



Program Goals and Overview

Japan's ODA and JICA's Role

1. What Is ODA?

A variety of organizations and groups including governments, international organizations, non-governmental organizations (NGOs), and private companies carry out economic cooperation to support socioeconomic development in developing countries. The funds and technology that governments provide to developing countries for aid purpose are called Official Development Assistance (ODA).

2. Types of ODA

ODA is classified into two broad types: bilateral aid and multilateral aid. The latter comprises financial contributions to international organizations, while bilateral aid is provided in the three forms of Technical Cooperation, Loan Aid and Grant Aid.

3. New JICA Carries Out Three Schemes of Assistance in an Integrated Manner

In recent years, developed nations in Europe and North America have

expanded ODA as a means to strengthen efforts toward global issues such as climate change and poverty reduction, etc. Furthermore, new donor countries such as China have emerged on the world scene. However, Japan has been shrinking its ODA budget because of severe financial conditions. In the context of these international trends and following domestic administrative reforms, the Japanese government has worked toward reforms that enhance ODA strategic policies and implementation systems with the objective of further raising the quality of its ODA.

Aiming to integrate ODA implementation organizations along these reforms, Overseas Economic Cooperation Operations of the Japan Bank for International Cooperation (JBIC) and Grant Aid Operations of the Ministry of Foreign Affairs (excluding those which the Ministry of Foreign Affairs continues to directly implement for the necessity of diplomatic policy) were transferred to JICA as of October 1, 2008, effectively creating a "New JICA." Through this

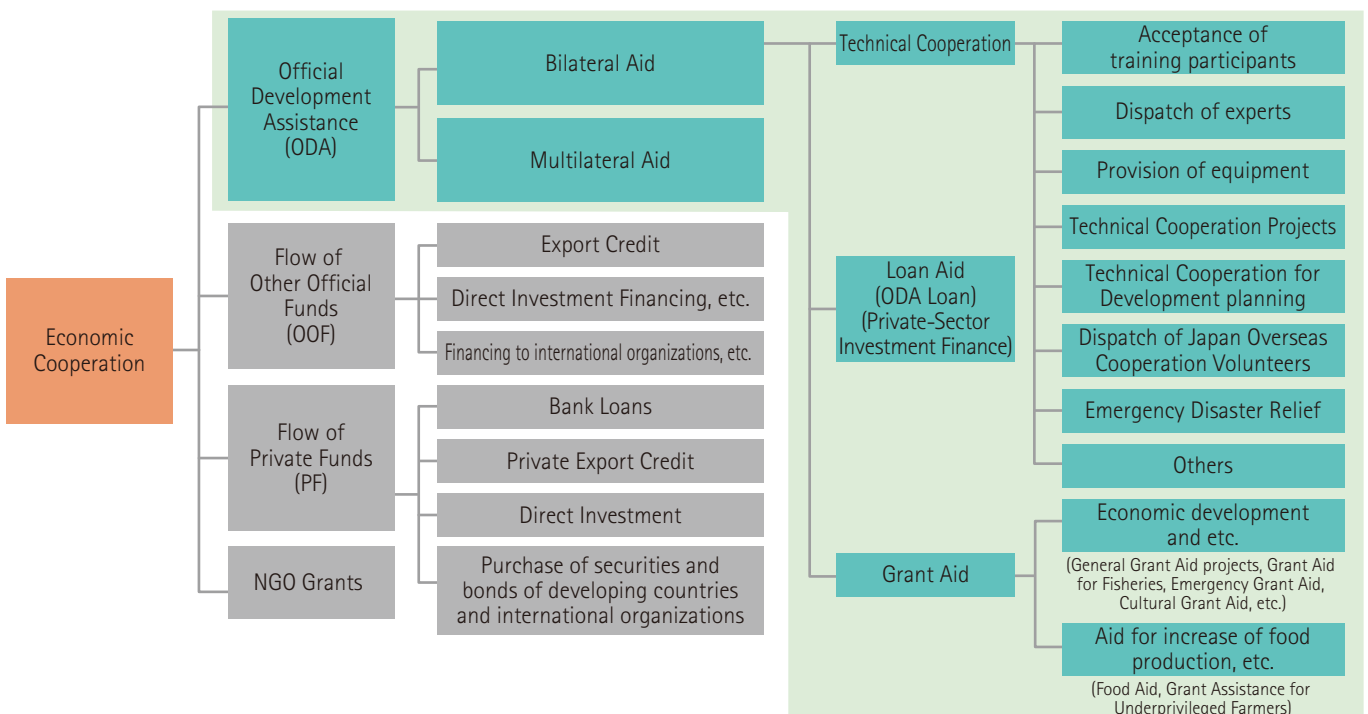
integration, three schemes of assistance have become organically linked, better enabling JICA to carry out effective and efficient operations. Each of these schemes is described as follows.

Bilateral Aid

► Technical Cooperation

Technical Cooperation applies Japan's technology, know-how and experience to nurture the human resources that will promote socioeconomic development in developing countries. Furthermore, through collaboration with partner countries in joint planning activities taking into account local situations, Technical Cooperation supports the advancement and improvement of technologies that are appropriate for the actual circumstances of these countries, while also contributes to raising their overall level of technology and setting up new institutional frameworks and organizations. These factors enable partner countries to better solve issues. Technical Cooperation specifically includes acceptance of training participants, dispatch of

Table 1 Economic Cooperation and ODA



experts, provision of equipment, and implementation of Technical Cooperation for development planning which assists policymaking and the planning of public projects.

► Loan Aid

Loan Aid supports the efforts of developing countries to advance by providing them with the capital necessary for development under long-term and substantially lower interest conditions than commercial rates. ODA Loans enable the provision of finance in larger amounts when compared with Technical Cooperation or Grant Aid, and this form of support has been well utilized for the building of large-scale basic infrastructure in developing countries.

Unlike Grant Aid, Loan Aid is provided on the assumption of full repay-

ment. So the beneficiary would be compelled to consider the importance and priority of projects more carefully in an attempt to seek efficient allocation and utilization of the assistance to be received. Promoting such partner country's self-help efforts, while supporting various development activities is one of the primary objectives of Loan Aid.

► Grant Aid

Grant Aid involves financial cooperation with developing countries with no obligation for repayment. It provides necessary funds for these countries to procure the materials, equipment, facilities and services in order to promote socioeconomic developments. Particularly in developing countries with low income levels, Grant Aid is broadly implemented for building hospitals,

bridges and other socioeconomic infrastructure, as well as for providing education, HIV/AIDS programs, children's healthcare, and environmental activities which directly support the improvement of living standards.

Grant Aid is divided into the following categories according to its content (underlined items are the categories that JICA is required to implement the necessary operations): General Grant Aid projects; Non-project Grant Aid; Grant Aid for grassroots human security; Grant assistance for Japanese NGOs; Grant Aid for human resource development; Grant Aid for cooperation on counter-terrorism and security enhancement¹; Grant Aid for disaster prevention and post-disaster reconstruction; Grant Aid for community empowerment; Grant Aid for fisheries; Cultural Grant Aid²;

Table 2 Japan's ODA in Calendar Year 2008 (According to Aid Type and Provisional Figures)

Aid disbursements		Type of Assistance	Dollar base (US\$1 million)		Yen base (¥1 billion)		Percent of total ODA Total	
			Disbursements	Change from the previous year	Disbursements	Change from the previous year		
ODA	Bilateral ODA	Grants	Grant Aid	4,763.44	39.4	493.017	22.5	50.2
			Debt relief	2,801.18	44.3	289.922	26.8	29.5
			Grants through international organizations	730.90	84.8	75.648	62.4	7.7
			Grant Aid excluding the above	1,231.37	14.1	127.446	0.2	13.0
			Grant Aid (Excluding disbursements for Eastern European and graduate countries)	4,759.50	39.4	492.608	22.5	50.8
			Debt relief	2,801.18	44.3	289.922	26.8	29.9
			Grants through international organizations	730.06	84.8	75.561	62.4	7.8
			Grant Aid excluding the above	1,228.26	14.0	127.125	0.2	13.1
			Technical Cooperation	3,057.85	16.3	316.487	2.2	32.3
			Technical Cooperation (Excluding disbursements for Eastern European and graduate countries)	2,986.95	16.3	309.150	2.2	31.9
			Grants Total	7,821.29	29.4	809.504	13.7	82.5
			Grants Total (Excluding disbursements for Eastern European and graduate countries)	7,746.45	29.5	801.757	13.8	82.7
		ODA Loan and other ODA credits	(1,064.32)		(110.157)		(11.2)	
		ODA Loan and other ODA credits excluding debt relief	163.87	2.77	16.960	(9.71)		
		Figure of loans provided	7,050.81	22.68	729.759	7.79		
		Figure of loans repaid	8,115.13	36.31	839.916	19.76		
		Figure of loans repaid excluding debt relief	6,886.94	23.25	712.799	8.29		
		ODA Loan and other ODA credits excluding disbursements for Eastern European and graduate countries	(1,105.04)		(114.371)		(11.8)	
	ODA Loan and other ODA credits excluding debt relief	123.15	(23.44)	12.746	(32.73)			
	Figure of loans provided	6,933.44	22.0	717.611	7.2			
	Figure of loans repaid	8,038.47	36.5	831.982	20.0			
	Figure of loans repaid excluding debt relief	6,810.28	23.3	704.864	8.4			
	Bilateral ODA Total	6,756.97	15.7	699.346	1.7	71.3		
	Bilateral ODA Total excluding disbursements for Eastern European and graduate countries	6,641.41	14.9	687.386	1.0	70.9		
	Contributions and financing to multilateral organizations	2,724.63	42.8	281.999	25.5	28.7		
	Contributions and financing to multilateral organizations (Excluding contributions to the EBRD)	2,720.74	43.1	281.597	25.8	29.1		
	Net ODA Total	9,481.60	22.4	981.345	7.5	100.0		
Net ODA Total (Excluding Eastern European, graduate countries and the EBRD)	9,362.15	21.9	968.983	7.1	100.0			
Gross ODA Total	17,596.73	28.4	1,821.262	12.8				
Gross ODA Total (Excluding Eastern European, graduate countries and the EBRD)	17,400.63	28.3	1,800.965	12.7				
Nominal Gross National Income (GNI) figures for each category (US\$1 billion, ¥1 billion)	5,063.82	11.9	524,105.80	(1.7)				
Proportion of GNI (%)	0.19		0.19					
Proportion of GNI (Excluding Eastern European, graduate countries and the EBRD)	0.18		0.18					

*1. The following 15 countries and regions are graduate countries that have received ODA: Brunei Darussalam, Singapore, Kuwait, Qatar, United Arab Emirates, Israel, Hong Kong, Cyprus, Republic of Korea, Macao, New Caledonia, Malta, Slovenia, Bahrain, and Saudi Arabia.

*2. 2008 DAC designated exchange rate: US\$1.00 = ¥103.5 (an appreciation of ¥14.3 compared to 2007)

*3. Individual totals may not be equal to the sums of the individual parts because some numbers have been rounded off.

*4. EBRD: European Bank for Reconstruction and Development

*5. Debt relief includes waiver of ODA Loans and debt reductions of collateralized commercial obligations, but excludes deferring of repayments.

*6. In the past, grants through international organizations were treated as "contributions and financing to multilateral organizations." However, from 2008, those whose recipient countries are specified within the year of contribution have been treated as "Grant Aid" for these specified countries.

Emergency Grant Aid; Food aid; Grant assistance for underprivileged farmers; Grant Aid for environmental programs; and Grant Aid for poverty reduction strategy assistance.

*1. JICA only handles preliminary surveys and promotional activities.
*2. Excludes grassroots cultural Grant Aid.

Contributions to International Organizations through Multilateral Aid (Contribution to International Organizations)

Multilateral aid is an indirect method of providing assistance by contributing or donating funds to international organizations. Funds are contributed to various bodies of the United Nations including the United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), and the United Nations Children's Fund (UNICEF), as well as multilateral development banks (MDBs) such as the World Bank, the International Development Association (IDA, also known as the

Second World Bank), and the Asian Development Bank (ADB).

4. International Trends in Developmental Assistance

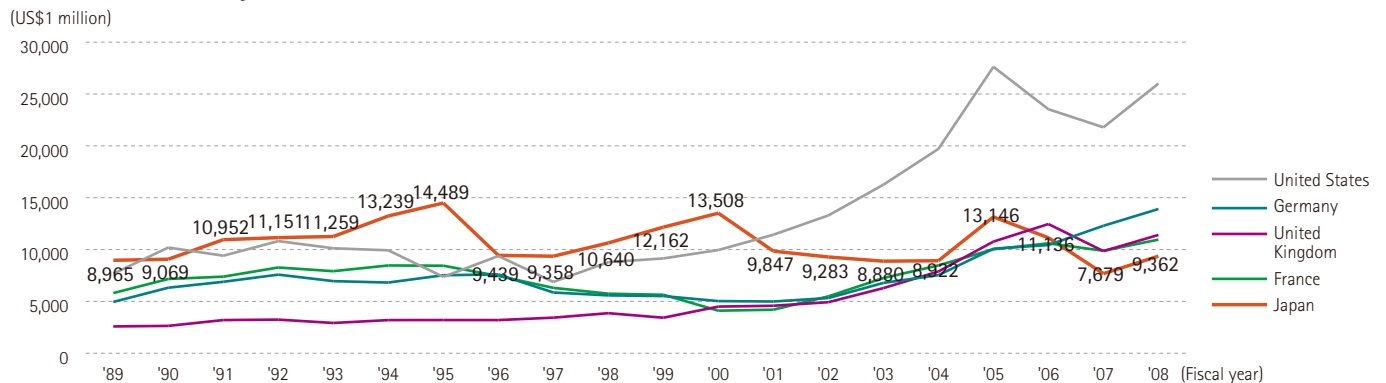
Presented by the Millennium Development Goals (MDGs) the international trend of aid has shifted in developmental assistance in recent years, and exemplifies the international community's efforts to establish shared objectives. To achieve these goals, various aid organizations are increasingly working together to achieve such shared goals. Compared to aid coordination in the past, which emphasized coordination of assistance at the individual project level, developmental assistance in recent years has stressed the importance of supporting the ownership of partner countries, with international aid organizations providing collaborative support for developing countries to devise their own development plans and priority goals. Shared efforts to achieve such development goals in such countries

have now become mainstream. In other words, the international community has responded to the need to ease the burden on developing countries, providing support in partnership, to the extent possible, in line with the development strategies and priorities of these countries.

5. Contribution Level of Japan's ODA

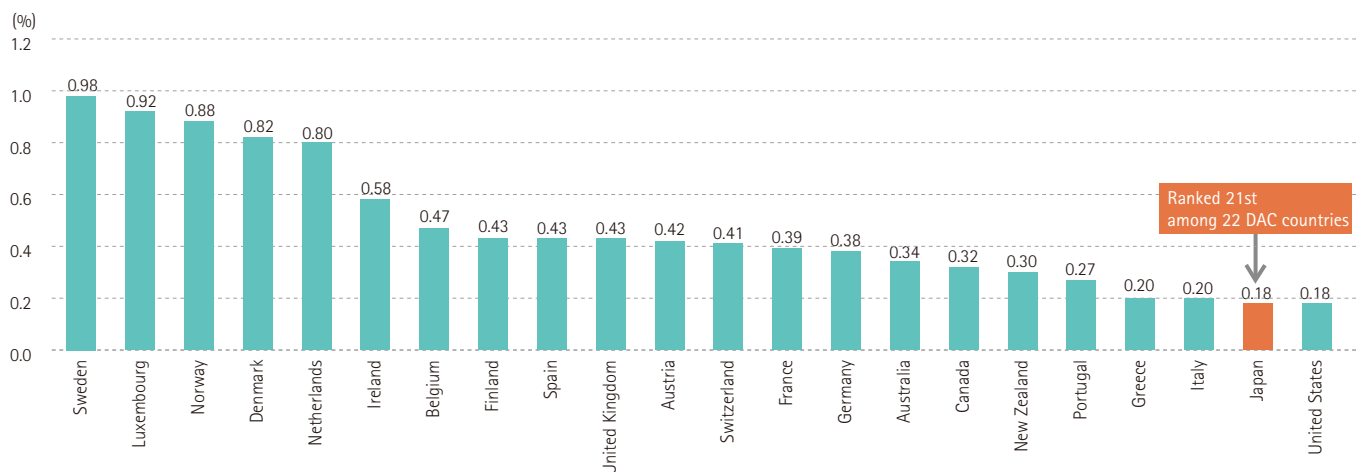
In 2008, Japan contributed, on a net disbursement basis, approximately US\$6,641 million (¥68.74 billion) in bilateral ODA and approximately US\$2,721 million (¥28.16 billion) in contributions and donations to international organizations, for a total ODA amount of approximately US\$9,362 million (¥96.90 billion), an increase over the previous fiscal year of 21.9% (or a year-on-year increase of 7.1% in yen). With this amount, Japan ranked fifth among the member states of the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD), after the United States, Germany, the United Kingdom and France.

Table 3 Procession of Major DAC Countries' ODA (Net Disbursement)



Sources: OECD; DAC
1. Excluding aid for Eastern Europe and graduate countries.
2. Figures for the United States from 1990 to 1992 exclude military-related debt relief.
3. With the exception of Japan, figures for 2008 are provisional.

Table 4 Proportion of ODA to Gross National Income of DAC Countries



Source: Press release published by DAC in 2008 (provisional figures)

Historically, Japan became the world's top contributor of ODA in 1989, surpassing the United States, which until that time had held the top position. Japan then continued as the leader among the DAC countries, maintaining its top rank for eight years from 1993 to 2000. However, the country's contribution dropped in 2001 and began a gradual decline, with the exception of a notable jump in 2005.

Meanwhile, Japan's ODA accounted for 0.18% of its gross national income (GNI), placing it 21st among the 22 DAC countries.

6. The Roles of JICA in ODA

JICA is one of the largest worldwide bilateral development agencies. Guided by the vision to "pursue inclusive and dynamic development to achieve human security for all people of the world," JICA is carrying out four missions, as detailed below.

JICA's first mission is "Addressing the global agenda." With the process of globalization, a number of problems have arisen including uneven wealth distribution and the spread of infectious

diseases. To help solve these various kinds of issues which now developing countries are confronting as a result of globalization, JICA applies Japan's experience and technology while working together with international society in comprehensive initiatives.

The second mission is "Reducing poverty through equitable growth." To achieve this, it is necessary to strengthen employment opportunities through equitable growth that gives proper consideration to impoverished members of society, and public services like education and healthcare. To this end, JICA provides support for expanding human resources and skills development in developing countries, improving policies and institutions, and constructing social and economic infrastructure, while working toward lasting poverty reduction through equitable development.

JICA's third mission is "Improving governance, an area of particular importance." In developing countries, legal and justice systems and administrative bodies are often weak, owing to issues such as limited public participation and inadequate administrative

services. Therefore, JICA offers support for improving the systems essential to statehood and enabling institutions to provide more effective public services, and for enhancing organizations so that people in those developing countries can use such systems appropriately.

Finally, JICA aims at "Achieving human security" as its fourth mission. With a focus on each and every human being, the concept of human security means freedom from fear and want, namely fear of conflict and terrorism, and want stemming from poverty and insufficient social services and basic infrastructure. By strengthening the abilities of individuals and societies to independently cope with problems, JICA aspires to build societies in which people can live with dignity. This involves enhancing the capabilities of social organizations and their power to deal with challenges in order to protect people who occupy socially weak positions.

For details regarding JICA's missions, as well as its strategies and activity guidelines, please refer to page 10, "The Launch of New JICA and Its Vision."

Table 5 Overview of the Ministry of Foreign Affairs' Fiscal 2009 ODA Budget

(¥1 billion)

	Fiscal 2008		Fiscal 2009	
	Budget	Percentage increase	Budget	Percentage increase
Entire government	700.2	(4.0%)	672.2	(4.0%)
Within the Ministry	440.7	(3.0%)	436.3	(1.0%)
Grant Aid	158.8	(2.9%)	160.8	1.3%
Management Grants (General Accounts)	153.8	(1.2%)	155.8	1.3%
Grants from Government General Account (Accounts for Finance and Investment)	13.5	(32.5%)	7	(48.1%)
Contributions and donations	51.1	(3.8%)	50.2	(1.8%)
Aid for assistance activities	63.5	2.5%	62.4	(1.7%)



Children from a farming area near Kigali, Rwanda, on their way to draw water after school