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Japan-Bangladesh Relations: Celebrating the Fifty Years of their Ode to Joy

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Abstract– Remarkably, Japan and Bangladesh have always maintained excellent and productive relations during the past three decades despite changes in the regime in both countries. It reflects the two countries’ shared goals in the political, strategic and economic sectors. The birth of Bangladesh, and the subsequent strategic considerations, thus gave impetus to relations between Japan and Bangladesh. This context highlights the Official Development Assistance (ODA) that has strengthened Bangladesh’s economy by enhancing trade and investment. This research illustrates the bilateral, economic, cultural, political, and international relations of Japan and Bangladesh that have become coherently evident in almost every aspect of Bangladesh’s society. This research implements secondary data analysis to evaluate the effectiveness of Japanese aid and assistance in Bangladesh over the years. A large grant of about US\$ 200 million per annum has been used to develop critical sectors of the economy. Finally, the research has also discovered the significant barriers to the effective use of resources. It further proceeds to explain how such barriers have affected people’s attitudes about Japan’s prospects for aid and how economic, political, bilateral and other relations will be in the years to come.

Keywords Bangladesh-Japan Bilateral Relations · Economic Relations · Political Relations · International Relations · Investment · Japan · Official Development Assistance (ODA) · Trade ·

1. Introduction

Japan now has more than 50 years of ODA history that has progressively evolved in a highly comprehensive manner over a period marked by a mix of economic, political and humanitarian considerations. Starting with the war retaliation

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dependent on its alliance with the Colombo Plan in 1954, Japan eventually became its first ODA donor in 1989. Japan's ODA rate considerably increased in 1997 and has declined since 2000 (Ministry of Foreign Affairs MOFA, 2005). Japan's ODA entered a new era with the proclamation of five consecutive mid-term programs covering the years 1977-1991. Under this program, Japan's ODA expanded, varied and diversified in many ways.

Other priorities of Japan's ODA at the time were the environmental focus and Basic Human Needs (BHN) as its Overseas Economic Cooperation Fund (OECF) set its environmental guidelines in 1989 and increased the ODA for Basic Human Needs from 10% in 1977 to 23% in the year of 1978. Partnerships with Non-Governmental Organisations (NGOs) also began in 1989 as Project Development Assistance (PDA) gained stimulus. Indeed, the movement towards developing the ODA essential eligibility criteria, rules and regulations began at that time.

The Government of Japan reviewed the ODA Charter in August 2003 to strengthen its efficiency and improve the ODA policies while promoting public participation to deepen the understanding of ODA strategies inside and outside Japan. The primary purpose of this new ODA policy, as stated by the Ministry of Foreign Affairs (MOFA), was to "contribute to the peace and development of the international community and thus help to ensure the security and prosperity of Japan" (MOFA, 2003). Because of such a motivation, Japanese-South Asian relations took on a new dimension and developed with new significance and meaning.

Japan's economic relationship with South Asia first became apparent in the 1990s (Vishwanathan, 2000). However, Japan's perceptions of Southeast Asian countries are poverty, high population growth, sharp rural and urban divisions, and poor infrastructure impedes economic growth. At the same time, Japan appreciates the efforts made by these countries to bring about democratic and economic reforms and measures that have contributed to their transformation into self-financed economies. Thus, the South Asian region occupied an important place in Japan's ODA during the 1990s.

The Grassroots Grant Assistance (GGA) in small-scale projects in the 1990s also reflected the growing number of NGOs, self-financed institutions, all-inclusive governments and hospitals throughout South Asia. New relations between Japan and South Asian countries have strengthened regional cooperation and economic ties within the South Asian Association for Regional Cooperation (SAARC) nations.

The ODA now plays a crucial role in Japan's representation in the SAARC region. Considering the ODA as a means of promoting Japan's multilateralism, from the outset, the Japanese ODA was used as the country's main entry point in the South

Asian region (Gamini, 2006). As a result, economic and social development, environmental issues and the fight against poverty were given greater attention by Japan (Gamini, 2006: 105).

However, the first phase of Japan's ODA in the 1970s can be identified as a time of reintegration, liberation, restoration and renewal. The most critical objective of Japan's ODA was the reconstruction of Bangladesh – a severely damaged country after its bitter and traumatic war of independence.

The second phase was in the 1980s when Bangladesh's trade and investments gained stimulus due to the increase in the funds offered by Japan's ODA. It was made possible only by integrating foreign, political, bilateral, international, cultural, and economic relations between the two countries.

Fundamental policy changes marked the third phase of Japan's ODA. These changes were implemented to prioritise democracy and development goals in Bangladesh. These new policies helped transform Bangladesh into a fast-growing open-market economy and contributed to securing the position of Bangladesh as a free and fast-growing economy among the newly developed South Asian nations.

The fourth phase was documented as the "New Era" of Japan's ODA in Bangladesh when these two countries were more closely aligned about economic and political objectives. At that point, Japan envisioned new ODA ideas for Bangladesh based on the national aid program.

Japan's ODA policies and priorities have recently become more intensive towards developing an all-inclusive environment for democracy. The newest ODA policies are centred around economic, democratic, cultural, and social development, despite the daunting challenges of working in critical sectors, including poverty reduction, decentralisation and political stability in Bangladesh.

2. Scopes and objectives of the research

This research comprehensively analyses Japan-Bangladesh bilateral, economic, political, cultural, and international relations. It offers a historical and comparative perspective, starting from establishing the Bangladesh-Japan bilateral relations on February 10, 1972, concluding their friendship status until this date. It deals with the policy-coordinating strategies of Japanese and Bangladeshi governments that are focused on economic, cultural, political, and social development. The analysis has been established according to the data and information received from national institutions and governing bodies. As often demonstrated in the context of neo-institutionalism and socio-economic scenarios, the strategies of any nation-state to develop bilateral, economic,

political, cultural, social, and international relations can be influenced by its governmental, societal and cultural institutions. It means that, in assisting countries that show different rates of governmental inclusiveness in their societies, it is necessary to examine the practical impact of foreign institutions in other countries to exchange philosophies and ideas that can enhance governmental inclusiveness for the well-being of the society.

This study's secondary objectives are as follows: (1) To identify the institutions and the administrative mechanisms that have improved Japan's foreign policy formulation and implementation capacity. The objectives of such institutions are thoroughly examined concerning their bilateral, trade and economic policies in the Newly Industrializing Economies (NIEs) such as Malaysia and the Philippines. (2) To analyse the methods and problems of policy coordination faced by the bureaucracy while implementing their administrative policies in Bangladesh's civil society; and (3) To make recommendations on the future Japanese aid to Bangladesh to improve both countries' administrative mechanisms and policy coordination.

This paper analyses the institutions and management of foreign policies in Japan and Bangladesh from a comparative historical perspective. It is achieved by a comprehensive analysis of cases in Japan, South Korea and Taiwan compared to the more significant case in Bangladesh. International advocates emphasise good governance by focusing on the rule of law, speculation, transparency and accountability. Recently, they also encouraged network-like collaboration with stakeholders. Establishing a network-like structure for strategic collaboration and trustworthy and reconciling relationships among network members will help impose checks and balances system on governmental transactions. However, the paper proposes a strategic governance model, defined as the governance of development policy networks that include the government and its key economic actors. This form of strategic governance also involves the consolidation of bilateral, economic, international, political, social, and cultural relations between the member countries, which, in this case, are Japan and Bangladesh.

The strategic governance model has been legalised in Japan, South Korea, Taiwan, the Philippines, and Malaysia. These countries have used various institutions to coordinate policies, such as intermediate organisations to execute their foreign policies at the grassroots level, business organisations to increase the government's economic and financial capacity, and many governments and business forums, including administrative councils that have provided a stable path for joint policy integration.

The close relationship between government and business in these institutions is governed by the commitment of strong and visionary leadership and various

monitoring mechanisms that control the key members' performance. Although these have similar relationships, such as rent allocation, it is associated with monitoring and performance. Therefore, this combination of governmental, business and administrative methods has made their foreign policies in line with national economic development and international economic well-being. It should be borne in mind that the governance of these countries was not a participatory process but a very selective and elaborate societal process, and their relations with other governments and businesses were not discriminatory but an all-inclusive one.

Recently, Bangladesh also introduced ways to formulate, coordinate, integrate and execute such policies. However, the bureaucracy was strictly divided in various opinions concerning integrating policies with other governments in Asia. Moreover, random and political transfer of staff members had damaged individual and organisational expertise, and monitoring and disciplinary activities were falling short. In addition, the two main political parties were involved in the whole system of the nation's administrative machinery. Thus, despite the recent introduction of mechanisms for deliberately compiling policies, the bureaucracy was already facing problems related to their limited roles, unequal and questionable membership, and a lack of monitoring and evaluation activities.

The research also makes recommendations to improve policy coordination in Bangladesh and Japan. Firstly, a strategic governance model should be developed within their respective national governments with a greater focus on all-inclusiveness, dynamic scientific features, transfer of staff to relevant departments that require higher levels of expertise, administrative capacity and performance-related reforms, policy integration by central agencies, and systems that can timely ensure checks and balances.

However, in contrast to the mainstream media's system as portrayed, the research also addresses the political aspects of governance, such as national reconciliation to resolve socio-economic issues and the revival of political leadership. Second, recommendations are made regarding improving strategic relationships between Japan and Bangladesh. It is also advised to introduce a clearly defined set of guidelines to qualify for membership based on merit to jointly monitor bureaucracy, government's relations with other countries, and administrative policies. To make these recommendations, Japan should be aware of its comparative benefits that can be advantageous for the performance of Bangladesh's bureaucracy in foreign policy and international relations.

Therefore, this paper examines the institutions involved in formulating the policies for the governance of strategic relations and consolidating bilateral, cultural, and economic ties between governments and businesses. Unlike the traditional approach to foreign policy and participation in governance, this can be considered a higher

concept of governance. However, key technocrats and the business should have prominent roles and responsibilities. The case of Bangladesh shows just how much the country is affected by the inefficiency of these elites in fulfilling their roles and responsibilities. Moreover, in any analysis of the roles and responsibilities of these elites, the research argues that the society should not shy away from the not so popular political ideologies about power and monarchy. Such ideologies are also an integral part of governance in civil society.

3. Research problem

This research seeks to address and render feasible solutions to the following socio-economic, cultural, and political dilemmas that are faced by the Japanese and Bangladeshi bureaucracy while implementing their foreign policies at the grassroots level:

- i. Implementation of an all-inclusive strategic governance model in the foreign policies of Japan and Bangladesh: Some limitations

Thirty years ago, a survey was conducted on Japan's development assistance, and results were drafted according to respondents' views in both Bangladesh and Japan. Most respondents were delighted with the Japanese assistance, technical assistance and cultural cooperation. However, almost all people have shown that the Official Development Assistance (ODA) impact was less than fair. The reason was the weakness of the Bangladeshi governmental institutions that handled or operated the service. The administrative departments of the relevant ministries and the External Economic Relations Division suffered from difficulties and weaknesses in coordinating the Japanese assistance from its inception to its implementation. A weak organisational structure and a weak project implementation process for evaluating and monitoring many programs may often lead to adverse outcomes. While Japan's aid was at an all-time high, the ability to use aid needs to be significantly improved in the future. In this case, the "Medium-Term" project model and other such program development models should be expanded and implemented appropriately.

- ii. Limitations concerning bilateral trade and investments

There is no denying that Japan has moved away from its 'trade' interests to ODA's liberal policy, allowing trade and investment opportunities. In the case of Bangladesh, this is very clear, the quality of Japanese aid is high and kind, and Japan would also like to expand trade and investment relations with Bangladesh on beneficial terms. It is also reflected in Japan's recent move to shut down Bangladesh.

The ‘debt’ amounted to US\$ 1.46 billion to enable Bangladesh to reduce poverty and social development. While trade relations between Japan and Bangladesh have been strained since the early 1970s, there has been no significant improvement in volume and trade terms between the two countries over the past three decades. The total value of the trade reached US\$ 600 million. In other words, Bangladesh continued to have significant trade imbalances, imports making it more frequent than exports, and no significant increase in volume. Although most respondents emphasised the need for more significant trade relations, it was difficult for Bangladesh’s clothing, leather products and cold food to enter the Japanese market due to fierce competition from other countries, including China and Southeast Asia.

iii. Poor investment climate: A barrier to the all-weather friendship between Japan and Bangladesh

Bangladesh’s high priority to attract Japanese investment does not match the construction of integrated infrastructure and administrative and political conditions. Thus, apart from Japan’s massive investment power in Bangladesh as the economic base of the South Asian region, Bangladesh has so far been the best in recognising this South Asian economic base. Most of the people interviewed expressed frustration that Bangladesh had not defeated Japan in this critical relations area. As the BOI data shows, Japan is already very committed, but the actual investment will be primarily made. Thus, there is a severe gap in any real expectation of Japanese investment in Bangladesh unless there is a fundamental change in the country’s governance –good governance, anti-corruption, legal development and cooperation and public-private partnerships. Policy continuity and political stability are two critical factors in attracting Japanese investment. It is a transfer of successive governments, but in reality, the situation has not changed so far – which worries Japanese investors.

Therefore, Bangladesh’s “Look East Policy” should be made more meaningful to meet the conditions required – that is, to create a compelling and transparent governance framework in Bangladesh. In this context, Japan must provide the necessary support for developing administrative institutions and professional and administrative leadership capacity, although the work must be done primarily by local political forces and national commitments. After all, economic development and the implementation of foreign policy are highly dependent on the strength of national political change, unity of purpose and efficiency at different levels, and the accountability of state administrations.

4. Significance of the research and research gap

This research is vital in proposing ways to strengthen the policy-oriented coordination of developing countries, which currently limit government participation. This contribution also benefits donor countries: the ability to coordinate the policy of the host countries will ultimately affect the effectiveness and sustainability of development projects. In short, the ability to formulate policy is essential for the effective implementation of the policies of the host countries and development assistance projects.

However, access to human resources, humanitarian aid, economic resources, financial resources, and natural resources is limited in developing countries. In order to make the best use of these scarce resources, certain strategic conditions are needed, rather than standard instructions, to improve their policy-making capacity. It is, therefore, desirable to make recommendations based on the practical problems of Bangladesh's administration and its policy and practical lessons that can be drawn from adequate information in other countries.

5. Research methodology: Analytical framework and approach

The accompanying study uses a framework of neo-institutionalism. Neo-institutionalism understands that institutions determine human trafficking and information, which gives an idea of the relationship between institutional building and operation.

The paper focuses on (1) policy liaison institutions, (2) internal government management structures, and (3) a joint management framework between the government and the private sector – particularly the business sector. Firstly, policy liaison centres refer to the framework for integrating resources across the public and private sectors. This framework stabilises human communication and leads to the formation of specific patterns. This paper identifies intergovernmental agencies, business organisations and government and business forums, such as negotiating councils and describes their policy process. Second, as an internal administrative structure of state-owned enterprises, bureaucracy is analysed through human performance and information, motivational approaches, political environment and leadership. Thirdly, the corporate governance structure focuses on two forms of governance: networks and senior positions. Network type management is reflected in the policy community's trusting relationships and repetitive behaviour. Position management is particularly evident in the use of force. This paper examines how these two forms of governance are used to establish and effectively manage policy liaison institutions.

In addition to these disciplinary measures, the study also included a two-week field survey in Dhaka, Bangladesh, to gather detailed information on institutions

and their management framework for integrating economic policies. Twenty-five interviews were organised during the study, including brochures and annual reports from various organisations. The Head Office and the Bangladesh Office of the Japan International Cooperation Agency (JICA) have made significant efforts to facilitate these negotiations. Respondents included government officials, business organisations, the private sector, non-governmental organisations (NGOs) and the most respected. Field research contributed to this study by providing further details for observational analysis.

6. Findings

6.1 Japan's ODA to Bangladesh: An effective model for strengthening economic partnerships and bilateral relations

Historically Japan and Bangladesh have enjoyed a close relationship of cultural, emotional and personal ties. After the Bangladeshi War of independence, Japan became interested in the country for political and humanitarian reasons. Shortly after Bangladesh gained independence, Japan released US\$ 3 million to meet various developmental needs. Since then, Japan has provided economic support to Bangladesh through ODA and eventually emerged as a significant contributor to ODA. On average, about US\$ 200 million has been received annually from ODA from Japan over the past two decades (1985-2005). The following factors are often the results of the expansion of the ODA of Japan to Bangladesh: (1) Both countries enjoy and maintain traditional cultural relations. Intergovernmental relations have continued in the economic and technological sectors despite the instability of many other sectors between the two countries. (2) Bangladesh's dire need for assistance in addressing the burden of the masses. Bangladesh has the largest population (approximately 150 million) among the developed countries (LDCs). (3) Bangladesh is more vulnerable to natural disasters, such as recurring floods, hurricanes, river erosion, and earthquakes. (4) Bangladesh began quickly and progressed "with structural reforms including democracy and freedom since 1991" and did well among South Asian countries (MOFA, 1999).

In addition, Bangladesh was also regarded as "an important player in the United Nations" and other international forums, "an equal Islamic country with a democratic government and a major contributor to UN peacekeeping" (Japanese Ambassador to Bangladesh, 2004). Bangladesh was also seen as actively involved in SAARC and an active member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Thus, Japan's relations with Bangladesh strengthened bilateral relations with other developing countries, contributing to the South Asian region's political stability.

6.2 Japan's ODA to Bangladesh: An analysis of the various categories

According to official terminology, the ODA of the two Japanese states in Bangladesh has three sectors: Grant Aid, Technical Cooperation, and Yen Credit.

Grant-in-Aid: Grant-in-aid is a crucial feature of Japan's ODA to Bangladesh. Bangladesh is the highest recipient of aid from Japan (Akira & Yasuaki, 1998: 166). As of July 2006, Bangladesh received 455.3 billion yen (E/N Note Exchange supported) (MOFA, 2006).

Yen Debt: The Yen debt is a direct loan from the Japanese government to Bangladesh, similar to other host countries. Bangladesh received 597.8 billion yen (E / N based) until July 2006 (MOFA, 2006).

Technology Partnership: As of July 2006, Bangladesh received 46.6 billion yen as technical support from Japan. The technical cooperation was made by the Japan International Cooperation Agency (JICA) following the policy developed by the MOFA of Japan.

Technical Cooperation: Technical cooperation in Japan is part of a two-state grant and consists of (1) training projects, (2) sending Japanese specialists, (3) sending Japan's Overseas Cooperation Volunteers (JOCV), (4) building materials and machinery program, (5) development plan, and (6) potential learning projects, and other programs.

6.3 Grant aid for debt relief: A geopolitical tool to strengthen Japan-Bangladesh bilateral relations

In response to the Declaration of the United Nations Conference on Trade and Development (UNCTAD), Japan had begun assisting with the amount reimbursed in terms of the ODA payment agreement reached between Japan and host countries before FY 1977 decided that new measures would apply. Japan's ODA extended during the decade after the 1987 financial year, and it was granted permission by the Japanese government. According to MOFA (2006), the total amount of Japanese aid to Bangladesh (since 2006) has reached 455,444 billion yen, of which 256,866 billion yen is provided in the form of debt relief assistance. Bangladesh is the largest country receiving Japanese aid in debt reduction (accounting for 55% of the total).

6.4 Cultural aid: Bangladesh-Japan cultural relations reaching new heights

Japanese cultural assistance in Bangladesh includes study programs and organisations; exchange visits for scholars, scientists, artists, politicians and Parliamentarians; Japanese language course; Youth Invitation Program; and providing books and textbooks. According to the Japanese Embassy in

Bangladesh, more than 400 Bangladeshis travel to Japan under various Japanese government programs and training programs every year, and this number is one of the highest among South Asian countries and the ninth-largest in the world (Embassy of Japan in Bulletin, 2018). So far, until 2018, 2000 Bangladesh students have travelled to Japan under scholarships. In addition, Japan has expanded its assistance in conserving Bangladesh's cultural heritage through the UNESCO / JAPAN trust.

Bangladeshi students have received various bursaries from the Japanese government to study in Japan, and the number is currently very high among South Asian countries (Japan Ambassador to Dhaka, News Bulletin 2018). Japan has also funded several development projects that have improved Bangladesh's infrastructure.

In terms of technical support, Japan has provided essential human resource development support in various fields, including reproductive health, poultry care, poultry management, rural cooperation development, arsenic reduction-volunteers and heads of state from both countries have given a new spirit and greatness in the relations of both countries.

6.5 Magnitude and extent of Japanese ODA to Bangladesh

Japan has been generous in providing relief aid to Bangladesh. In April 2003, Japan announced a decision to cancel the 158.09-billion-yen loan in Bangladesh up to FY 1987 (MOFA, 2006). Since establishing diplomatic relations in 1972, Japan has been assisting Bangladesh. In this sense, Bangladesh has experienced 40 years in the 58 years of Japan's ODA. Japanese aid, starting with a tiny amount of US\$ 15 million in 1972-73, increased to US\$ 356 million in 1994-95. ODA migrated from Japan to Bangladesh until 1995, but the amount of ODA annual revenue received by Bangladesh has dropped somewhat since then.

Also, Japan's complete assistance to Bangladesh showed a significant increase from a tiny 2.7 per cent in 1972 to 18.5 per cent in 1990 (Moni, 2006). Based on payments collected up to the 2000-2001 financial year, Bangladesh was ranked sixth among the world's top ten ODA from Japan (Japan Ambassador to Bangladesh, 2004). As of 2006, Bangladesh received a total of US\$ 6736,052 million aid from Japan, disbursed as shown in the following table:

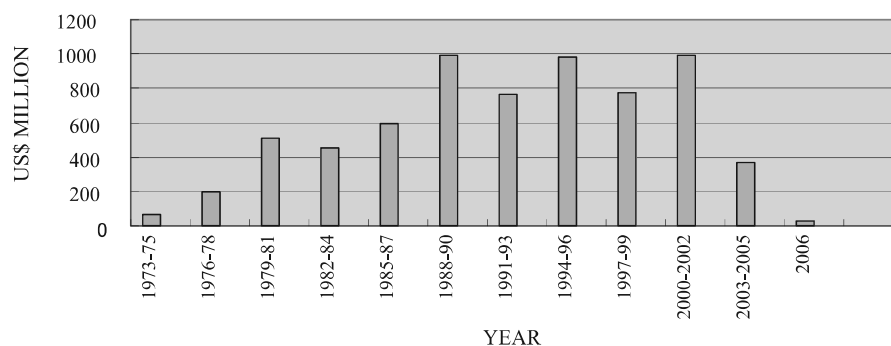
Table 1: Foreign Aid Disbursement by Japan to Bangladesh (1971/72-2019) US\$ Million

Type of Aid	Grant	Loan	Total	Share of each type in %
Food aid	245.265	163.210	408.475	6%
Project Aid	2268.220	1377.468	3645.688	40%
Commodity Aid	719.894	1961.995	2681.889	54%
Total	3233.379	3502.673	6736.052	100%

Source: ERD of Ministry of Finance of Bangladesh, 1971/72-2019

The following figure illustrates the trends of Japanese bilateral aid to Bangladesh in terms of food, educational projects, environmental projects, infrastructure development, and commodity aid.

Figure 1: Trends of Japan's ODA Disbursement, 1973-2006



Source: ERD of Ministry of Finance of Bangladesh, 1973-2006

Figure 1 illustrates the rise and fall of Japan's ODA to Bangladesh. It clearly shows continuity in the ODA amount from the late 1980s to 2002, but in the financial year 2005-2006, there was a substantial decline of Japan's ODA to Bangladesh due to a massive cut in Japan's national ODA budget.

6.6 Japan's important strategic position as a donor to Bangladesh

Japan was recognised as a significant donor to both countries in Bangladesh, and from 1972-2002 the total ODA of Japan was placed first among the DAC countries and other international organisations that assisted in Bangladesh. Table 2 shows Japan's position as a strategic partner of Bangladesh.

Table 2: Net Disbursements of ODA of DAC Countries/Multilateral Organisations to Bangladesh, 1972-2002

(Figures in US\$ Million)

DAC Countries/ Organizations	Multilateral	Position	Net ODA
Japan		1	6,049
ADB (Asian Development Bank)		2	4,665
USA		3	3,395
UN system (Inc. World Bank)		4	2,438
Canada		5	1,860
Germany		6	1,444
UK		7	1,274
EU		8	1,162
Netherlands		9	1,039
Saudi Arabia		10	888
Sweden		11	652
Denmark		12	586

Source: Weekly Market Review. No. 166 Dhaka: Assets and Investment Management Services of Bangladesh

Japan was accountable for 39.2 % of total bilateral aid to Bangladesh and approximately 18% of the total ODA distribution to Bangladesh from 1994 to 2005. The statistics are as follows:

Table 3: Japan's Share in Total ODA to Bangladesh (1994/95-2005) US\$ Million

Year	Disbursed bilateral aid from Japan (1)	Total Bilateral Aid Disbursed (2)	Total Aid Disbursed	(1) as a % of (2)	(1) as a % of (3)
1994-95	356.5	918.0	1739.1	38.8	20.5
1995-96	331.1	756.7	1443.8	43.8	22.9
1996-97	368.2	712.2	1481.2	51.7	24.9
1997-98	171.9	488.6	1251.4	35.2	13.7
1998-99	235.0	654.2	1536.1	35.9	15.3
1999-2000	390.7	795.2	1588.0	49.1	24.6
2000- 01	316.2	696.5	1368.8	45.4	23.1
2001- 02	287.4	708.7	1442.2	40.6	19.9
2002- 03	243.4	677.5	1585.0	35.9	15.4
2003- 04	79.4	506.1	1033.5	15.7	7.7
2004 - 05	45.0		1491.5		3.0

Source: Flow of External Resources to Bangladesh. Ministry of Finance

However, if we look at the composition of the Japanese aid received by Bangladesh up to 2001, 48% of the total aid assistance differs from the 52% loan component. Although the share of loans appears to be the highest in Japan, the debt owed to Japan prior to JFY1987 has been converted to Default Reduction Grants (DRG), making the loan more attractive in Bangladesh. In addition, Japan has been considering approval policy regarding interest rates and maturity of loans. Most importantly, “the interest rate on loans to Bangladesh is about one per cent over a ten-year repayment period” (Embassy of Japan, 2003).

6.7 Phases of Japan’s ODA to Bangladesh: An analysis of historical cum comparative perspectives

Indeed, Bangladesh is not in line with Japan’s ODA objectives, but Bangladesh gained attention by making efforts to develop trustworthy relations between the two countries and share in promoting peace and stability in South Asia and the international arena. Japan extended its hand to Bangladesh in 1972 with a US\$ 3 million grant, and within two decades, it became the sole ODI donor in Bangladesh. Assistance has continued with significant financial and policy changes. Japan’s ODA to Bangladesh has developed and varied over the years. Assistance can be divided into four categories:

6.7.1 First Phase (1972-1985): Relief, economic restoration, political stability, rehabilitation and self-sufficiency in food and nation-building

In the first phase of the Japanese ODA to Bangladesh during 1972-75- Japan’s ODA was based on aid and rehabilitation assistance, and after that, food aid and supplies were introduced to overcome food insecurity in a war-torn country. Independence in food and nation-building has always been a priority for this sector. From 1976, project assistance began until remittances in 1980 were set aside, and ODA established imported industries and focused on agricultural development to meet the severe food shortages. The net disbursement of Japan’s ODA in this phase was as shown in Table 4.

It can be seen in Table 4 that between 1972-1985, Bangladesh received US \$ 1361,902 million, of which food aid was US\$ 252.39 million (18.53%), logistical assistance was US\$ 769.003 million (56.46%), and project aid was US \$ 340.51 million (25.01%) against the US \$ 1680.302 million commitments. The rate of payment was 81.05%. Other notable features of Japan’s ODA in this phase (1972-1985) were the lack of project support before 1977 and the gap between food and goods assistance, which was \$ 40.724 million and US\$ 72.456 million, respectively (see table 4). One was for loans, amounting to US\$ 994,029 million and 73.98% of the total ODA, while grants amounted to US\$ 367.874 million out of 27.01% of ODA payments in Bangladesh. It can be seen in Table 4 that the

Table 4: Commitment and Disbursement of Japan's Aid to Bangladesh (1972 – 85) US\$ million

Year	Commitment				Disbursement				Disbursement		
	Food		Aid		Total		Food		Total		
	Grant (Loan)	Commodity (Loan)	Grant	Loan	Grant	Loan	Grant (Loan)	Commodity (Loan)	Grant	Loan	
1971/72	10.600	-	-	-	10.600	-	-	-	-	-	0.000
1972/73	1.924	1.400	-	-	31.324	1.924	12.00	1.924	12.00	-	14.824
	28.00 L					0.900L					
1973/74	-	31.901	-	-	31.901	-	-	23.539	1.110	-	23.539
	9.500	6.400						23.539	22.210	-	30.291
1974/75	1.300	-	2.333	-	55.981	3.410	3.561	3.561	5.290	31.846	44.526
1975/76	6.700	-	14.307	-	46.966	7.390	-	7.390	-	-	39.094
1976/77	4.000	16.750	43.333	6.950	81.988	6.700	-	6.700	-	1.765	113.063
1977/78	5.000	75.000	9.470	41.678	127.628	4.00	14.500	4.00	80.412	17.475	128.642
1978/79	40.900L	18.206	71.000	18.860	210.752	5.000	15.006	5.000	62.475	8.670	20.060
	7.900										
1979/80	15.000L	20.402	63.382	13.418	136.766	7.900	55.900L	7.900	6.332	57.336	229.611
	8.772										
1980/81	31.500L	3.680	77.300	28.500	227.836	8.772	31.500L	8.772	21.690	97.725	153.822
	9.000										
1981/82	34.400L	19.760	78.00	17.560	185.54	9.000	42.100	9.000	4.000	74.28	192.857
	13.000										
1982/83	21.684	22.440	72.000	9.190	136.558	13.00	34.400L	13.00	18.885	45.395	150.795
	13.410L										
1983/84	5.836	17.347	74.755	35.380	210.389	12.084	13.410L	12.084	20.558	58.102	114.588
	136.985										
1984/85	136.985	7	65.592	27.931	186.073	10.000	69.367	10.000	22.223	15.117	126.250
Total	94.616	136.985	7	170.481	1680.302	116.28	119.371	116.28	649.632	208.287	1361.902
	163.21 L										

Source: Economic Relations Division (ERD), Bangladesh, 2005/06

grants contained the highest position until the late 1970s, and the transformation took place after that, with loans coming forward until the mid-1980s except 1984-85. Project assistance started in 1976/77 and grew significantly due to the loan share (61.34%) compared to the grant share (38.3%). The grant-in-aid rate remains stable compared to the overall pay rate of 81.05% despite a significant increase in commitment, especially since the early 1980s.

In 1979/180, Bangladesh received \$ 229.61 million, 11 per cent of Japan's ODA loans and part of Japan's ODA in SAARC countries. However, in 1985 Bangladesh's ranking dropped to seventh place globally. Once again, in 1986, Bangladesh achieved ODA's highest priority in Japan (Bakht and Bhattacharya, 1992). There was no reason for such a trend, but especially since 1972-85, there was an increase in food aid that may have been due to unresolved social and political conditions in Bangladesh as the newly independent country at the time was facing severe food shortages, and many parts of the country were starving. As a result, food aid controlled the volume of aid from Japan (84% of food aid), with a 2% interest rate, 3% service charge, and a 20-year repayment period including a 10-year grace period (Bakht and Bhattacharya, 1992). Material assistance comprises 37.1% of the grant, a large proportion of the food assistance. However, in the early 1970s, the Japanese contribution was unlimited and only 3.6% of the total external flow to Bangladesh. The global situation for Japan's ODA was different at that time. After 1976, there was a significant increase in Japan's ODA in full and related names, and 1976 to 1985 was a time of consolidation of aid relations between the two countries.

Based on the data and analysis presented above, this potential evaluation can be done about the Japanese ODA in Bangladesh at this stage:

- i. There was no basic or prioritised policy other than future economic interests and resource considerations;
- ii. Until 1976 the ODA of Japan to Bangladesh was in charge of food aid and supplies; and
- iii. Until 1980, this volume was more significant than project support.

Economic interest is undeniable for Japan's ODA, and Bangladesh was no exception. Although the main objective of Japan's ODA to Bangladesh could be considered "liberation and renewal" (Bakht and Bhattacharya, 1992), there was also an economic interest. Especially after the 1973 oil crisis, we saw that Japan began looking for new energy sources. A powerful Japanese trading team met with representatives of the Bangladeshi government in January 1974 and sought to explore maritime oil and build two of the most critical bridges on the Juna and Buriganga rivers, and demanded full commercial rights to extract natural gas that

also generated a lot of income for Bangladesh (The Bangladesh Observer, January 25, 1976). Both countries failed to reach an agreement, as it was tough for Bangladesh to develop a viable solution because of various internal conditions. However, this led to the return of Japan's upcoming US\$ 533.3 million illegally proposed prior to the agreement mentioned above (Ibid).

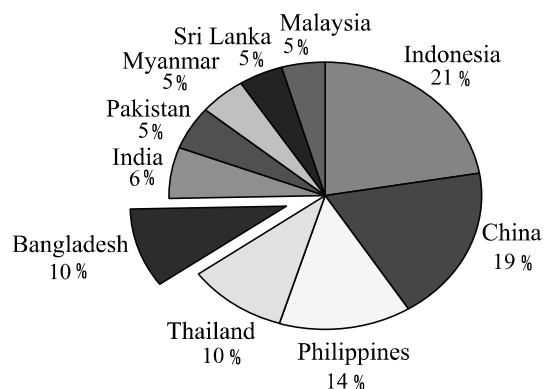
6.7.2 Second Phase (1986-1990): Elementary changes in ODA disbursement and special focus on infrastructure development by economic restoration

The second phase (1986-1990) was when Japan's ODA grew dramatically. It can be called one of the times of the Japanese ODA explosion in Bangladesh. Table 5 shows the steady increase of Japan's ODA to Bangladesh. During this time, Japan became a leading sponsor in Bangladesh and worldwide, and Bangladesh became the fifth largest country to host the ODA of two Japanese countries.

It can be seen in Figure 2 that at that time, Bangladesh received 10% of the total amount of money issued by the Japanese ODA in the world. It should be noted that during the years 1986-1990, Bangladesh became the first country to receive ODA among South Asian countries. In addition, Bangladesh has also left Myanmar and Malaysia in this regard. Table 5 shows the significant increase in the ODA volume of Japan to Bangladesh.

Table 5 shows that during this period (1986-1990), ODA's commitment to Japan in Bangladesh was US\$ 1418.328 million, with Bangladesh receiving a total of US\$ 1462,436 million, of which food aid was US\$ 70.962million (4.85 million. %), material assistance was US\$ 710.007 million (48.55%), and project assistance was US\$ 681.477 million (46.6%). The rate of residual release at this stage was more than 100% commitment, which is very different from the first phase. Although there was no food aid loan, the second phase was also affected by the loans as in the first phase. The total loan amount was US\$ 1045.64 million, accounting for 71.5% of the total ODA, while grant assistance amounted to US\$ 416.806 million, accounting for 28.5%. ODA exceeded US\$ 300 million annually except for 1985/86. At the moment, the most notable feature of Japan's ODA aid to Bangladesh is that the loan was more than 70% of the total volume. The grant and technical cooperation percentage were low, with technical cooperation accounting for only 12.3% of total ODA in Bangladesh (Bakht & Bhattacharya, 1992).

Figure 2: Top Ten Recipients of Japan's ODA (1986-1990)



Source: Based on the data provided by Hossain, 1993

In terms of data and information, as in the first phase, there was no basic policy or specific policies of the ODA of Japan to Bangladesh during this phase, but the most critical thing in this phase was to promote complete development in the infrastructure and social sector; and particular emphasis was placed on the development of the country's infrastructure. It was the time when Japan emerged as the largest donor to Bangladesh, and total aid doubled from US\$ 139.55 million to US\$ 332.85 million in one year (1985 / 86-1986 / 87). During this time, Japan emerged as one of the largest donors by contributing to almost one-fifth of Bangladesh's total foreign aid (Bakht & Bhattacharya, 1992). The international community considered Bangladesh, the primary recipient of Japan's ODA (Kalam, 1996).

Many of the reasons applied to the significant increase in Japan's ODA during the 1980s. One of the significant events was the Plaza Accord in September 1985, which gave Japan a new desire to participate as a significant economic power and forced him to seek a new world role. Finally, Japan sets out a policy to expand ODA globally. After introducing the first Medium-Term Policy in 1978, Japan increased its aid approximately twice a year, forcing the country to acquire new areas of expanded ODA. Meanwhile, international politics influenced Japan to expand its horizons: especially "peer pressure" from the US (Katada, 2005), and part of Japan's aid was used to support American geo-strategy interests and ideologies (Orr, 1990).

US-Bangladesh relations were relatively good between South Asian countries (Kalam, 96), making Bangladesh more attractive to Japan's ODA. In addition, the country showed other favourable indicators, such that GDP was above 4% for the first time since independence (JICA Report 1990). Bangladesh also played a

Table 5: Commitment and Disbursement of Japan's Aid to Bangladesh
(1985/86-1990) US\$ million

Year	Commitment						Disbursement						Disbursement Total		
	Food		Commodity		Project		Total		Food		Commodity			Project	
	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan		Grant	Loan
1985/86	16.064	42.220	-	4.588	-	-	62.872	6.288	16.822	59.459	22.869	34.119	139.547		
1986/87	12.408	30.476	105.601	84.119	100.930	333.534	18.359	39.396	143.885	22.475	108.739	332.854			
1987/88	17.015	37.690	107.739	27.168	55.605	245.217	25.676	30.415	135.922	54.607	67.975	314.595			
1988/89	14.993	48.669	163.405	25.281	210.793	463.141	12.578	40.978	136.701	6.998	142.888	340.143			
1989/90	9.138	65.983	60.480	48.251	129.352	313.564	8.061	20.114	86.315	91.170	129.637	335.297			
Total	69.618	225.038	437.225	189.407	496.68	1418.328	70.962	147.725	562.282	198.119	483.358	1462.436			

Source: Economic Relations Division (ERD), Bangladesh, 2005/06

leading role in establishing SAARC, giving new impetus to Bangladesh in the South Asian region and global politics. These points are considered appropriate in changing the amount of ODA Japan granted to Bangladesh.

6.7.3 Third Phase (1991-1997): Rudimentary changes in ODA policies and priorities, emphasis on basic human needs, rural development, gender and reproductive health

The third phase of Japan's ODA to Bangladesh had many policy changes in the 1990s and showed a significant increase in value. The end of the Cold War and the breakup of the Soviet Union ushered in a new world in which many countries marked the rise to democracy and economic freedom (Kalam, 1996), which paved the way for Japan's multilateral economic relations, and encouraged Japan to play an active role in global politics. Since ODA was the only tool to represent Japan on the world stage, Japan felt the importance of ODA in the new world order. Japan began setting up the ODA philosophy for the first time, as reflected in the 1992 ODA Charter (Varma, 2000). Table 6 shows the net release of ODA Japan in Bangladesh.

It can be seen in Table 6 that during this period, Bangladesh received a total of US\$ 2111.672 million compared to US\$ 2443.868 million commitments. The revenue was generated by food aid of US\$ 70.595 billion (3.34%), grants of \$ 8.81 billion and project assistance of US\$ 799.116 (37.84%). Here we can see a lower trend in the release rate (86.48%) compared to the second phase. During this period, an essential feature of Japan's ODA was the significant increase in grant assistance. It was US\$1409.254 million (66.73%) compared to the total loan assistance of US\$ 702.368 million (33.26%). Loans dominated the previous sections. However, a significant increase in grant assistance has been marked as improving the quality of Japanese aid to Bangladesh. It is also evident (table 6) that the disbursement of food aid is almost always comparable to the second phase, and there was no food aid loan. This category was also governed by the material assistance accounting for 58.8% of the total ODA of Japan. It is also evident that the standard ODA payment methods remain unchanged and exceed the estimated US\$ 300 million in the second phase (see Tables 5 and 6).

However, since 1992 the ODA of Japan adopted a new status under the ODA Charter, which introduced the basic philosophy of the ODA of Japan, including conservation, interdependence recognition, human considerations and self-help efforts. As a result of the new policies, Japan saw Bangladesh's successful democratic transition in 1991. Bangladesh has also shown great strides in liberating its economy, including opening up telecommunications and power systems in the private sector. Eventually, a smooth link between Japan's ODA policies and Bangladesh priorities led to ODA's massive payments in Bangladesh.

During 1992-1997, Japan's total ODA to Bangladesh amounted to about US\$ 2 billion, and the total amount of ODA issuance up to 1997 was \$ 5.161 billion. In this regard, grants amounted to US\$ 2.2 billion and loans to US\$ 2.926 billion (MOFA). During this time, Japan turned its eyes to smaller economic goals and set new priorities in Bangladesh to address new global development approaches.

At this stage, Japan has set specific ODA policies and priorities in Bangladesh, namely: 1) agriculture and rural development and productivity improvement; 2) development of basic investment infrastructure and export promotion; 3) social sector improvement (human resource development, and the promotion of basic human needs (BHN); and 4) disaster risk management. At this stage, Japan has set specific ODA policies and priorities in Bangladesh, namely: 1) agriculture and rural development and productivity improvement; 2) development of basic investment infrastructure and export promotion; 3) social sector improvement (human resource development, and the promotion of basic human needs (BHN); and 4) disaster risk management and management (MOFA, ODA National Policy on Senior Recipients: 1999). According to the analysis, some of the tests that can be done with ODA Japan in this phase are: having a basic ODA policy for the first time in the history of ODA Japan; fundamental changes in policies and priorities; focusing on basic human needs and rural development; and various issues (gender, reproductive health). This period marked a significant change in Japan's ODA policy in Bangladesh.

JICA conducted the first national survey in 1990. The report looked at the following critical areas for Japanese assistance in developing Bangladesh: (1) Enhance the living environment and link Dhaka, Cumilla and Chittagong; (2) Expansion of jobs through integrated rural development; (3) Development of infrastructure to coordinate production based in the eastern and western regions; (4) Building and improving the foundation of investment promotion and export; and (5) Primary productivity and agricultural improvement.

Although those priority areas were carefully selected, they were the first recommendations from the JICA Country Study Group led by Toshio Watanabe. Later, MOFA set priorities for major ODA-affiliated countries and prioritised four areas: rural development, agriculture, infrastructure development and disaster risk management. Under four priorities, they have explored several new development goals, such as investing in improving local living standards by empowering women at a lower cost (Moni, 2006). During this time, Japan has shifted its importance from building infrastructure to public spaces, including basic human needs, health care, and social infrastructure development, such as minor irrigation schemes and agricultural roads (Ibid).

Table 6: Commitment and Disbursement Japan's Aid to Bangladesh
(1990/91 – 1996/97) US\$ million

Year	Commitment						Disbursement						Total Aid		
	Food		Commodity		Project		Total		Food		Commodity			Project	
	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan		Grant	Loan
1990/91	19.802	78.142	55.176	12.211	160.294	325.625	11.449	155.753	29.171	22.047	126.693	345.113			
1991/92	-	88.031	94.196	59.617	-	241.826	10.818	101.711	-	19.92	20.493	153.002			
1992/93	11.22	177.426	-	54.243	-	242.889	8.668	110.268	58.781	64.083	22.203	264.003			
1993/94	11.456	66.24	-	34.609	448.519	560.824	12.441	137.641	46.646	52.931	44.053	293.712			
1994/95	8.664	264.211	-	71.641	246.106	590.662	9.621	172.744	-	31.759	142.419	356.533			
1995/96	8.339	153.404	-	8.382	-	170.125	9.687	169.026	10.491	33.491	108.419	331.114			
1996/97	7.622	159.574	-	10.838	133.883	311.917	7.911	238.251	11.428	29.034	81.571	368.195			
Total	67.103	987.028	149.372	251.541	988.802	2443.868	70.595	1085.394	156.517	253.265	545.851	2111.672			

Source: Economic Relations Division (ERD), Bangladesh, 2005/06

From the data, it is clear that Japan has changed its policies and priorities during this period. The following events were due to the change of Japan's ODA in Bangladesh at this time: (1) A new political climate, especially after the end of the Cold War; (2) ODA Charter implementation; (3) The ODA of Japan was at its peak period; (4) A successful democratic transformation in Bangladesh after a long period of military rule; and (5) The fact that in 1990 Bangladesh became the fastest growing country in South and Southeast Asia (Japan's Ambassador to Bangladesh, 2004).

The end of the Cold War opened up new opportunities for development agencies to focus more on development than ever before, and aid became a means of political goals (Kevin Morrison, 2005). In line with this new trend, Japan changed its aid philosophy. Like other donors, Japan also assisted for non-developmental purposes. After the end of the Cold War, Japan saw the need to organise its large-scale relief aid and introduce its own ODA Charter 1992.

Subsequently, the Tokyo Conference on the DAC's new Strategy in June 1998, the Tokyo Conference on African Development in October 1998 and finally, the mid-term ODA policy in 1999 highlighted significant changes in Japan's ODA worldwide. As the primary recipient of Japan's ODA for several years, Bangladesh saw its aid policy from Japan change. Although Japan has repeatedly emphasised retaliatory and self-help efforts as a critical aid policy, Japan intensified its efforts for peace and stability in developing countries after the Cold War. At the same time, East Asia has always been a priority in Japan since its inception as an ODA donor. Since the 1980s, Japan has grown its interest in South Asia.

In addition, Japan increased its interest in South Asian countries, especially after the end of the Cold War, because many countries then began to move forward with democracy and economic freedom. In particular, Bangladesh played a crucial role in promoting peace and stability in South Asia against nuclear rivals: India and Pakistan. Another important reason for shifting the value of Japan's ODA to Bangladesh is the rapid growth of its ODA budget after 1989. The highest year for Japan's ODA was 1996-97, which led to many Japanese ODA releases in Bangladesh.

6.7.4 Fourth Phase (1998-2005): New and innovative ODA goals for Bangladesh to address poverty reduction

Phase 4 can be seen as a time to strengthen relationships between development agencies, partners and stakeholders, and it was also a time to introduce a development approach planned in line with Bangladesh's vision. Although both countries have maintained strong ties over the past few decades, and Bangladesh

has enjoyed significant Japanese support through ODA, this time, the flow of aid has shown a significant decline, especially after 2003. It can be seen in Table 7 that during this period, Bangladesh received US\$ 1800.042 million, in addition to US\$ 1763.402 million. Asset and project support is estimated at US\$ 924.753 million (51.37%) and US\$ 860.766 million (47.81%), respectively.

An increase in project assistance from 37.84% to 47.81% can be seen as a trend opposite to aid declining from 58.81% to 51.37% during this period (Table 6). As in the third phase, during this fourth period, the share of grant assistance was also high, accounting for US\$ 1050.982 million (58.38%) compared to the US\$ 733.537 million loans (40.75%). It can also be seen that the value of loans has decreased significantly while the value of grant assistance has increased significantly.

However, the decline in the loan status from the third category may be due to debt reduction measures. It should be noted that since 2003, Japan has not provided any amount of subsidy or food, making the sudden decline of ODA flow beginning in 2003 (Table 7). In interviews with JICA officials working in Bangladesh, they suggested that the reduction may be due to the exclusive monetary practices of Japan's national ODA. In addition, they added that details of the Economic Relations Division (ERD) did not include the debt relief grant offered to Bangladesh during this period.

However, Japan is gradually shifting its policies and priorities to meet the changing global needs reflected in the 2003 ODA constitution. Based on this document, Japan launched a new national aid program for Bangladesh in 2006. According to the national aid paper, the following areas have been considered new priorities for Japan's ODA to Bangladesh. By prioritising poverty reduction, the new federal assistance programme has set three priorities as follows: (1) Poverty reduction through economic growth; (2) Community development through public safety; and (3) Governance (main, sector and local level).

To meet these goals, National Assistance Program 2006 identified 12 priority areas, including private sector development; information and communication technology (ICT); tourism; transportation; power; agriculture and rural development; health; education; nature; disaster prevention and management, arsenic reduction and various aspects of governance. It also highlighted the importance of cooperation between donors in Bangladesh.

The following assessments can be performed in this section of Japan's ODA: significant changes in policies and priorities; changes in ODA release capacity; poverty reduction as a key to development; public safety; and cooperation between development stakeholders.

Table 7: Commitment and Disbursement Japan's Aid to Bangladesh (1997/98-2005/06) US\$ million

Year	Commitment						Disbursement						Total		
	Food		Commodity		Project		Total		Food		Commodity			Project	
	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan		Grant	Loan
1997/98	6.601	-	140.430	-	57.290	-	204.321	-	-	73.187	3.247	11.512	83.964	171.910	
1998/99	-	-	152.736	-	2.925	-	155.661	6.601	6.601	116.029	2.775	37.759	71.869	235.033	
1999/00	7.927	-	174.273	-	17.203	136.303	335.443	-	-	278.586	3.016	24.997	84.088	390.687	
2000/01	-	-	184.369	-	8.002	147.444	339.815	7.927	7.927	144.522	-	10.247	153.415	316.151	
2001/02	-	-	143.660	-	8.072	-	151.732	-	-	142.030	-	16.758	128.646	287.434	
2002/03	-	-	123.291	-	7.379	76.876	207.546	-	-	161.361	-	15.640	66.406	243.362	
2003/04	-	-	-	-	12.565	-	12.565	-	-	-	-	6.444	72.937	79.381	
2004/05	-	-	-	-	7.986	103.140	111.126	-	-	-	-	5.357	39.682	45.039	
2005/06	-	-	-	-	24.105	221.088	245.193	-	-	-	-	7.553	23.492	31.045	
Total	14.528	918.759	145.527	684.851	1763.402	14.528	915.715	9.038	136.267	724.499	1800.042				

Source: Economic Relations Division (ERD), Bangladesh, 2005/06

In line with the national aid plan, Japan has changed ODA policy and priorities following the new ODA Convention for 2003. If we look at the second and third phases of the Japan ODA to Bangladesh (Tables 6 and 7), there are significant changes in priorities and assistance. Although after 2002, the decline in ODA prices in Japan may appear as a bad omen, Japan has been particularly concerned with improving the quality of Japan's ODA in Bangladesh (Japan's ambassador to Bangladesh, 2004).

In addition, every year, a significant cut in the ODA budget reflects the payment of the entire ODA in Bangladesh. On the other hand, Japan shifted ODA priorities from Japan's economic interests to Bangladesh's development, as Japan assumes responsibility for meeting the Millennium Development Goals (MDGs) in developing countries.

Since Japan considers human security a comprehensive ODA policy under the revised ODA Convention on Poverty, Japan's ODA priorities in Bangladesh are based on poverty reduction. In addition, in response to global developments, Japan took the initiative to promote cooperation and cooperation among development partners in Bangladesh (National Assistance Programme: May 2006). It is clear from the above details that there have been dramatic changes in the policy and priorities of the Japanese ODA to Bangladesh from phase three to phase four. The following reasons can be attributed to the changes: the new ODA document for 2003; the changing trend of Japan's ODA from economic interest to development perception; a change in the concept of development; and a Japanese initiative to link development partners fighting poverty.

It should be noted that although Japan used to set different policies and priorities for different recipients of the Japanese ODA, everything is reflected in the new ODA Charter. According to the new ODA agreement, Japan is focused on reducing poverty through economic growth in Bangladesh and other developing countries. Japanese ODA's Medium Term Policy also requires greater emphasis on poverty alleviation programs and various aspects of social development, human resource development, policy-related assistance and other forms of humanitarian assistance (MOFA, 1999). There was also a shift in the approach from Bangladesh towards development, which the Japanese government considered establishing a new ODA policy and priorities during that period (Horiguchi, 2004).

6.8 Overall impact of Japanese foreign policy in Bangladesh

6.8.1 Japan-Bangladesh bilateral relations: A special focus on political and diplomatic arenas

Over the past three decades, relations between Japan and Bangladesh have been formed through economic aid and trade. Although historically, political and strategic perspectives also played an essential role in laying the “solid foundation for lasting relationships” in 1973. Since then, exchanges of visits by heads of state, ministers, parliamentarians, political expatriates and foreign policy managers have contributed to the friendship and communication between the two countries. In this case, the contribution of Mr Takashi Hayakawa, the founding President of the Bangladesh-Japan Friendship Society and a special envoy for the Japanese government, was a remarkable one. He was an influential member of parliament who built “deep love and compassion” for the people of Bangladesh and appealed for the rest of his life to the cause of Bangladesh.

6.8.2 An assessment of the overall economic performance

As a country that has abandoned the goal of military size and nuclear power, Japan has been striving to create a desirable international community, primarily through economic cooperation and cultural ties. Japan’s ODA policy towards South Asian nations is based on a common perception of a region that focuses on high population, low literacy, poor infrastructure, income inequality, and mismanagement of countries. In this context and the promotion of the democracy of these countries in the 1990s, Japan began to set new priorities in Bangladesh. In fact, since 1992, Japan has become a significant supporter of Bangladesh and continues to maintain that position. The success of Japan’s relations with Bangladesh is exemplified by a series of major friendly bridges, including Jamuna, a great deal of power and telecommunications, and the establishment of fertiliser factories in addition to other contributions to social development.

6.8.3 Emphasis on infrastructure and new priorities: Key to the success of Japan’s relations with Bangladesh

Other concerns are that Japan’s assistance has become more focused on infrastructure, and the impact of such assistance has been positive, but not limited by the unequal emphasis on the sector. In the interview-based survey, many Japanese prioritised social sectors such as health, poverty reduction, the environment, disaster management, and education. They also prefer to provide more assistance to grassroots organisations (NGOs), research institutes, hospitals and local governments. Many respondents in Bangladesh also suggested that Japanese aid would significantly impact Bangladesh society if given its size if not

sent to critical social sectors and skills development centres weak governance institutions, including local standards, labour management, and poverty reduction.

6.8.4 Key developments in the social sector and technical cooperation in Japan-Bangladesh geopolitics: Role of JICA

JICA's role was re-evaluated in the context of receiving a 10 per cent ODA grant for technical cooperation. JICA executives emphasise institutional and cultural factors that prevent the full use of their partnerships. Lack of ownership of public institutions is a significant problem for Bangladesh officials who work and the people because they always have to face the consequences of discriminatory administrative policies and operate in a weak institutional framework. It dramatically reduces the achievement of national goals. The technical cooperation provided by Japan also has the problem of a lack of cooperation between the public and private sectors. The involvement of too many donors is also a complex aid effort to achieve the intended objectives. The future direction of JICA's efforts in critical social sectors should be in the middle of planning and implementation. The obligation of Bangladesh civil servants needs to be clearly defined and rehabilitated to develop their capacity and be used to achieve the ideas and objectives of the planning process. Culture – meaning the political culture of Bangladesh at all levels needs to be closely aligned with the power of development. Divisive cultures and personal interests should pave the way for social cohesion and national interests. Only then can the ownership of the assistance and its full potential be realised.

6.9 Future directions: Exploring the way forward

Undoubtedly, relations between Japan and Bangladesh have survived more than three decades through constructive engagement in many fields. The current global situation has brought new mandates to Japan and Bangladesh regarding responsibilities and challenges that must continue. The long-term economic downturn in Japan, ODA priorities, emphasis on existing organisations, especially on labour development, and the new global security environment and economic competition will significantly impact Japan's relations with South Asian countries, including Bangladesh. In this study, a strong view emerged that new structures of relations and a reorganisation of cooperation in these new structures are needed in this period of Japan-Bangladesh relations. Identifying significant global and regional planning changes needs to be done so that Japan-Bangladesh relations can be transformed in that context. In the 1990s, Japan responded to the demands of a new global system based on democracy and the sharing of responsibilities of developing countries and emerged as one of the most major world powers.

Today, Japan anticipates a wide range of interests that depend on the continuation of a host country policy and a dynamic change in the interests of both partners. In this context, to what extent can Bangladesh provide a stable platform or foundation to pursue those economic and security interests in Japan? Although it is difficult to answer a question, much depends on the positive response to the question. There is no doubt that trade, investment, culture, education and tourism will determine the future strength of Japan-Bangladesh relations. Of course, Japan will develop more humanitarian policy and 'self-help' solutions for Bangladesh to successfully implement its poverty reduction strategy successfully. Japan's deep commitment led to Bangladesh's long-term economic growth and stability.

Japan's vision of building a network of economic relations and development is based on a broader perspective on economic integration and spatial access to regional and inter-regional cooperation. In this context, Japan wants Bangladesh to be a prosperous society where the poor are not marginalised, and national commitment is growing to achieve economic development by building democratic institutions and eradicating maladministration. Our job in the future is to build a new generation of coaches and leaders in various fields who can understand Japan's unique role in benefiting Bangladesh and respond positively to its legitimate goals in economy, communications and security. At the time of the study, many people expressed their frustration that the Japanese impact did not coincide with his impact on Bangladesh over the past three decades, and Bangladesh has also not responded well enough to prioritise Japan.

The government of Bangladesh, especially the Department of Foreign Affairs, should extend more cooperation to good programs through think tanks (such as JSC, JUAAB) and other private organisations to promote Japanese studies, including language and human exchange, for better understanding. Information and understanding gaps need to be addressed at various levels of communication. In my encounter with many Japanese people of various occupations and ordinary citizens during the study, I was overwhelmed by the desires of many Japanese people to have more information about Bangladesh. They expressed their desire to come to Bangladesh as tourists and to know more about the country. In this context, it is expected that the government will appoint educators from Bangladesh in good universities in Japan to spread Bangladesh's message and better understand Bangladesh among the Japanese people.

We have many students in Japan, currently about 1000, the highest from South Asia. They can play a significant role in building a positive image and understanding of Bangladesh if provided and directed. Based on this research and the ten years of my involvement with Japan as a scholar, my view is that there is goodwill for Bangladesh among the people of Japan, and we need to touch on that goodwill to use it for our national interest.

There is no doubt that if we are to strengthen our foreign policy and communication, we must improve our image abroad. It applies to any foreign country, especially Bangladesh, in the context of the Japanese people historically ‘special’ in nature. We need to learn their thoughts. The people of Japan overthink Bangladesh as ‘less secure’, ‘poorer’, ‘more difficult’, ‘more prone to disaster’, more complex and unpredictable. It is encouraging to know that the number of people who think of Bangladesh as beautiful and prosperous is growing. At this critical juncture, I think we should not be complacent about Japan, and we should develop critical thinking as an effective strategy to achieve our goal of improving relations with Japan. I take this opportunity to urge the Honourable Minister of Foreign Affairs – a long time and devoted friend of Japan, to contribute to greater engagement and to a stronger relationship with Japan from where he is headed. He should emphasise the framework of his foreign policy on the merits of Bangladesh’s national interests by exposing the culture, education, institutions of democracy and social stability, and religious tolerance to develop more robust and more friendly relations with Japan. At the same time, Japan needs a lot of recognition and appreciation for what it has done for Bangladesh over the past three decades.

Sadly, there is still a considerable gap in our understanding of Japan that needs to be closed. The government must encourage institutions and schools to understand the tremendous Japanese and Bangladeshi civilisation, their politics, culture, society, and economic prosperity. In conclusion, all-inclusive development plans must be prioritised for greater cooperation between Japan and Bangladesh which are the most democratic and orderly countries that contribute to a great extent in spreading harmony within Asia and in the world at large.

7. Conclusion and suggestions for further research

Japan reached its 50th anniversary of ODA history in 2005, and during those 50 years, Japan’s ODA styles have undergone significant changes in line with world events. The first phase, especially 1954-1976, was known as the time of land construction. The Japanese ODA was wholly focused on Asia, especially South-East Asia. From the outset, Japan’s ODA policy was based on its economic interests, as Japan’s post-war reconstruction and economic development required logistics, markets and future investments. In this regard, it can be said that in the collection of resources, trade was inevitable, and in doing business, communication was necessary; as a result, the ODA of Japan has always focused on infrastructure development for developing countries.

We can find that from the 1950s to the 1990s, Japan’s ODA styles evolved from a series of national and international events, such as oil shocks, Fukuda Doctrine, diplomacy (omiageaikô), the concept of “complete security”, the Cold War, and

Japan's own it is the state of the world through its economic power. After the 1990s, Japan's ODA policy was influenced by the interests of communities inside and outside Japan. In recent years, the ODA in Japan has been criticised for being too secretive and for violating basic human needs. It is clear from this analysis that Japan was eager to give ODA to Bangladesh. Japan was the largest donor to ODA in Bangladesh for a few decades. From 2005-to 2006, Bangladesh received US\$ 6736,052 million in foreign aid from Japan. In addition, much of this was spent on construction, agriculture, and much-needed energy production in Bangladesh.

The changing circumstances of the ODA in Japan were also in line with Bangladesh's developmental needs and political stability. The ODA of Japan to Bangladesh underwent a marked change over the years in terms of a combination of priorities. The beginning of the Japanese ODA to Bangladesh was marked as a time of liberation and renewal, as there were no actual intentions on the Japanese side other than to help a war-torn country. However, behind the scenes, it has been discovered that there are some interests. The first was the desire of Japan to spread its image as a country of human benefit. Second, Bangladesh's national interest was better off working with the South Asian region to fight the Indian-Pakistani conflict. Third, Japan was looking for energy sources, especially in the aftermath of the oil crisis, and had a plan to negotiate natural gas, which Bangladesh has a large amount of value (Khan, 1975). Eventually, Japan sought to establish a Soviet influence in the newly independent Bangladesh (Rahman, 2000).

Japan's political and strategic entry into South Asia was an essential part of Japan's post-1990 foreign policy reform. During this time, other events were also worthy of Japan's assistance in Bangladesh, such as Bangladesh's transition to a democratic government after a long martial law and an open market economy as a national policy.

Concerning poverty alleviation, the ODA of Japan in the future should focus more on the poor directly, especially landless farmers, widows and the disabled. They are always ignored; even micro-credit systems do not always integrate. Particular attention will be given to income-generating jobs by creating jobs in rural areas, home to 80 percent of the population of Bangladesh. In fact, in 1995, Japan directly supported the poor by lending 'poor housing' loans from Grameen Bank (a small finance and social development bank). However, there are challenges in addressing how Japan's new ODA focuses on poverty, and sustainable development will reach out to Bangladesh's poor and resolve their plight. It is encouraging to know that Japan embraced a peaceful democratic transformation in Bangladesh in late 2008 and reiterated its ODA policy vigorously to address poverty reduction and the promotion of business and a better investment. Bangladesh is also likely to benefit other donor and recipient countries.

8. Summary

This research illustrates the role of strategic governance in successfully augmenting Japan-Bangladesh bilateral, economic, political, cultural, and international relations. Strategic management of the bilateral relationship between Japan and Bangladesh has the following key features. First, government strategically selects and effectively utilises key business sectors as critical resources to coordinate and implement national economic development policies. Second, as a critical coordinator, the government is taking decisive action to lead the critical business sectors selected to contribute to the development of the national economy through strategic and geopolitical means. Third, political solid or organisational leadership is committed to the above functions.

This form of bilateralism is strategic, as it is a framework of governance that is described in an all-inclusive manner for national and international development. It, therefore, has a direct nature of directing, rather than being a standard one or focusing on excellence in participatory decision-making.

This hybrid model is governed by cooperation, trust and all-inclusive participation between members and the power exercised by a leading agent. In general, cooperation between government and business is also somehow managed by leading societal institutions. Specifically, in this research about strategic governance in Japan and Bangladesh, a type of transaction network has been suggested by analysing the reciprocal politico-economic behaviour, such as resource exchange and collective commitment to the policy-making processes. This mutual trust occurs more frequently between network members, often used unilaterally by leading agents in networks. This research has discovered that in strategic management of the bilateral relationship between Japan and Bangladesh, both equitable reliance and cooperation between these two nations can help solve complex relationships and build strengthened partnerships for the future. It is the unique contribution that this research has made in foreign policy about Japan-Bangladesh bilateral, economic, political, cultural, and international relations.

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