two of them -- the Partnership on Polio on the global front, Japan has been one of the leading contributors over the last couple of decades to bring the number of polio cases down from 350,000 to about -- I don't know what the exact number is now; and then most recently a partnership with the Gates Foundation, the Nigerian government has reduced cases to zero in Nigeria over the last six months and potentially eliminating polio from that continent. The other example that I was involved in was a partnership on the research and development front around medicines and vaccines and other things for infectious disease affecting the third world, the Global Health Innovation Technology Fund. And I think what is lacking is really the

PR around that and helping not just the external world, but helping Japanese people know the impact that Japan is having with the investments it's making. The third example -- and this is the last one -- is the maternal and child health handbooks that very few mothers in the developing world where JICA has introduced them are not familiar with them. You look in Indonesia where it was adopted by the government and there's talk about inclusiveness and sustainability. And I think that's a wonderful example of an investment that Japan made that is having long-term payoffs.

MS. SOLIS: Thank you. So that had a lot of elements; maybe we should answer that before we move to the next question. If you have any comments.

AMBASSADOR ISHIKANE: Well, I think what you talked about is how we can assure kind of effectiveness in terms of the impact of our Development Cooperation by maximally utilizing the money. Well, I think what is important is how we can cooperate with the private sector and the other sectors which has enormous expertise in many ways. And the one thing as you know is a non conversion system which we had worked with the Gates Foundation. And also there is another example which is named Gsheet where there is really all kinds of cooperation between Japanese private sector and public sector to collect money to fund the development of new medicines which could be used for the immunization process and so forth. But also if you talk about innovation, I think the PPP and that sort of thing is also an innovation which is gradually underway in many parts of the world. But on the ground there are so many countries which are talking about PPPs that so far the PPP is quite successful, it is just limited to independent (inaudible). So how we can make it possible in other fields in other fields is another challenge. And this also requires a lot of innovative ideas and so forth.

PROFESSOR YAKUSHIJI: Very quickly. Universal health is as Japan

has been emphasizing as you are familiar with but recently we created NIH type of organization, started in April. We call it A Med. My project on infectious disease part will be transferred to them. So ODA and medical scientists, you know, the people working together to develop. And so this is the kinds of -- the Gates Foundation might be working on a very, you know (inaudible). So we have to let them. So new (inaudible) proper argument is it's always related to ODA, yeah.

MS. SOLIS: Vice President Kato.

MR. KATO: If I made an impression that we're not giving an effort for some innovation that was my mistake. And the reason why JICA wants to play a more catalytic role in the future is to encourage more innovation. And firstly by playing the catalytic role we can invite actors which have been alien to international development cooperation like the small scale industries of the local governments and even universities. And those are the sources of innovation. And number two, having said that, the private sector and the research institutions are the major sources of innovation as we contend that even the public sector actors can bring in a lot of innovations. For example, Japan stresses the importance of Kaizen or improvement which means continuous improvement of day to day activities. And that's an accumulation of small innovations leading up to very substantial improvement in society's organization's performance and so forth. So innovation is indeed an important key word and we need to be encouraging more innovative activities in the future. And as Mr. Ishikane said, well we need to be innovative ourselves not only pushing what others say to be more innovative. So we have to think of other new innovative ways of delivering our assistance, like PPP is one example, but in a partnership with different organizations like the Bill Gates Foundation and maybe private sector partnerships. That is one of the fields that we need to be more innovative ourselves.

Thank you for raising that question.

MS. SOLIS: So, Glen?

MR. FUKUSHIMA: Glen Fukushima with the Center for American Progress. I'm not a specialist in ODA, but my friends who are tell me that one of the factors behind the rethinking of this new Charter has to do with the role of China. And I wondered if you could talk about how this new Charter more effectively deals with China obviously not so much as a recipient of aid in the past, but rather as a competitor in the sense that there does seem to be concern among some circles in Japan about China's involvement in Asia, Latin America, and Africa. And so how does this new Charter deal more effectively with that issue number one? And related to that is I understand recently in Asia there is more discussion of cooperation among Asian countries in providing aid. For instance, discussions between South Korea and China in cooperation in providing aid. Your talks have been primarily about Japan and bilateral, but what is your view about Japan's partnerships with other countries in providing aid?

Thank you.

MS. SOLIS: Let me take two more questions just to make sure that we have time to address. So this lady and then this gentleman. The lady over there.

MS. NESSETH: Good morning, I'm Joanna Nesselth; I'm with Chevron which is an energy company. And I just wanted to mention two things. The first is to acknowledge the role that Japan and JICA have played around agricultural development over the past decades. When most of the world walked away from the issue you have been so committed to research and development and technical capacity building. It's been very valuable and I hope it will continue.

I have a question around the partnership agenda and the role of the private sector. We have been engaged with dozens of partnerships with USAID, we've

co-invested in very significant ways, but I think over the course of the past decade we've seen that taking on this agenda is difficult. It requires both changes in your technical mechanisms in terms of procurement policy and your legal reviews and your strategy approaches, and it also takes changes in the way your foreign service officers think and work with the private sector. And you may not have gotten to some of these mechanisms yet, but I'm curious to know if you have started to think about this, or as you do start to think about how this will roll forward I would just love to hear how that process is evolving because it will be I'm sure an evolution.

MS. SOLIS: And this gentleman.

SPEAKER: Hello. I am a Korean student from the George Washington University and my question may be a little bit sensitive. And even though I mean it says that utilizing the military service is for non military use, but it seems like expanding the role of Japanese self defense forces which it was supposed to protect Japan itself rather than like outside of Japan. So in my opinion it might affect the interpretation of the Japanese peace constitution and by making a precedent that Japan once intervened in this kind of I mean foreign affairs. So I want to ask you your opinions about this issue, like interpretation of the Japanese Constitution about the military forces.

MS. SOLIS: It might be a little bit out of the scope, but whatever you want to answer from the very rich set of questions.

PROFESSOR YAKUSHIJI: Let me briefly explain what I created science and technology partnership. It's called the SATREPS, they call the Science and Technology Partnership Program. And so (inaudible) and others some JICA people are very knowledgeable, but in terms of science and technology, science and technology capability we are judges of course with the JICA, so we are always quarrel between the scientists and the engineers and the JICA people. JICA had very much a deep

penetration of (inaudible) and others. They are very much worried about their own capability of losing. So science and technology is a kind of necessary condition, not the sufficient condition. JICA bring with JICA, then we get the new approach of sufficient condition. But the science and technology argument is the first necessary argument, but it's not the sufficient argument. So with the JICA people we have to do agriculture and the medical things, make a difference in others. So this project is going quite well, but it's always some of the expert of the JICA criticize. So I forget, you know -- so this is the kind of quarrel between scientists and the JICA evaluation of the idea.

AMBASSADOR ISHIKANE: Well, if I may I'd like to answer the question raised by Glen Fukushima. Well, how is the China issue as you know related to the new Charter. Well, of course this Charter is not really targeting any country, but China is an emerging donor, so one thing which we would like to achieve is bringing those emerging donors in line with some rules or norms which their countries have established for such a long time. Those norms and principles have reasons to be there. And because we've gone through -- not only Japan but other traditional donors have gone through many bitter experiences in terms of environment sustainability or social sustainability and so forth, and out of those bitter experiences we have come up with a set of norms and so forth. So one of the major objectives of our ODA Cooperation which is enshrining the current Charter is quality growth, and quality growth means sustainability and inclusiveness and resiliency and so forth. So these are the things which we would like to attain. This is the growth which we would like to attain, not just pushing up the GDP, per capital GDP as a figure. If we would like to attain growth through our economic cooperation that growth should be something of high quality. So this is something we would like to share with other emerging donors. Of course I should say fairly speaking Chinese cooperation --that cooperative activities they are really learning many things

quite quickly in many parts of the world. Of course there are many complaints which we could share in Africa and other parts of the world, but still they are learning very quickly and they are doing in some parts of the world very good jobs. But here what we would like to do is not just speaking ill of the Chinese, but what we need to do is setting our standard, our high quality growth standard. And maybe we should talk about high quality infrastructure as well. And this is what we need to do. On this particular -- on this stance we need to interact with the emerging donors. So in that sense China comes into our new Charter.

And about the bilateral cooperation and multilateral cooperation, yes, I think this is a very important point and we have inserted certain phrases in the new Charter. Traditionally assistance has been mainly on bilateral basis, but we'd like to expand that horizon and we would like to put more emphasis upon a regional approach. And this is something I learned as an ambassador to ASEAN. ASEAN is integrating, trying to get that as a new community. And this integration requires a regional approach, not just bilateral basis approach. So we need to have this regional approach. And the same thing could apply to a certain extent in some parts of Africa, the Northern part of Africa, Eastern part, and Southern part. So we definitely will be embarking upon this new approach of regional connectivity and so forth.

PROFESSOR YAKUSHIJI: So that's a quick answer to the (inaudible). When I organize a kind of (inaudible) meeting I have nothing. I have no view about China because China is wasting money. My argument in Africa. But our ODA has been very conscious for the basis on the Constitutional argument and also the kind of sincere approach and the decline in money. So in terms of money maybe they're different from Chinese. So that's why (inaudible), you know, wrote this is the kind of China basis, you know, and (inaudible) use and things like that. I was (inaudible), you know. And so I was

-- and I think that we -- I am proud of, you know, SATREPS project. China has to learn, you know, science and technology prophecy.

MR. SOLIS: Okay. So we have a couple of minutes left. So, I'm so sorry Vice President Kato and then I think Ishikane would like to make.

MR. KATO: Okay, very quickly. On cooperation to other donors, other than like Indonesia, Turkey, and Mexico, Japan prides itself in support and extending long-term cooperation to those countries. And being a good donor is not an easy task. In Japan as a late comer, as a development DAC member, we accumulated our experiences, know-how, how to be a good donor through trial and error. And we have supported other countries, governments, like Indonesia, Turkey, Mexico, and Brazil, and to accumulate the kind of know-how and techniques as to how to be effective in providing international cooperation. And as Mr. Ishikane mentioned in a triangular cooperation is one of the influences that we been placing in terms of our Development Cooperation.

Now talking about the partnership with the private sector I don't know if I understood your question fully, but if we are -- question is how Japan or JICA is trying to forge partnerships with the private sector, we have several conditions that have to be satisfied if we are to forge a partnership with a private sector firm. One is that the private sector has a certain know-how, technology, and innovative products that could be useful for the development of the poorer countries. And number two, they are willing actually to be working for the development country. And thirdly, very importantly, those private firms are not making the proposals only to make money. For example, if the project proposal made by a private sector firm is to benefit the rich then JICA will not support such proposals. So the project proposals must have a positive social externality and that is one of the conditions that we impose on the proposals made by the private sector. So their willingness, their usefulness, and the positive social externality, those are the

conditions that we request the private sector companies to propose to us. Thank you.

MS. SOLIS: Thank you very much.

AMBASSADOR ISHIKANE: If I may answer to the question raised by the Korean student regarding the interpretation of Japanese Constitution. I don't really see the relevance between the debate over the Constitution and this new Charter. First of all if we would like to extend more assistance to the military or military organization or military personnel which will be conducting non military purpose development related activities, most of the object of assistance is a foreign military. Number two, yes, there are occasions where our self defense force could be dispatched as a rescue team for disaster management or disaster relief, or sometimes maybe infectious disease control purposes and so forth. So this already in place; this system is already in place so this has nothing to do with the revision of the Constitution. But we also are trying to sometimes have a better coordination of those self defense force and some ODA. One example is what we are having in South Sudan. Our self defense force is doing some reconstruction work and we are assisting the activities by using ODA money and so forth. But again here all those things and the new element which include in the new Charter doesn't have much relevance with the discussion regarding the self collective defense, the right of collective self defense on others. So this is my answer.

MS. SOLIS: Thank you very much. It has been a terrific discussion. I think we can stay here all morning and continue to discuss these very interesting policies. But please join me in thanking the panelists for a terrific job today. Thank you.

(Applause)

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