

WHAT IS ODA (OFFICIAL DEVELOPMENT ASSISTANCE)?



JBIC is implementing ODA projects in order to develop the economies and societies of developing countries and to improve their welfare.

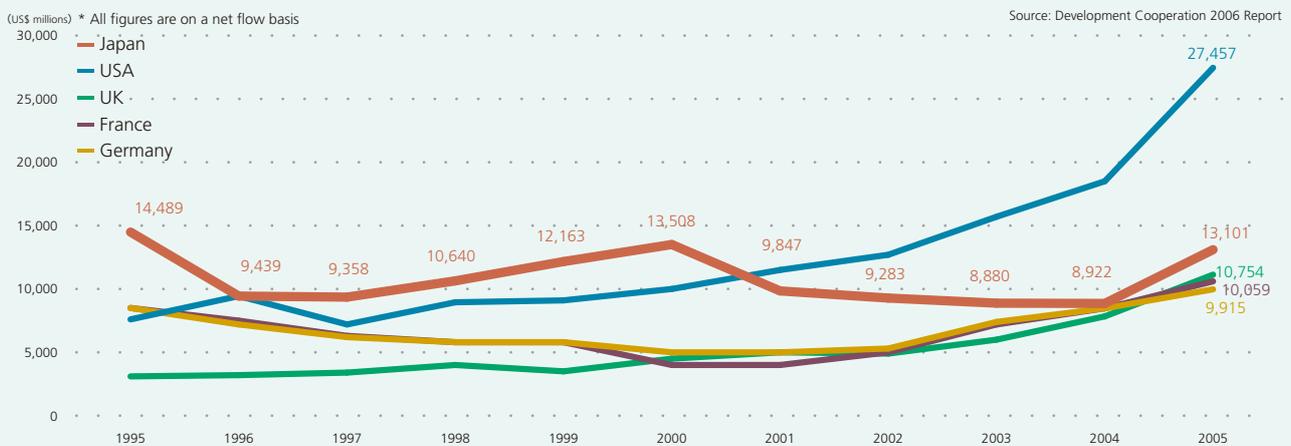
1. What Is ODA?

ODA is the assistance to developing countries undertaken by the government sector of the donor countries. Assistance to developing countries is undertaken by various organizations, including multilateral institutions, governments of industrialized countries and private-sector organizations. ODA, as defined by the Development Assistance Committee (DAC) of the Organization of Economic Cooperation and Development (OECD), must meet the following three requirements:

- It should be undertaken by governments or government agencies.
- The main objective is the promotion of economic development and welfare in developing countries.
- It has concessional terms, having a grant element of at least 25%.

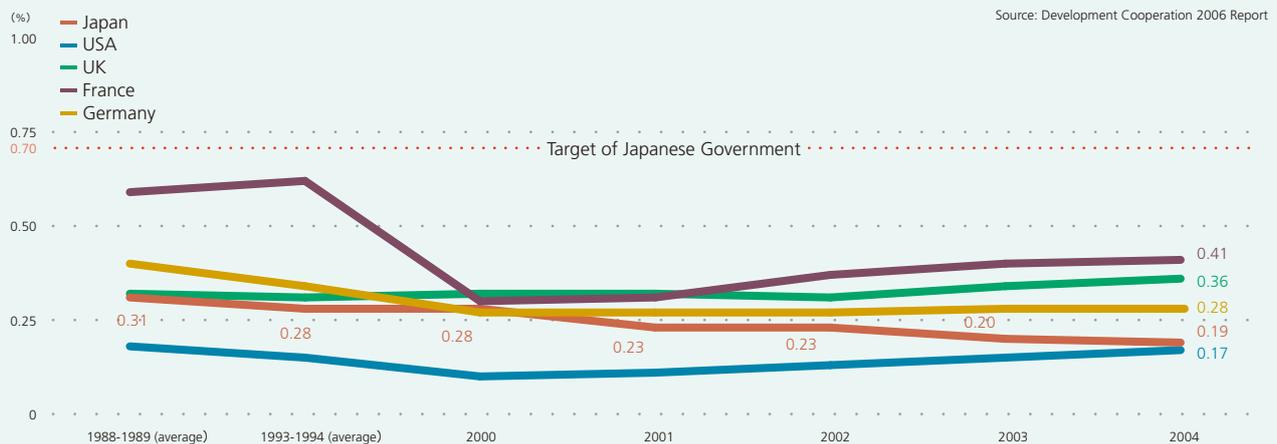
2. Summary of Japan's ODA Efforts

Japan is the world's second largest provider of ODA, after the US, in terms of annual financial amount, accounting for 20% of the total ODA flow around the world.



3. ODA Share of Gross National Income (GNI)

The share of ODA in Japan's Gross National Income remains low compared to other developed countries.



The goal of JBIC's ODA is to support "self-help efforts" undertaken by developing countries towards economic independence. Starting with JBIC's financial aid to the Indian Government in 1958, JBIC has provided support reaching developing countries in every region of the world, supporting about 100 countries, with over 2,500 projects. The target of JBIC's financial aid has been mainly on the Asian region, which has geographically, historically, and economically strong connections with Japan.

Meanwhile, the target sectors of support are focused on economic and social infrastructure improvements, and also on pro-

viding support for environmental improvement and conservation through economic and social infrastructure improvements. The said improvements bring economic and social stability to developing countries, and are also expected to contribute to poverty reduction. In the future, JBIC will strive towards achievement of the Millennium Development Goals (MDGs), which are the goals of the entire international community, by continuing to actively implement financial support for economic and social infrastructure improvements.

4. Trends in Japan's Bilateral ODA

Looking at the target of Japan's bilateral ODA by region, most of the support has been implemented towards the Asia region, which has close connections with Japan due to geographical and other factors, and also has two-thirds of the global population who live in poverty (people living on less than US\$1 a day). In addition, the increase in support to the Middle Eastern region is caused by support for Iraq's reconstruction. On the other

hand, looking at the ratios of sectors supported by ODA over the past five years, over half of ODA is for economic and social infrastructure. Increased ODA in the emergency support shows the active implementation of ODA for recovering damage by disasters arising in developing countries, such as earthquakes and tsunamis.

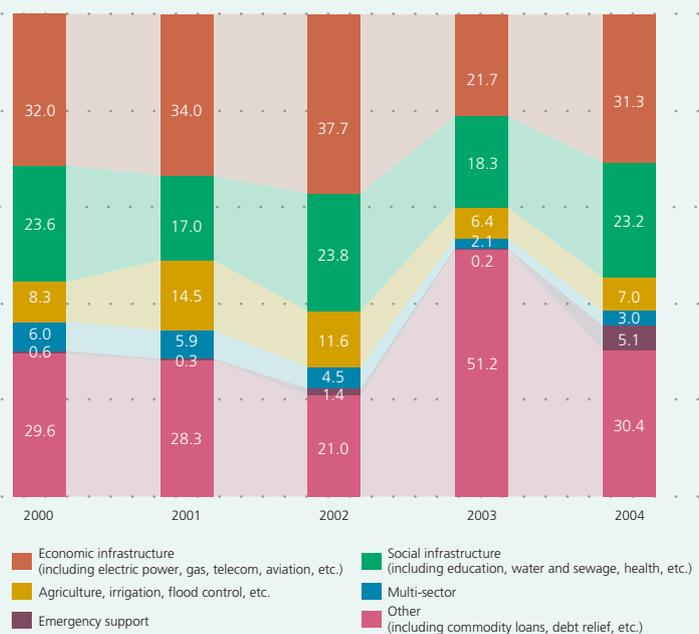
Trends in Regional Distribution Ratios (%)

Source: Development Cooperation 2006 Report



Trends in Sector Distribution Ratios (%)

Source: Development Cooperation 2006 Report



5. Recent ODA Trends (Contributions to MDGs, G8 Gleneagles Summit)

(1) The UN Millennium Declaration adopted in September 2000 raised the issues of peace and security, development and poverty, the environment, human rights and good governance, etc. Afterwhile, the Millennium Development Goals (MDGs) were set as goals for which the international community should strive in the 21st century.

(2) As part of its "Honebuto (large-boned policy)" (Basic Policies for Economic and Fiscal Policy Management and Structural Reform, June 21, 2005), the Japanese Government announced a policy to secure a sufficient level of ODA appropriate for Japan, from the viewpoint of continued efforts to achieve the goal of 0.7% of Gross National Income (GNI) for ODA to contribute to achievement of the MDGs. Also, Japan announced at the G8 Gleneagles Summit (July 9, 2005) that it aimed to increase the amount of ODA projects to US\$10 billion annually over the next five years, compared to 2004 results (US\$8.9 billion) as a base value.