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# Poverty Reduction and ODA Policymaking in Japan and South Korea

Kim Hyo-sook

## Abstract

This article examines Official Development Assistance (ODA) policymaking in Japan and South Korea and identifies what conditions resulted in commonalities and differences in the incorporation of poverty reduction and the Millennium Development Goals (MDGs) into ODA policy in Japan and South Korea. For this, this article analyzes policymakers and stakeholders' policy locations, measured by the distance between their preferences and poverty reduction and degrees of involvement in ODA policymaking. An analysis finds that bureaucratic organizations and presidents have led Japan and South Korea's ODA policymaking, respectively; this provided South Korea more flexibility than Japan to incorporate poverty reduction into ODA policy. However, South Korean presidents' wide policy preferences lessened the possibility of policy change concerning MDGs, and poverty reduction occupies only part of the overall ODA policy in South Korea, just as in Japan. The article argues that discerning not only policymaking systems—i.e., who decides ODA policy—but also policymakers' preferences is essential for a better understanding of the commonalities and differences between Japan and South Korea's ODA.

**Keywords:** Japan, South Korea, ODA policymaking, poverty reduction, policymaker's preference

## 1. Introduction

In providing Official Development Assistance (ODA), Japan and South Korea share several characteristics deviating from other (Western) donors. Both Japan and South Korea have preferred loans over grants as the main type of bilateral aid, placed higher priority on constructing economic infrastructure rather than on assisting the social sector, and concentrated aid in the Asian region (Kim and Seddon 2005; Kang, Lee, and Park 2011). Kang, Lee, and Park (2011) found that among Development Assistance Committee (DAC) donors, only Japanese and South Korean ODA increases bilateral foreign direct investment (FDI) flows. These researchers noted that South Korea seems to have “followed the past path of Japan in foreign aid” (2011:

26). However, Kim (2016) observed that since joining the DAC, South Korea has more positively responded to aid norms and rules than Japan, and South Korea's ODA policy and aid allocation have partially aligned with those of Western donors. How have Japan and South Korea incorporated poverty reduction and the achievement of Millennium Development Goals (MDGs) into ODA policy? How similar or different are their ODA policy for poverty reduction? What conditions in Japan and South Korea have resulted in the commonalities and differences?

To answer the question, this article examines ODA policymaking in Japan and South Korea and analyzes policymakers and stakeholders' policy locations, measured by distance between their preferences and poverty reduction and degrees of ODA policymaking involvement. In particular, this article focuses on Japan's creation and revision of the ODA Charter and on South Korea's enactment of the Framework Act on International Development Cooperation (the Framework Act).

Section 2 provides reasons for comparing ODA policymaking in Japan and South Korea, and reviews the literature. Section 2 also introduces the article's analytical framework. Sections 3 and 4 examine the incorporation of poverty reduction and MDGs into ODA policy in Japan and South Korea, respectively. Section 5 analyzes what conditions in ODA policymaking resulted in commonalities or differences in the incorporation of poverty reduction into ODA policy in Japan and South Korea. The conclusion summarizes findings.

## 2. Literature Review

What factors resulted in commonalities or differences between Japan and South Korea's ODA? According to Kondoh (2012), the "Japan factor"—i.e., Korea's experience of receiving aid from Japan and learning, from Japan's implementation methods, both economic development strategies and practical knowledge about giving aid—influenced Korea's ODA policymaking and brought about similarities in the two donor countries' manner of providing ODA. Indeed, the South Korean government modeled its aid structure after that of Japan, perhaps accounting for the similarities.

Considering system-level factors, however, that South Korea shares several distinctive features of Japan's ODA is somewhat ironic. On the one hand, this is because, as a middle power in the world system, South Korea has a stronger motive for following established aid ideas, rules, and standards than does Japan, as a regional great power. Indeed, South Korea has been strengthening its contributions in specific niche areas, such as United Nations (UN)

peacekeeping operations, in pursuit of strong middle-power status (Ko 2010). On the other hand, it is also true that, as a founding DAC member country, Japan has had more time than South Korea to align its ODA policy and performance with those of Western donor countries, incorporating aid ideas, rules, and standards. In the 1990s, Japan led the international development community as a top donor. System-level factors highlight differences in policy outcomes between Japanese and South Korean ODA.

Hasegawa (1975), Rix (1980), and Orr (1990) observed that, by attempting to reflect several ministries' interests, Japan's ODA policymaking results in a complexity and indistinctness of overarching goals. Katada (2002) indicated that the two-track aid approach—mercantilism by the Ministry of Economy, Trade, and Industry (METI) and the Ministry of Finance (MOF), and humanitarianism by the Ministry of Foreign Affairs (MOFA)—has led to inconsistencies in Japan's ODA policy goals<sup>1)</sup>.

As for South Korea's ODA, on the one hand, practitioners and scholars alike have increasingly recognized that the dual administration of aid by the Ministry of Strategy and Finance (MOSF) and the Ministry of Foreign Affairs and Trade (MOFAT) has led to lack of policy coherence. These similar conditions at the unit level suggest a high possibility of common responses to incorporating poverty reduction into ODA policy in the two donor countries. On the other hand, Kim (2013) argued that South Korea's ODA objectives have been guided by each president's foreign policy, resulting in some changes in aid distribution by region, especially aid to Africa.

Although these previous studies have separately investigated Japan and South Korea's ODA policymaking, conditions giving rise to commonalities and differences between Japan and South Korea's ODA remain somewhat puzzling owing to the lack of comparative studies.

Lancaster (2007) argued that studying a certain donor's domestic politics is essential for understanding why that donor provides aid. According to her,

Foreign aid constitutes a public expenditure of significant size, repeated year after year. As such, it is periodically reviewed (and often influenced) by a variety of elements within the executive and legislative branches of aid-giving governments. Further, it is frequently the subject of debate by the public as well as criticism, attack, and pressures from organized groups—representing both public and private interests—in donor countries. All of these groups can and often do influence the purposes of aid. (2007: 4)

As Lancaster indicated, multiple policymakers and stakeholders decide ODA policy, and each has policy preferences. This paper divides them into three categories: political branches, bureaucratic organizations, and others including implementation agencies and private organizations (international cooperation NGOs and private companies). Sections 3 and 4 examine these players' policy locations, measuring how close or far a certain player's preference is to poverty reduction and how strong or weak that player's involvement in ODA policymaking is. Section 5 analyzes the influence of two independent variables—the distance between policymakers and stakeholders' policy preferences and poverty reduction and their degree of involvement in policymaking—on the dependent variable—incorporation of poverty reduction into ODA policy—in Japan and South Korea. In addition, poverty reduction as a major aid agenda reemerged in the 1990s at several UN conferences. MDGs are a super-norm incorporating carefully structured sets of interrelated norms on poverty reduction (Fukuda-Parr and Hulme 2009: 30).

### 3. ODA Policymakers and Stakeholders in Japan

#### 3.1. Political branch

Except for politically sensitive issues, such as scandals that capture the public spotlight, legislative players' involvement and interests in Japan's ODA policymaking are sporadic and limited (Orr 1990: 21–25). And, although the Japanese Diet passes an ODA budget resolution, the aid program's details are left to the administration (Nakano and Asaumi 2000: 280–281).

The ODA Charter, which indicates the Japanese ODA policy's overarching goals, was adopted in 1992, as a Cabinet decision. In 2003, the Japanese government revised the Charter, according to several changes in international and domestic conditions. One notable revision was the adoption of human security as an overarching perspective. Since then, with support for developing countries' self-help and an aid approach for poverty reduction through economic growth, human security has consisted of characteristics of the Japanese ODA (MOFA 2015a: 15).

Such adaptation evidences that Japan is attempting to incorporate poverty reduction norms into its ODA policy (Lancaster 2010: 34). At the same time, adaptation reflects the Koizumi administration's strong involvement in ODA policymaking. With other major powers, the Koizumi administration positively participated in reconstruction efforts in Iraq, dispatching Self-Defense Force troops. Adopting the concept of human security for ODA policy can be

evaluated as an attempt to legitimize military involvement in Iraq by stressing that the activity is responsible behavior for securing Iraqis against want and fear. The increase in the 2005 ODA budget illustrates that the Cabinet's political preference affected Japanese ODA behavior (Leheny and Warren 2010: 12–20).

The New Democratic Party of Japan (DPJ) government, which came into power in 2009, reviewed Japan's basic ODA policy in 2010 and showed its commitment to the achievement of MDGs, emphasizing them as one of three priority issues in ODA policy (MOFA 2010). However, the DPJ government excluded the bureaucracy from policymaking, and this resulted in dysfunctional government (Shinoda 2013). In addition, the 2011 Tohoku earthquake and tsunami disaster placed additional strains on Japan's fiscal situation, and ODA budget reduction has continued since the DPJ's rise to power.

In 2015, the second Abe administration revised the ODA Charter and changed its title to the Development Cooperation Charter, adding notable changes based on the administration's two major policies. One administrative policy was the *Japan Revitalization Strategy*, in which the Japanese government redefined ODA as a measure to support Japanese companies in expanding the export of its infrastructure, such as high-speed trains and airports (Prime Minister of Japan and His Cabinet 2013: 131–132). For this, the government eased the target countries' income condition for loan aid in 2013, to countries with greater Gross National Income (GNI) per capita than middle-income countries, for which the figure was \$4,126 (MOFA 2013). The new Charter stated the importance of public-private partnerships as not only "to support economic development of developing countries more vigorously and effectively" (MOFA 2015b: 13) but also "to enable such development to lead to robust growth of the Japanese economy" (MOFA 2015b: 13). Indeed, in December 2015, India formed an agreement with the Japanese government to adopt the Shinkansen system for its high-speed train project from Mumbai to Ahmedabad. Of 1.8 trillion yen, the total cost of the project, the Japanese government will provide 1.4 trillion yen as loan aid.

Another policy is national security strategy. Under the slogan "Proactive Contributor to Peace," the Abe administration located ODA as a non-military tool for contributing to the promotion of peace—i.e., soft power—thus expanding the Self-Defense Forces (SDF)'s role as a hard power (Sato 2014). The new Charter stated that the objectives of Japan's ODA are to "serve as a catalyst for mobilizing a wide range of resources in cooperation with various funds and actors and, by extension, as an engine for various activities aimed at securing peace, stability, and prosperity of the international community" (MOFA 2015b: 4). To meet these

objectives, the government established the promotion of human security as a basic policy but also allowed aid in which “the armed forces or members of the armed forces in recipient countries are involved in development cooperation for non-military purposes such as public welfare or disaster-relief purposes” (MOFA 2015b: 10–11). Since 2013, Japan has committed to aid programs for the provision of vessels and equipment for maritime security with the Philippines and Vietnam, where political tension is rising in South China Sea territorial disputes with China. In Japan, however, three ministries—MOFA, MOF, and METI—have led ODA policymaking, although another 10 ministries also receive part of the ODA budget and implement technical cooperation projects.

### 3.2. Bureaucratic organizations

Japan’s bilateral aid is divided into grant aid, technical cooperation, and loan aid. MOFA administers grant aid and manages approximately two-thirds of ODA with the Japan International Cooperation Agency (JICA). MOFA also plays the core role of interagency coordination and formulates ODA policies (OECD 2010: 53). MOFA emphasizes diplomatic interests and supports untied aid and increased ODA volume. MOFA has claimed to expand ODA volume for achieving MDGs, as noted below.

On the other hand, loans are determined in consultation with MOF and METI (Goto 2005: 14–15). METI seeks to engage Japanese industries in loan-based aid projects (Nakao 2005: 23). It promotes economic development in developing countries as a means of securing import markets for major raw materials and for expanding exports (MITI 1958: 22). METI’s policy location has not changed following the adoption of MDGs<sup>2)</sup>. One distinctive characteristic of Japanese aid is that loan aid supporting economic development in recipient countries by constructing economic infrastructure has been a pillar of its ODA system, although grants administered by MOFA placed a higher priority on Basic Human Needs (BHN) and global issues.

MOF, which places highest priority on fiscal security, considers economic rationality, the recipient’s ability to repay the loan, and international financing when it participates in consultation (Nakao 2005: 23). Japan has cut the ODA budget since 1997, owing to its budget deficit. However, a chief of MOFA’s International Cooperation Bureau criticized this ODA budget reduction (Kitera 2008: 41), and MOFA has recently been requesting an ODA budget increase every year. However, MOF considers ODA volume at an already high level and proposes to improve ODA projects’ efficiency (Sato 2008). In 2014, Japan’s ODA budget was

550 billion yen, cut by half from 1.16 trillion yen in 1997. Budget constraints resulted in further enlargement of loan aid's role within Japan's ODA. Loan aid has the benefit of imposing a lesser fiscal burden because it has various financial sources and requires repayment<sup>3)</sup>.

The 1992 ODA Charter reflected those bureaucratic policy preferences (Shimomura et al. 1999: 96). The bureaucracy, including MOFA and other related ministries, rushed to formulate ODA policy to defend their territory from the legislative branch's influence (Hashimoto 1999: 358). On the other hand, the Liberal Democratic Party (LDP) administration then in office wanted to have an appealing policy in place just before the House of Councillors election, and MOFA did not want to lose flexibility in foreign policy as a result of legislation. The policy was thus adopted in the form of a Cabinet decision, not legislation, to satisfy the preferences of both actors: the LDP administration and MOFA (Shimomura et al. 1999: 67–96).

### 3.3. Implementation agencies, NGOs, and private enterprises

In Japan, two implementation agencies, the JICA and the Japan Bank of International Cooperation (JBIC), have accumulated information through studies and research activities; these two agencies relate to ODA policymaking by acting like a think tank<sup>4)</sup>. In 2008, the “new JICA,” established by merging the implementation of loan aid by JBIC and grant aid by MOFA and thereby integrating all types of aid implementation in one place, was accomplished. JICA's functions include verifying legal contracts, disbursement, and monitoring and evaluation, all of which were previously MOFA's responsibility. JICA can provide information for policymaking, as noted above, and its recommendations are often incorporated into MOFA policies (OECD 2010: 55). With the leadership of Sadako Ogata, a former president of JICA, integration gave JICA a stronger voice in development discourse in Japan (Lancaster 2010: 38). However, MOFA remains involved in approving JICA projects to ensure consideration of diplomatic impact and public accountability as well as to assess recipients' needs and potential socioeconomic impact. For loans, approvals by MOFA and MOF are needed (OECD 2010: 55).

International cooperation NGOs constitute an important ODA stakeholder in Japan. NGOs have proposed shifting ODA projects from the construction of infrastructure toward soft projects at the grass-roots level, but their power to effect change in Japan's ODA policy has been limited (Hirata 1998: 329–331). In recent years, however, the number of NGOs and their access to government is increasing, and there exists the possibility that advocacy by NGOs might bring about policy change focusing on poverty reduction (Lancaster 2010: 50–51).

The private sector is another significant stakeholder in Japanese ODA. Indeed, Japanese



private enterprises' monopoly in the procurement system related to aid projects has been a basis for criticism of its ODA. In both ODA policymaking and practice, Japanese companies doing business overseas have played an important role (Orr 1990: 61; Kato 1998: 201–202). *Keidanren* (the Japan Business Federation) has proposed policies and recently announced several suggestions for public–private partnerships, such as establishing a framework for regular dialogue and institutionalizing project formulation processes involving proposals by private companies (Minamishima 2008). The government accepted these suggestions and decided to adopt aid projects proposed by Japanese enterprises that had been banned because Japan had provided ODA based on recipient governments' requests reflecting their own development needs (MOFA 2008). Significantly, METI has led the enhancement of relations between ODA and the private sector since Japan's ODA began, and it has continued to support permitting Japanese enterprises to propose loan aid projects<sup>5</sup>.

#### 4. ODA Policymakers and Stakeholders in South Korea

##### 4.1. Political branch

The Framework Act was achieved in 2010, promoted by the Lee Myung-bak administration<sup>6</sup>. With the slogan “Global Korea,” President Lee Myung-bak introduced *Kiyeo Oegyo* (contribution diplomacy) as an instrument of comprehensive and pragmatic foreign policy. The Lee administration emphasized ODA's increase as a major means of contribution diplomacy, along with participation in UN peacekeeping operations. In a policy paper published in 2009, the administration stated that the South Korean government would “broaden collaborative efforts with the international community to help achieve the targets set forth in the UN's MDGs and support the poorest countries and the world's marginalized people” (Blue House 2009: 30). However, the paper also mentioned that the government “hopes to harness our (Korean) ODA program to strengthen economic cooperation with developing countries in a way that augments opportunities for Korean companies and for accessing energy and natural resources” (Blue House 2009: 30). ODA is a means of “contribution diplomacy” that allows Korea better to uphold its long-term and comprehensive national interests like peace, economic advancement, and improvement of status in international society (Blue House 2009: 27; Kang 2008: 1–2).

Since the 1990s, in fact, South Korean presidents have had two foreign policy goals in common: one is aggressive economic diplomacy to expand markets and secure natural resources. Kim and Oh (2012) proved that South Korea prefers to allocate aid to higher-income

countries with higher growth rates, in order to pursue its national economic interests. The other goal is to become a developed country, with awareness that Korea, as a newly industrializing country, has responsibility for a role in solving the North–South problem. *Kiyeo Oegyo* (contribution diplomacy) in the Lee Myung-bak administration, *Segyehwa* (globalization) policy in the Kim Young-sam administration, *Seonjin Oegyo* (advanced diplomacy) in the Roh Moo-hyun administration, and *Shinroe Oegyo* (trust-based diplomacy) in the Park Geun-hye administration are all foreign policies reflecting this goal (Kim 2016: 64).

Basic principles and objectives of South Korea’s ODA in the Framework Act reflect these dual (developmental and commercial) policy goals. For example, Article 3 prescribes that the central purpose of South Korea’s international development cooperation is not only “to reduce poverty, improve the human rights of women, children, and handicapped people, achieve gender equality, realize sustainable development and humanitarianism” (National Assembly of South Korea 2014) but also “to enhance economic cooperative relations with partner countries and pursue the peace and prosperity of international society” (National Assembly of South Korea 2014).

As in Japan, the unicameral National Assembly in South Korea had been uninterested in and had very limited influence on ODA policy. Although the National Assembly has power to control ODA policy through budgetary discussions with MOFAT and other ministries, the assembly did not review materials describing diplomatic strategy by country or details of foreign policy, nor did it have independent committees for this purpose (Kim and Yu 2008: 153–154).

With the ODA budget’s recent expansion, led by the executive branch, the National Assembly has become involved in ODA policymaking. In 2013, for example, legislators initiated an amendment of the Framework Act and added “the improvement of the human rights of handicapped people” into its basic principles. In addition, the National Assembly has been holding seminars and meetings to discuss South Korea’s ODA quality and policy coherence. Attendants share a common awareness that South Korean ODA needs to be reformed to incorporate international standards and rules<sup>7)</sup>.

#### 4.2. Bureaucratic organizations

As the Framework Act stipulates, South Korea has dual aid administration, consisting of MOFAT and MOSF, although more than 30 ministries, agencies, and municipalities have ODA budgets and implement ODA projects. MOFAT is responsible for grants, and the Korea

International Cooperation Agency (KOICA) administers their implementation. MOFAT emphasizes humanitarianism and ODA's role as a foreign policy tool. Therefore, grants are provided for poverty reduction and recipient countries' sustainable growth, with achievement of MDGs as a top priority (MOSF and MOFAT 2010: 35), as well as for diplomatic considerations to bolster Korea's national interests (MOSF and MOFAT 2010: 38).

As in Japan, loan aid in South Korea is a major bilateral aid type; MOSF controls it, and the Economic Development Cooperation Fund (EDCF) of the Export-Import Bank of Korea (Korea Eximbank) conducts the implementation. MOSF insists that national economic interests should be considered in formulating ODA policy (National Assembly Secretariat 2007: 19, 25) and is interested in securing ODA project contracts for South Korean companies. So, as not to reduce procurement opportunities for Korean companies, the ministry proposed a plan for untied aid several years ago, but it limited the untying to sectors in which Korean companies are competitive (MOSF and MOFAT 2010: 12). South Korea's loan aid aims at establishing friendly economic relations with recipients through improving developing countries' capacity for national and private-sector economic growth (MOSF and MOFAT 2010: 4) and prefers the construction of economic infrastructure, as in Japan. However, aid policy follows each president's administrative vision, although the bureaucracy formulates its details<sup>8)</sup>.

#### 4.3. Implementation agencies, NGOs, and private enterprises

In South Korea, aid implementation is assigned separately to KOICA and EDCF. A government-funded agency, KOICA is administered by the MOFAT, and it does not have direct involvement in the policymaking process. However, when MOFAT formulates ODA policy, it seeks opinions from KOICA and requests policy studies<sup>9)</sup>. KOICA's opinions and policy studies can thus be absorbed into ODA policy. The Korea Eximbank implements the disbursement of loan aid through the EDCF. MOSF administers EDCF, and its Fund Management Council determines EDCF's basic policy and operational plan (National Law Information Center 2016).

Outside the government, the growth of civil society since the late 1990s, including NGOs and volunteer organizations, especially during Kim Dae-jung and Roh Moo-hyun's two progressive regimes, has boosted ODA volume (Lumsdaine and Schopf 2007). Moreover, the number of international cooperation NGOs has been increasing since 2005, encouraging the government to focus ODA on poverty reduction (Kim 2015: 13–15). However, South Korean NGOs have a shorter history than Western NGOs, and the South Korean government

distributed only 2% of bilateral aid through NGOs in 2011 (OECD 2013: 6). The government-civil society ODA policy dialogue began in 2013, and has remained largely at the level of information sharing<sup>10)</sup>.

South Korea's private enterprises have obtained opportunities to expand their business by winning bids for many EDCF and KOICA projects. In particular, EDCF's implementation activity has depended on information provided by South Korean private, local enterprises, which have become involved in almost every process of EDCF projects, including requests, reviews, and project approvals (Kang 2005).

## 5. Analysis

Figures 1 and 2 display policymakers and stakeholders' policy locations in Japan and South Korea, measured by the distance between their preference and poverty reduction and degree of involvement in ODA policymaking. In Japan, ODA policy has been formulated by the MOFA, MOF, and METI, whose policy preferences emphasize poverty reduction, financial stability, and economic interests, respectively, resulting in a plurality of ODA objectives. Since the Koizumi administration, the Cabinet's preference—strategic interests—has come to influence the direction of Japan's ODA policy and some aid projects. Japan's ODA policy is formulated to cover all three ministries' preferences and Cabinet, rather than being decided in the win-set where their indifference curves overlap.

In South Korea, on the other hand, the president and his foreign policy have determined ODA policy and performance. MOFAT and MOSF policy preferences form ODA policy in South Korea, but they cannot stray beyond the range of the president's indifference curve. Aiming to improve ODA quality and effectiveness, the National Assembly and civil society (including NGOs) became more actively involved in the ODA policymaking process. However, their policy preferences' impact on determining ODA policy is still limited.

This analysis proposes that Japan and South Korea's ODA policymaking is explained by two categories: bureaucracy-led and president-led policymaking structures. In Japan, on the one hand, bureaucrats have decisive power in creating a policy within each bureau's jurisdiction. On the other hand, in South Korea, the constitution confers greater authority on the president, and the bureaucracy has less autonomy to take actions contrary to the president's will (Iio and Masuyama 2004). This analysis aligns with observations by other scholars such as Rix (1980), Katada (2002), and Kim (2013).

However, the comparative analysis in this article also found that Japan and South Korea share substantial similarities in their approach to aid type and regional and sectoral priorities, and poverty reduction occupies only part of both donors' overall ODA policy. These similarities resulted from the fact that presidents' policies in South Korea encompassed a wide range of policy preferences including both poverty reduction and aggressive economic diplomacy. Broad presidential policy preferences in South Korea lessened the possibility of policy change concerning MDGs; as a result, the same policy outcomes emerged as in Japan.

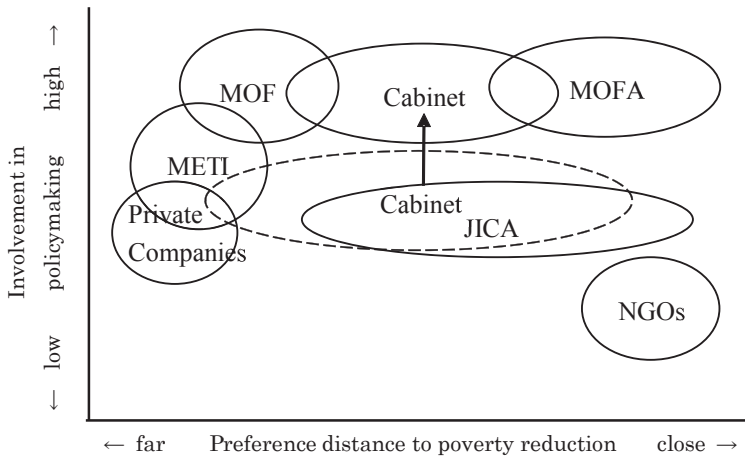


Figure 1. Policymakers and stakeholders' policy locations in Japan

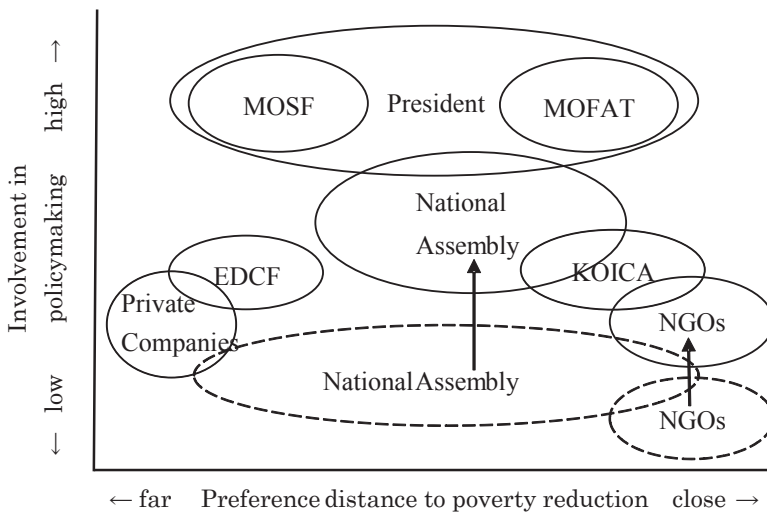


Figure 2. Policymakers and stakeholders' policy locations in South Korea

These findings obtained from the analysis of policy makers' preferences are remarkable because those explain *similarities* in the incorporation of poverty reduction into ODA policy in Japan and South Korea. The dichotomous approach, that is, applying an established policymaking model highlights *differences* in policy outcomes for Japan and South Korea's cooperation in reducing global poverty because each policymaking model produces opposite results for policy flexibility (or stability). The president-led policymaking structure may result in more frequent policy changes owing to changes in government, whereas a bureaucracy-led policymaking structure can encourage continuity. Indeed, one main function of a bureaucracy-led system is to ensure a certain level of policy stability and prevent confusion due to frequent policy shifts accompanying changes of power. Furthermore, bureaucrats have a stake in a specific policy area and tend to protect their interests by securing budgets (Niskanen 1971). Lancaster (2010) highlighted this policy rigidity in Japan's ODA, arguing that internal political issues, such as diversified interests, powerful bureaucracy, and divided organization, have constrained any policy change that might have enabled the convergence of Japan's ODA with DAC poverty-reduction norms.

The analysis in this article shows that not only the policymaking system, but also the policymakers' preferences are essential for a better understanding of the incorporation of poverty reduction into ODA policy in Japan and South Korea. In addition, not all ministries in a bureaucracy-led policymaking structure in Japan display policy rigidity. According to Hook and Zhang (1998), while METI focuses on Japan's economic interests and seeks continuity in its policy discourse, MOFA emphasizes reform and transformation. Sometimes MOFA, which lacks domestic constituency, has used external force, especially pressure from the United States, to compete in bureaucratic politics and accomplish its own goals (Orr 1990).

## 6. Conclusion

This article compared ODA policymaking in Japan and South Korea and identified what conditions resulted in commonalities and differences in the incorporation of poverty reduction and the MDGs into ODA policy in Japan and South Korea, examining policymakers and stakeholders' policy preferences in each donor country.

The analysis revealed that Japan and South Korea's ODA is determined by reflecting bureaucratic organizations and presidents' policy preferences, respectively. However, poverty reduction has remained only one of multiple overarching goals in both Japan and South Korea's

ODA policy. This article's analysis found that in South Korea, the presidents' broad policy preferences lessened the possibility of policy change concerning MDGs; this resulted in the same policy outcomes emerging in Japan and South Korea. The findings are notable because the dichotomous approach applying an established policymaking model assumes that bureaucratic-led policymaking resulted in high policy stability and multiple aid objectives in Japan, whereas president-led policymaking allowed South Korea the flexibility to incorporate poverty reduction into its ODA policy.

Finally, this article's argument is that not only the policymaking system—i.e., who decides ODA policy—but also the policymakers' preferences are essential for a better understanding of the commonalities and differences between Japan and South Korea's ODA. In recent years, involvement in the ODA policymaking of Japan's Cabinet and South Korea's National Assembly has been rising. To compare the two donors' overall ODA policies as new players emerge, we would need further study of their policy preferences.

#### Notes

- 1) I use the current name and common abbreviation for each ministry, except that I use MOFAT instead of MOFA for Korea's foreign affairs agency to distinguish it from MOFA of Japan.
- 2) Paper interview with an METI official on July 10, 2008.
- 3) Author's interview with an ex-JBIC official in Tokyo on October 24, 2008.
- 4) Author's interview with ex-JBIC official in Tokyo on October 24, 2008.
- 5) Paper interview with a METI official on July 10, 2008.
- 6) Author's interview with a National Assembly official in Seoul on February 13, 2014.
- 7) Author's interview with a National Assembly official in Seoul on February 13, 2014.
- 8) Author's interview with a National Assembly official in Seoul on February 13, 2014.
- 9) Author's interview with KOICA officials in Seongnam-si on February 17, 2014.
- 10) Author's interview with an NGO official in Seoul on February 7, 2014.

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