

World Situation and Role of Japan's ODA

Each year, more issues requiring global attention are arising; climate change, food security, spread of infectious diseases, escalation of conflict, etc. To solve these urgent problems, Japan needs to further improve the quality of its contribution in concert with the international community. As one of the world's leading comprehensive aid organizations, JICA provides support to resolve the issues facing developing countries, using the most appropriate of the range of schemes of assistance.

Issues Facing Developing Countries and the International Community

Over 150 of the nearly 200 countries and regions in the world are developing countries. Global issues—poverty, hunger, environmental degradation, HIV/AIDS and other infectious diseases, and conflict—which disproportionately affect the developing world, cannot be solved by countries acting alone. Such problems transcend borders and continents and pose a grave threat to the entire international community, including Japan.

Japan relies on foreign imports for 80% of its energy resources and 60% of its food, and developing countries play a significant role as exporters. Additionally, exports to developing countries are a major driving force of the Japanese economy. Our livelihoods hinge upon interdependence with developing countries. The issues confronting developing countries, inhabited by over 80% of the world's population, are also Japan's problems.

In these circumstances, the international community too has enhanced its response. The United Nations (UN) adopted the UN Millennium Declaration in 2000, and compiled the Millennium Development Goals (MDGs) to solve the global issues of human development and poverty eradication. Comprised of 8 goals—poverty reduction, education, gender, health, environment, etc.—, MDGs have 18 targets and 49 indicators, each with numerical benchmarks. With a deadline of 2015, governments, aid organizations, and NGOs are taking concerted action to reach these goals.

Japan actively supports the efforts to achieve the MDGs.

Millennium Development Goals and major targets

Eradicate extreme poverty and hunger	Halve, between 1990 to 2015, the proportion of people whose income is less than one dollar a day.
Achieve universal primary education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education preferably by 2005, and in all levels by 2015
Reduce child mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
Improve maternal health	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
Combat HIV/AIDS, malaria, and other diseases	Have halted by 2015 and begun to reverse the spread of HIV/AIDS
Ensure environmental sustainability	Halve, by 2015, the proportion of people without sustainable access to safe drinking water
Develop a global partnership for development	Develop an open, rule-based, predictable, non-discriminatory trading and financial system

Japan's ODA and its Role

A variety of organizations and groups including governments, international 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 purposes are called Official Development Assistance (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, ODA Loans, and Grant Aid.

Japan has been providing ODA since joining the Colombo Plan in 1954. For a decade between 1991 and 2000, it was the largest ODA contributor in the world. From 2001, however, Ja-

pan's ODA standing has been dropping despite a temporary rise in 2005. In 2008 (provisional figure), while Japan's ODA budget was 21.9% higher than the previous year and increased for the first time in three years, Japan still ranked fifth behind the US, Germany, UK, and France. Japan's ODA to Gross National Income (GNI) ratio was 0.18%, placing Japan at 21st among 22 OECD-DAC* member countries.

In contrast with Japan's shrinking ODA budget because of severe financial conditions, in recent years European and North American countries have expanded ODA as a means to strengthen efforts to tackle global issues, such as climate change and poverty reduction. In the context of these international trends and domestic administrative and financial reforms, the Japanese Government has worked towards ODA reforms.

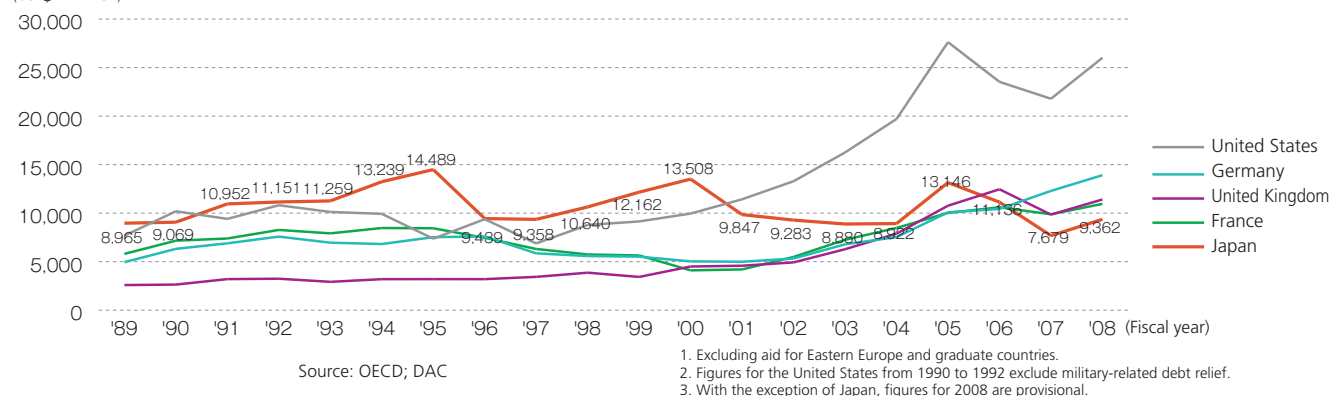
* Organisation for Economic Co-operation and Development / Development Assistance Committee

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 2008, effectively creating a "New JICA." Through this integration, the schemes of assistance previously implemented by separate organizations can be conducted in an integrated manner, laying the groundwork for carrying out international cooperation that better addresses the issues confronting developing countries.

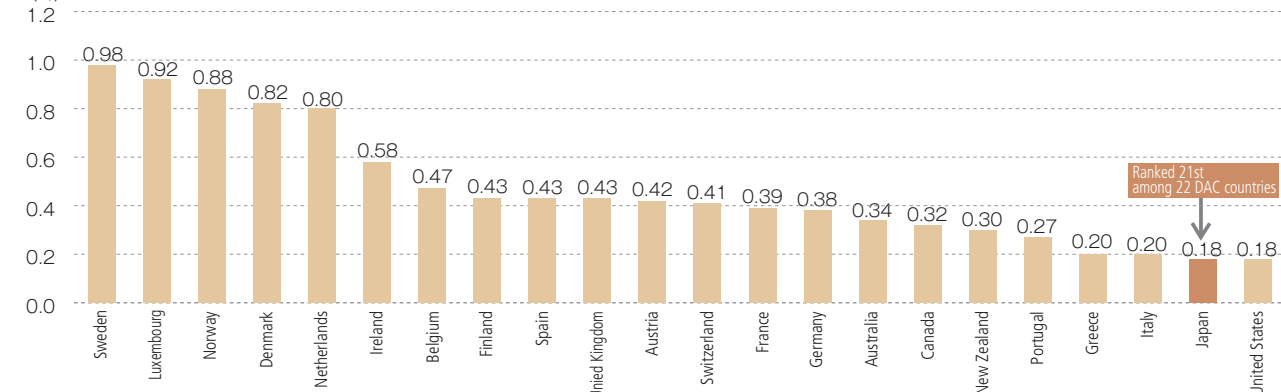
■ Procession of Major DAC Countries' ODA (Net Disbursement)

(US \$ 1 million)

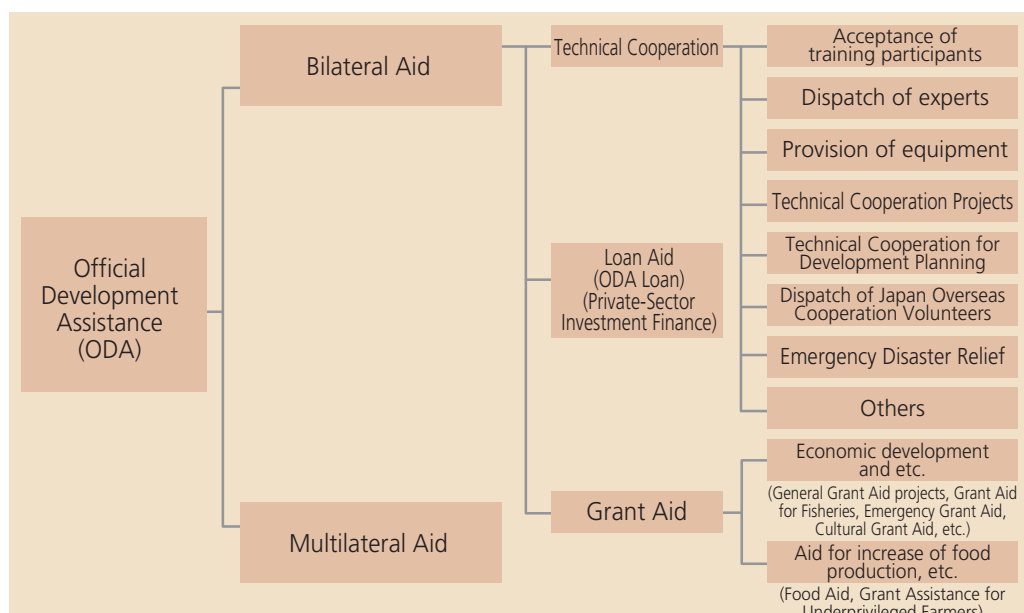


■ Proportion of ODA to Gross National Income of DAC Countries

(%)



■ Economic Cooperation and ODA



JICA's Role

Except for contributions to international organizations, JICA is in charge of administering Japan's ODA, namely bilateral aid in an integrated manner (Technical Cooperation, ODA Loans, and Grant Aid).

► Technical Cooperation

Technical Cooperation is intended to contribute to human resources development in developing countries, develop and improve technologies appropriate to the local context, raise their overall level of technology, and set up or develop institutional frameworks and organizations, among others. It applies Japan's technology, know-how, and experiences, and supports developing countries through the acceptance of trainees, dispatch of experts, provision of equipment, and implementation of studies which assist policymaking and the planning of public projects.

► ODA Loans

ODA Loans refer to the provision of the development funds (yen) under long-term and substantially lower interest conditions, targeted for developing countries with a certain debt capacity. International Yen Loan and Overseas Investment Loans are the examples of this type of assistance. In particular, ODA

Loans are utilized for infrastructure development assistance requiring substantial financing.

► Grant Aid

Grant Aid is the provision of development funds to low-income developing countries with no obligation for repayment. It is allocated towards the development of basic infrastructure, such as schools, hospitals, wells, and roads, as well as towards the procurement of medicine and equipment. Some Grant Aid is implemented not by JICA but by the Ministry of Foreign Affairs for the necessity of diplomatic policy.

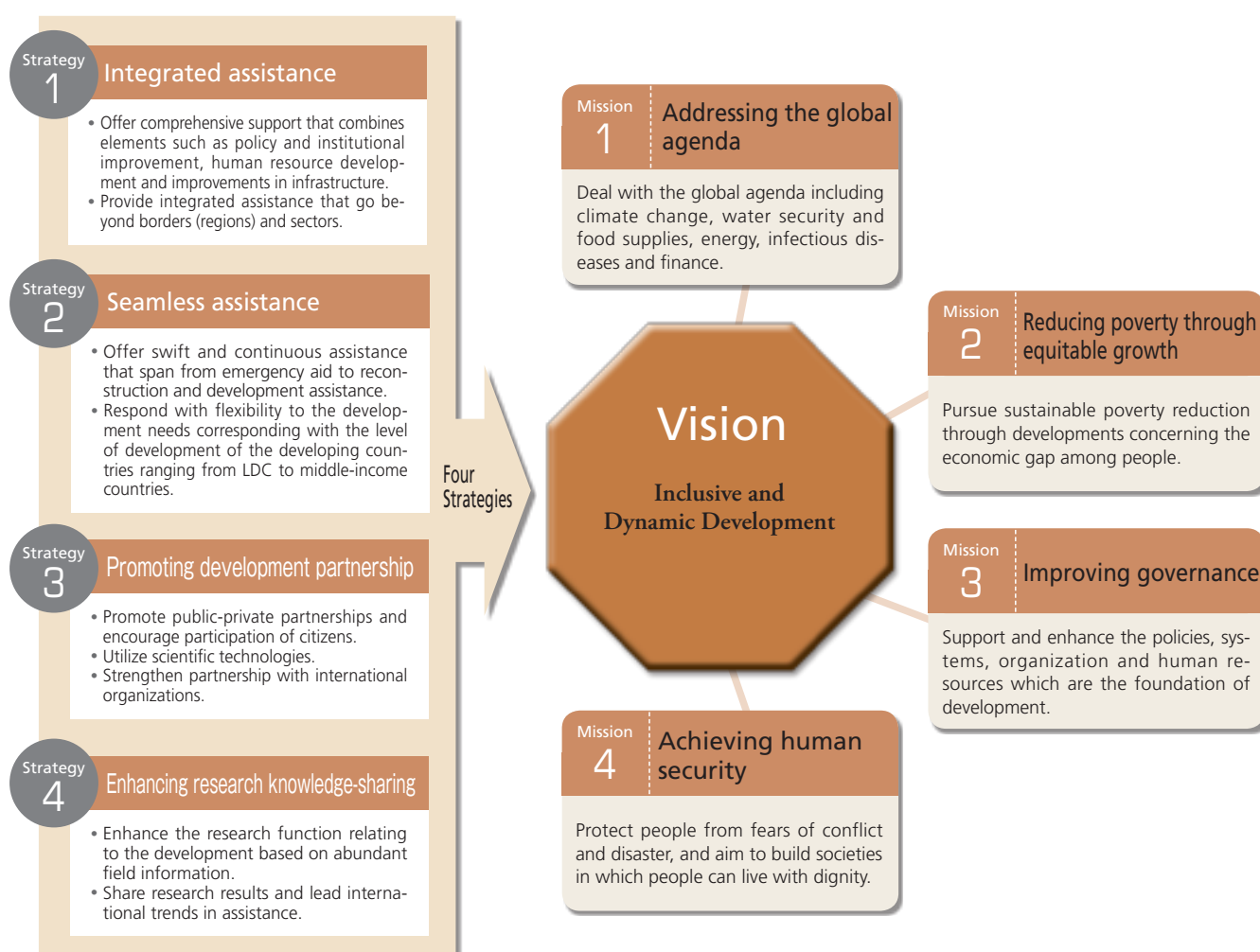
In addition, JICA is in charge of the dispatch of the Japan Disaster Relief Team that is mobilized when large-scale natural disasters occur overseas, provision of relief goods, as well as implementation of volunteer programs and development education assistance in Japan to promote participation in international cooperation.

JICA applies the most appropriate of the range of schemes of assistance, and provides support to resolve the issues facing developing countries through a combination of regional and thematic approaches.

Issues Addressed by JICA and its Strategy

Guided by the vision to realize "inclusive and dynamic development to achieve human security for all people of the world," JICA is more actively pursuing its four strategies to achieve the four missions below.

JICA's cooperation projects are implemented to fulfill this vision and these missions. By extension, evaluations of JICA programs will be conducted with priority given to contributing towards the achievement of the vision and missions.



*LDC: Least Developed Countries