

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 include 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

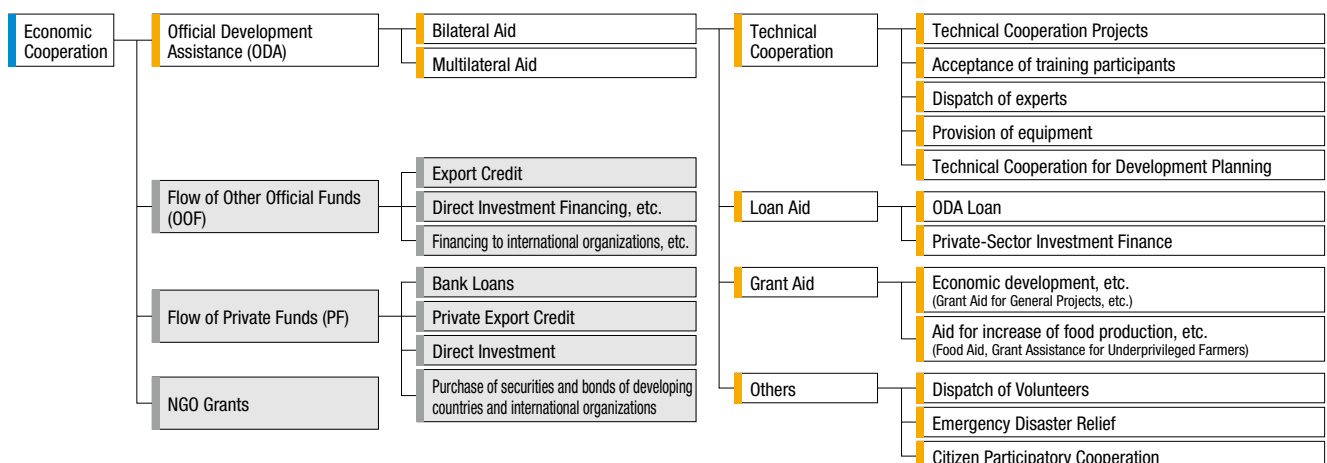
► Technical Cooperation

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 2012 (According to Aid Type and Provisional Figure)

Type of Assistance (Calendar Year 2012)		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	Bilateral ODA	Grant Aid	3,555.36	5,037.77	-29.4	283.766	401.544	-29.3	34.1
		Debt Relief	4.69	1,444.51	-99.7	0.375	115.137	-99.7	0.0
		Grants through International Organizations	1,860.06	1,972.83	-5.7	148.458	157.248	-5.6	17.9
		Grant Aid Excluding the Above	1,690.61	1,620.42	4.3	134.934	129.159	4.5	16.2
		Grant Aid (Excluding Disbursements for Eastern European and Graduate Countries)	3,554.51	5,032.98	-29.4	283.698	401.163	-29.3	33.9
		Debt Relief	4.69	1,444.51	-99.7	0.375	115.137	-99.7	0.0
		Grants through International Organizations	1,860.06	1,972.83	-5.7	148.458	157.248	-5.6	17.7
		Grant Aid Excluding the Above	1,689.76	1,615.64	4.6	134.866	128.778	4.7	16.1
		Technical Cooperation*	3,690.25	3,543.47	4.1	294.532	282.438	4.3	35.4
		Technical Cooperation (Excluding Disbursements for Eastern European and Graduate Countries)*	3,678.51	3,533.76	4.1	293.595	281.664	4.2	35.1
		Grants Total	7,245.61	8,581.23	-15.6	578.298	683.982	-15.5	69.6
		Grants Total (Excluding Disbursements for Eastern European and Graduate Countries)	7,233.02	8,566.74	-15.6	577.293	682.827	-15.5	68.9
	ODA Loan and Other ODA Credits	-445.10	-1,719.93	74.1	-35.525	-137.090	74.1	-4.3	
	(ODA Loan and Other ODA Credits Excluding Debt Relief)	-440.53	-372.21	-18.4	-35.160	-29.668	-18.5		
	(Figures for Loans Provided)	7,740.16	7,614.07	1.7	617.770	606.893	1.8		
	(Figures for Loans Repaid)	8,185.26	9,334.00	-12.3	653.295	743.983	-12.2		
	(Figures for Loans Repaid Excluding Debt Relief)	8,180.69	7,986.28	2.4	652.930	636.561	2.6		
	ODA Loan and Other ODA Credits Excluding Disbursements of Eastern European and Graduate Countries	-356.33	-1,623.76	78.1	-28.440	-129.424	78.0	-3.4	
	(ODA Loan and Other ODA Credits Excluding Debt Relief)	-351.75	-276.04	-27.4	-28.075	-22.002	-27.6		
	(Figure of Loans Provided)	7,701.33	7,536.97	2.2	614.671	600.747	2.3		
	(Figure of Loans Repaid)	8,057.65	9,160.72	-12.0	643.110	730.172	-11.9		
(Figure of Loans Repaid Excluding Debt Relief)	8,053.08	7,813.00	3.1	642.745	622.750	3.2			
Bilateral ODA Total	6,800.51	6,861.30	-0.9	542.773	546.893	-0.8	65.3		
Bilateral ODA (Total Excluding Disbursements for Eastern European and Graduate Countries)	6,876.69	6,942.98	-1.0	548.854	553.403	-0.8	65.5		
Contributions and Financing to Multilateral Organizations	3,616.84	3,888.42	-7.0	288.673	309.933	-6.9	34.5		
Net ODA Total	10,417.34	10,749.72	-3.1	831.446	856.826	-3.0	100.0		
Net ODA Total (Excluding Disbursements to Eastern European and Graduate Countries)	10,493.53	10,831.40	-3.1	837.526	863.336	-3.0	100.0		
Gross ODA Total	18,602.61	20,083.72	-7.4	1,484.741	1,600.809	-7.3			
Gross ODA Total (Excluding Disbursements to Eastern European and Graduate Countries)	18,551.18	19,992.13	-7.2	1,480.637	1,593.508	-7.1			
Nominal Gross National Income (GNI) Figures for Each Category (US\$ billion, ¥ billion)	6,149.33	6,088.66	1.0	490,799.80	485,307.80	1.1			
Proportion of GNI (%)	0.17	0.18		0.17	0.18				
Proportion of GNI (Excluding Disbursements to Eastern European and Graduate Countries)	0.17	0.18		0.17	0.18				

Notes) 1. The following 21 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, French Polynesia, New Caledonia, Cyprus, Malta, Slovenia, Croatia, Estonia, Latvia and Lithuania.

2. 2012 DAC designated exchange rate: US\$1.00=¥79.8136 (a depreciation of ¥0.1068 compared with 2011)

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

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

5. 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.

6. Starting with 2011 results, NGO project grants have been included in the Grant Aid of individual countries.

* Technical Cooperation includes administrative and development education expenses.

4 International Trends in Development Assistance

As exemplified by the Millennium Development Goals (MDGs) [See page 62–63], one of the recent international trends in aid has 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 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 2012 Japan contributed approximately US\$6,876.7 million (approximately ¥548.9 billion) in bilateral ODA (excluding aid to Eastern Europe and graduate nations) and contributed and donated approximately US\$3,616.8 million (approximately ¥288.7 billion) to international organizations. Accordingly, total ODA contributions amounted to approximately US\$10,493.5 million, down 3.1%

from the previous year (a year-on-year decrease of 3.0% to ¥837.5 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, United Kingdom, Germany 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.

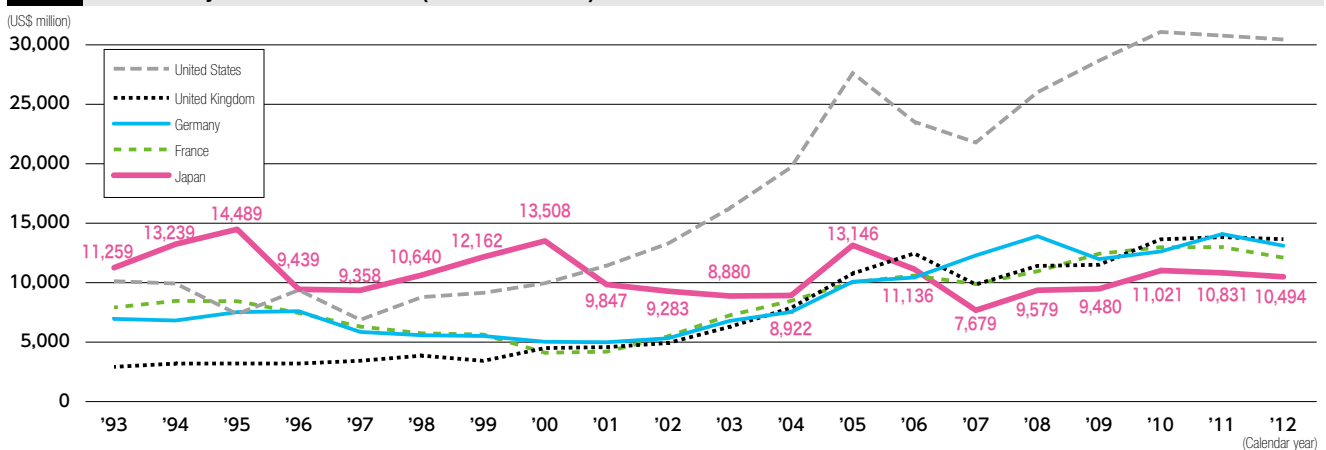
Meanwhile, Japan's ODA was equivalent to 0.17% of its gross national income (GNI), ranking it at the low level of 20th among the 24 DAC countries.

Table 5 Overview of MOFA's ODA Budget in Fiscal 2013 (Unit: ¥ billion)

	FY2012		FY2013	
	Budget	Percentage increase	Budget	Percentage increase
Entire government	561.2	-2.0%	557.3	-0.7%
Within the Ministry	418.0	0.3%	421.2	0.7%
Grant Aid	161.6	6.4%	164.2	1.6%
Management grants (General Account)	145.4	0.2%	146.9	1.1%
Contributions and donations	51.2	15.6%	49.9	-2.5%
Aid for assistance activities	59.8	1.8%	60.1	0.4%

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

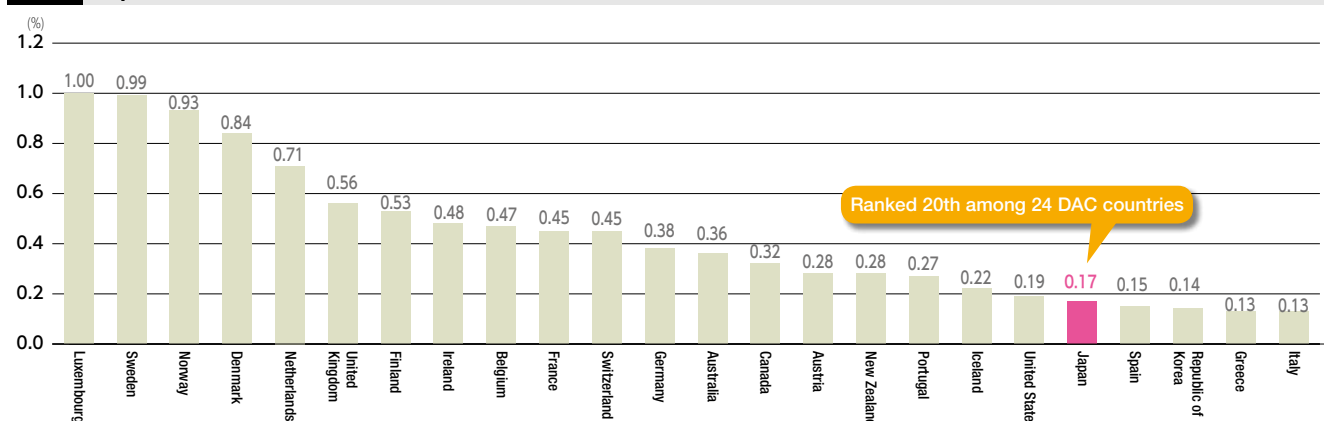
Table 3 Trends in Major DAC Countries' ODA (Net Disbursement)



Source: OECD DAC

Notes) 1. Excluding aid for Eastern Europe and graduate countries. 2. Figures for 2012 are provisional.

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



Source: OECD DAC (2012 provisional figures)