

# Japan's ODA

## 1 What is ODA?

Various 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 financial and technical assistance that governments provide to developing countries as part of this economic cooperation are called Official Development Assistance (ODA).

## 2 Types of ODA

ODA is broadly classified into two types: bilateral aid and multilateral aid. Multilateral aid consists of financing and financial contributions to international organizations, while bilateral aid is provided in three forms: Technical Cooperation, Loan Aid and Grant Aid. In addition, other schemes of bilateral aid includes the dispatch of volunteers.

## 3 JICA's Integrated Implementation of Assistance Schemes

In recent years, developed countries in Europe and North America have expanded ODA as a means of strengthening the efforts to address global issues such as climate change and poverty reduction. Furthermore, new donor countries including China and the Republic of Korea have emerged. Japan, conversely, has decreased its ODA budget as a result of its severe financial circumstances.

In view of this international situation as well as the flow of domestic administrative reforms, the Japanese government has undertaken reforms that strategize ODA policies and strengthen implementation systems with the objective of further raising the quality of its ODA. With the aim of integrating ODA implementation organizations as part of these reforms, Overseas Economic Cooperation Operations of the Japan Bank for International Cooperation (JBIC) and Grant Aid Operations of the Ministry of Foreign Affairs of Japan (MOFA) (excluding those

which MOFA continues to directly implement for the necessity of diplomatic policy) were transferred to JICA as of October 1, 2008, thereby creating a “New JICA.” Through this integration, the three schemes of assistance have become organically linked under a single organization, which better enables JICA to provide effective and efficient assistance. The principal schemes of assistance are outlined below.

## Bilateral Aid

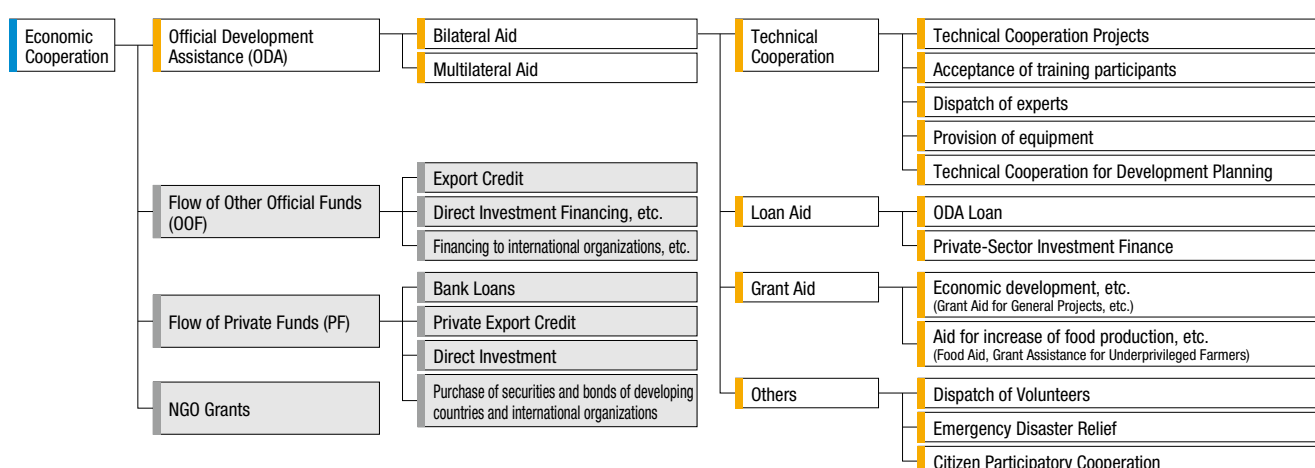
### ► Technical Cooperation

Technical Cooperation draws on Japan's technology, know-how and experience to nurture the human resources who will promote socioeconomic development in developing countries. Moreover, through collaboration with partner countries in jointly planning a cooperation plan suited to local situations, Technical Cooperation supports the development and improvement of technologies that are appropriate for the actual circumstances of these countries, while also contributing to raising their overall technology levels and setting up new institutional frameworks and organizations. These enable partner countries to develop problem-solving capacities and achieve economic growth. Technical Cooperation includes acceptance of training participants, dispatch of experts, provision of equipment and implementation of studies aimed at supporting policymaking and planning of public works projects (Technical Cooperation for Development Planning).

### ► Loan Aid

Loan Aid supports the efforts of developing countries to advance by providing these nations with the capital necessary for development under long-term and substantially lower interest rates than commercial rates. The primary types of Loan Aid are ODA Loans and Private-Sector Investment Finance. ODA Loans in particular enable the provision of finance in larger amounts compared with Technical Cooperation or Grant Aid, and therefore this form of aid has been well utilized for building

**Table 1** Economic Cooperation and ODA



large-scale basic infrastructure in developing countries.

Unlike Technical Cooperation or Grant Aid, Loan Aid requires full repayment by the recipient country, which encourages the beneficiary country to focus closely on the importance and priority of projects and to make efforts to allocate and utilize the funds as efficiently as possible.

### ► Grant Aid

Grant Aid, which is an assistance method that provides necessary funds to promote socioeconomic development, is financial cooperation with developing countries with no obligation for repayment. 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 promoting 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: Grant Aid for General Projects; Non-Project Grant Aid; Grant Aid for Grassroots Human Security Projects; Grant Assistance for Japanese NGO Projects; Grant Aid for Human Resource Development (Scholarship); Grant Aid for Cooperation

on Counter-Terrorism and Security Enhancement; Grant Aid for Disaster Prevention and Reconstruction; Grant Aid for Community Empowerment; Grant Aid for Fisheries; Cultural Grant Assistance; Emergency Grant Aid; Food Aid; Grant Aid for Underprivileged Farmers; Grant Aid for Environment and Climate Change; Grant Aid for Poverty Reduction Strategies; and Grant Aid for Conflict Prevention and Peacebuilding (for portion implemented by JICA, see page 130).

## Providing Financing and Contributions to International Organizations through Multilateral Aid

Multilateral aid is an indirect method of providing assistance to developing countries by providing financing or donating funds to international organizations. Funds are contributed to the 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), while financing is provided to 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).

**Table 2 Japan's ODA in Calendar Year 2011 (According to Aid Type and Provisional Figure)**

Type of Assistance (Calendar Year 2011)		Dollar Base (US\$ million)			Yen Base (¥ billion)			Percent of Total ODA Total
		Disbursements	Disbursements in the Previous Year	Change from the Previous Year (%)	Disbursements	Disbursements in the Previous Year	Change from the Previous Year (%)	
ODA	<b>Aid disbursements</b>							
	<b>Grants</b>							
	Grant Aid	4,273.71	3,465.59	23.3	340.644	304.142	12.0	40.6
	Debt Relief	1,401.16	20.88	6,609.6	111.682	1.833	5,993.9	13.3
	Grants through International Organizations	1,091.03	1,269.15	-14.0	86.962	111.381	-21.9	10.4
	Grant Aid Excluding the Above	1,781.53	2,175.56	-18.1	142.000	190.928	-25.6	16.9
	Grant Aid (Excluding Disbursements for Eastern European and Graduate Countries)	4,272.07	3,463.74	23.3	340.513	303.980	12.0	40.3
	Debt Relief	1,401.16	20.88	6,609.6	111.682	1.833	5,993.9	13.2
	Grants through International Organizations	1,091.03	1,269.02	-14.0	86.962	111.370	-21.9	10.3
	Grant Aid Excluding the Above	1,779.89	2,173.84	-18.1	141.869	190.777	-25.6	16.8
	Technical Cooperation	3,627.61	3,488.50	4.0	289.145	306.153	-5.6	34.5
	Technical Cooperation (Excluding Disbursements for Eastern European and Graduate Countries)	3,614.11	3,478.48	3.9	288.069	305.274	-5.6	34.1
	Grants Total	7,901.32	6,954.09	13.6	629.789	610.295	3.2	75.1
	Grants Total (Excluding Disbursements for Eastern European and Graduate Countries)	7,886.18	6,942.23	13.6	628.582	609.254	3.2	74.4
	ODA Loan and Other ODA Credits	-1,719.93	473.95	-462.9	-137.090	41.594	-429.6	-16.3
	(ODA Loan and Other ODA Credits Excluding Debt Relief)	-95.53	480.77	-119.9	-7.614	42.193	-118.0	
	(Figures for Loans Provided)	7,614.07	8,323.84	-8.5	606.893	730.505	-16.9	
	(Figures for Loans Repaid)	9,334.00	7,849.88	18.9	743.983	688.910	8.0	
	(Figures for Loans Repaid Excluding Debt Relief)	7,986.28	7,843.07	1.8	636.561	688.312	-7.5	
	ODA Loan and Other ODA Credits Excluding Disbursements of Eastern European and Graduate Countries	-1,623.76	394.75	-511.3	-129.424	34.643	-473.6	-15.3
	(ODA Loan and Other ODA Credits Excluding Debt Relief)	-276.04	401.57	-168.7	-22.002	35.242	-162.4	
	(Figure of Loans Provided)	7,536.97	8,201.95	-8.1	600.747	719.808	-16.5	
	(Figure of Loans Repaid)	9,160.72	7,807.20	17.3	730.172	685.165	6.6	
	(Figure of Loans Repaid Excluding Debt Relief)	7,813.00	7,800.39	0.2	622.750	684.567	-9.0	
	Bilateral ODA Total	6,181.39	7,428.04	-16.8	492.699	651.889	-24.4	58.7
	Bilateral ODA Total Excluding Disbursements for Eastern European and Graduate Countries	6,262.42	7,336.97	-14.6	499.158	643.897	-22.5	59.1
	Contributions and Financing to Multilateral Organizations	4,341.98	3,684.00	17.9	346.086	322.951	7.2	41.3
	Contributions and Financing to Multilateral Organizations (Excluding Contributions to the EBRD (partially))	4,341.98	3,684.00	17.9	346.086	323.310	7.0	40.9
	Net ODA Total	10,523.38	11,107.95	-5.3	838.785	974.840	-14.0	100.0
	Net ODA Total (Excluding Disbursements to Eastern European, Graduate Countries and EBRD (partially))	10,604.41	11,020.98	-3.8	845.243	967.207	-12.6	100.0
	Gross ODA Total	19,857.37	18,957.83	4.7	1,582.768	1,663.751	-4.9	
	Gross ODA Total (Excluding Disbursements to Eastern European, Graduate Countries and EBRD (partially))	19,765.13	18,828.18	5.0	1,575.415	1,652.372	-4.7	
Nominal Gross National Income (GNI) Figures for Each Category (US\$ billion, ¥ billion)		6,056.73	5,629.29	7.6	48,276.230	49,403.030	-2.3	
Proportion of GNI (%)		0.17	0.20		0.017	0.020		
Proportion of GNI (Excluding Disbursements to Eastern European, Graduate Countries and the EBRD (partially))		0.18	0.20		0.018	0.020		

Notes) 1. The following 17 countries are graduate countries that have received ODA: Hong Kong, Singapore, Brunei, Bahrain, Israel, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, Barbados, Trinidad and Tobago, New Caledonia, Cyprus, Malta, Slovenia and Croatia.

2. 2011 DAC designated exchange rate: US\$1.00=¥79.7068 (an appreciation of ¥8.0538 compared with 2010)

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

4. Following the decision of OECD DAC Working Party on Statistics (WP-STAT), from fiscal 2009, contributions for European Bank for Reconstruction and Development (EBRD) will be partially calculated as ODA.

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 2006, donations for recipient countries identified at the time of contribution are treated as "Grant Aid" for these countries.

## 4 International Trends in Developmental Assistance

As exemplified by the Millennium Development Goals (MDGs) [➡ See page 78–79], an international trend in aid has recently been the accelerating move toward the establishment of common goals by the international community, where various countries and organizations implement aid in coordination with each other to achieve the goals. Compared with aid coordination in the past which emphasized cooperation and coordination on an individual project basis, development assistance in recent years has placed greater emphasis on ownership by partner countries, in which donor countries and aid agencies jointly support developing countries' own development plans and priorities and work together to achieve the development goals of these countries. Providers of aid thus need to offer assistance in accordance with the priorities set out in the development strategies of developing countries.

## 5 Japan's ODA Contribution Level

On a net disbursement basis, in 2011 Japan contributed approximately US\$6,262.4 million (approximately ¥499.2 billion) in bilateral ODA (excluding aid to Eastern Europe and graduate nations) and contributed and donated approximately US\$4,342.0 million (approximately ¥346.1 billion) to international organizations. Accordingly, total ODA contributions amounted to approximately US\$10,604.4 million, down 3.8%

from the previous year (a year-on-year decrease of 12.6% to ¥845.2 billion on a yen basis). With this amount, Japan ranked fifth among the member countries of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), after the United States, Germany, United Kingdom and France.

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 remained 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 temporary notable increase in 2005.

Meanwhile, Japan's ODA was equivalent to 0.18% of its gross national income (GNI), ranking it at the low level of 21st among the 23 DAC countries.

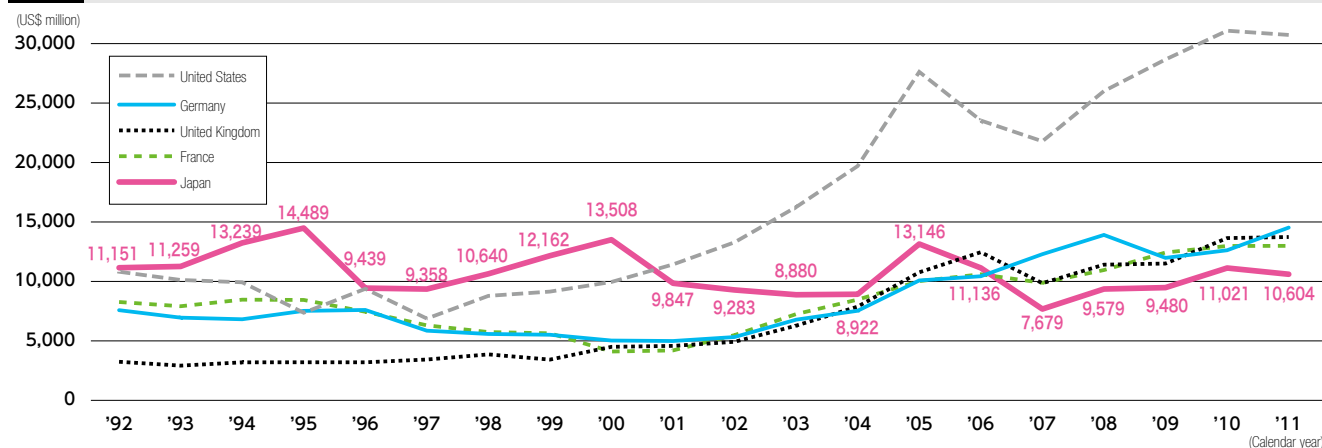
\*MOFA's ODA budget in fiscal 2012 amounted to ¥418.2 billion including the restoration and reconstruction budget managed under a Special Account.

**Table 5 Overview of MOFA's ODA Budget in Fiscal 2012** (Unit: ¥ billion)

	FY2011		FY2012	
	Budget	Percentage increase	Budget	Percentage increase
Entire government	572.7	-7.4%	561.2	-2.0%
Within the Ministry	417.0	0.9%	418.0	0.3%
Grant Aid	151.9	-1.5%	161.6	6.4%
Management grants (General Account)	145.7	-1.6%	145.4	-0.2%
Contributions and donations	60.7	18.0%	51.2	-15.6%
Aid for assistance activities	58.8	-1.7%	59.8	1.8%

\*Overview of MOFA's ODA Budget in Fiscal 2012

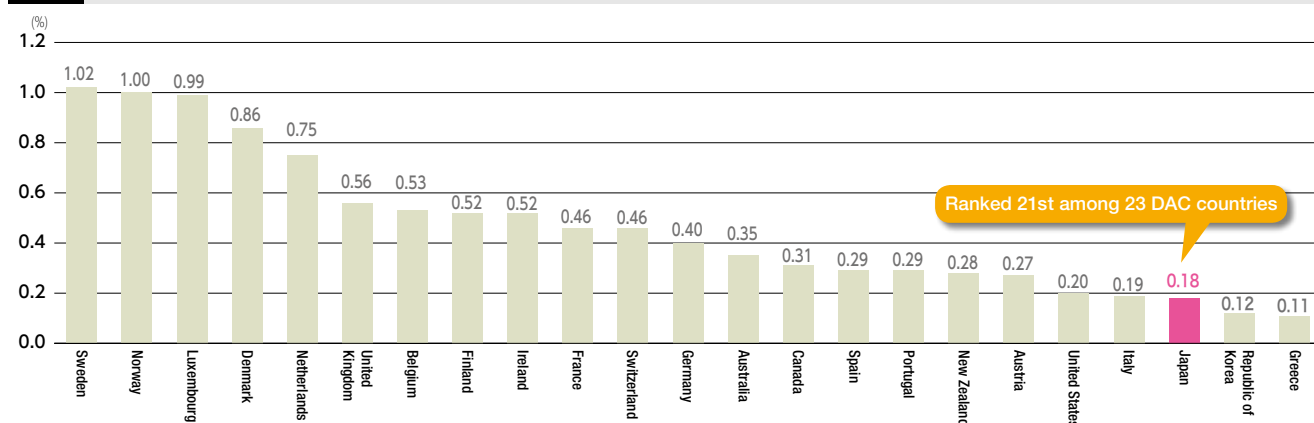
**Table 3 Trends in Major DAC Countries' ODA (Net Disbursement)**



Sources: OECD DAC

Note) 1. Excluding aid for Eastern Europe and graduate countries. 2. Figures for the United States of 1992 exclude military-related debt relief. 3. Figures for 2011 are provisional.

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



Source: OECD DAC (2011 provisional figures)