

Introduction 2

ODA Loans and the Role of JBIC



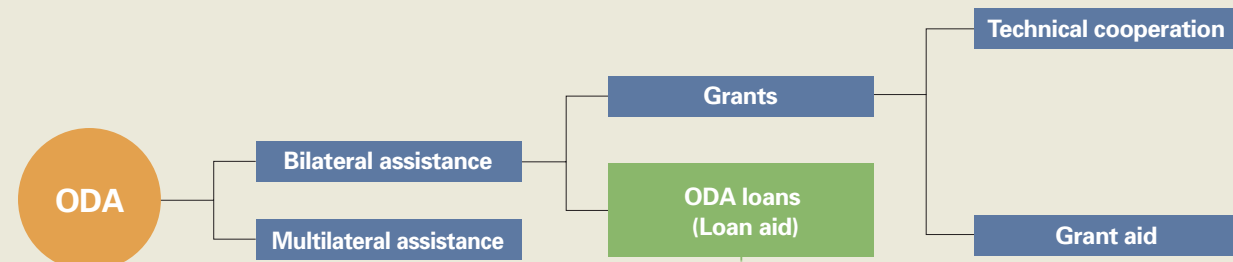
To develop the economies and societies of developing countries and improve the welfare of their citizens, JBIC implements ODA loans, which is a major pillar of Official Development Assistance (ODA)

Official Development Assistance (ODA)* is the scheme where the governments and their agencies of developed countries extend financial and technical cooperation to developing countries for economic development and welfare improvements. ODA loans refer to a type of loan assistance on a low-interest and long-term basis, which is provided by JBIC.

* ODA has no less than 25% of "grant element" that measures the concessionality, or softness of financial terms, of a loan.

Types of ODA and ODA loans

ODA is divided into bilateral assistance that is extended directly to a developing country and multilateral assistance that is provided by an international organization such as the United Nations. There are two types of bilateral assistance: Grants and ODA loans (Loan aid), and donations can be further divided into grant aid and technical assistance. Loan assistance represents approximately 30% of all ODA (of net expenditure in 2002).



ODA loans

Supporting self-help efforts of developing countries

Japan emphasizes self-help efforts of developing countries, i.e. proactive approaches targeting independence, when providing the ODA. ODA loans are repayable in installments over a period of many years. The recipient countries endeavor to utilize the funds efficiently to achieve economic growth and social development as soon as possible. This strong emphasis on self-help efforts is a predominant feature of Japan's ODA loans.

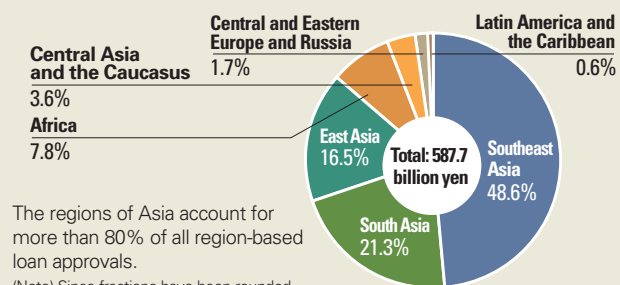
Major effects with minimum burden

Because ODA loans are repaid by the governments of developing countries, it enables projects that require enormous funding to be undertaken without imposing a major burden on the citizens of Japan.

Regions: Focusing on Asia

The history of Japan's ODA loans began in 1958 when it provided a loan to the government of India. It has subsequently provided ODA loans to almost one hundred developing countries throughout the world with a focus on Asia.

Region-based Loan Commitments (FY2003)

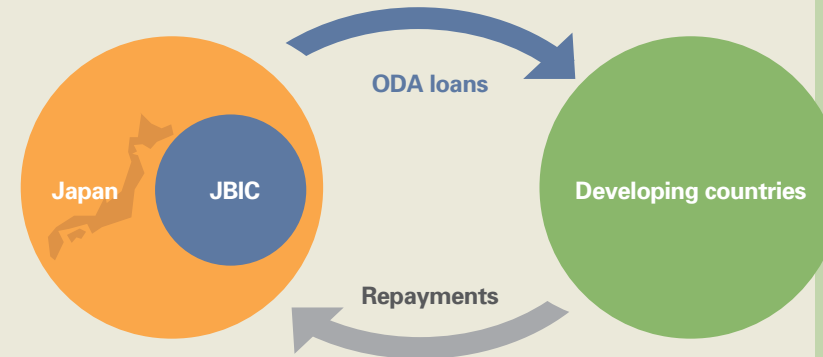


The regions of Asia account for more than 80% of all region-based loan approvals.
(Note) Since fractions have been rounded off, the total does not equal 100%.

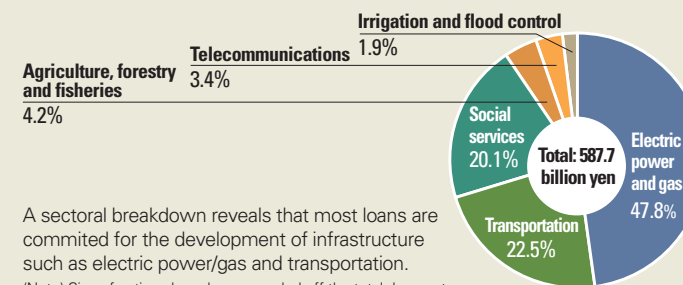
JBIC's Role

Aiming to resolve poverty/environmental issues predominantly through basic economic and social infrastructure

The development of infrastructure by ODA loans advances and stabilizes the economies and societies of developing countries and simultaneously helps to reduce poverty. JBIC provides direct assistance to the poor and assistance designed to improve and/or protect the environment.



Sector-based Loan Commitments (FY2003)



A sectoral breakdown reveals that most loans are committed for the development of infrastructure such as electric power/gas and transportation.
(Note) Since fractions have been rounded off the total does not equal 100%.

Electric power

Roads

Railways

Telecommunications

Irrigation

Water supply /sewerage

Education